

ATLANTES MORTGAGE No. 3
(Article 62 Asset Identification Code 200810GMMBNFNXXN0028)
€558,600,000 Class A Mortgage-Backed Floating Rate Notes due 2061
€41,400,000 Class B Mortgage-Backed Floating Rate Notes due 2061
€23,700,000 Class C Notes due 2061

Issue Price: 100 per cent. for the Mortgage-Backed Floating Rate Notes and 102.616 per cent. for the Class C Notes.

Issued by

GAMMA - Sociedade de Titularização de Créditos, S.A.
(Incorporated in Portugal with limited liability under registered number 507 599 292)

This Prospectus is dated 29 October 2008.

The €558,600,000 Class A Mortgage-Backed Floating Rate Notes due 2061 (the "Class A Notes"), the €41,400,000 Class B Mortgage-Backed Floating Rate Notes due 2061 (the "Class B Notes"), and, together with the Class A Notes and the Class B Notes, the ("Mortgage-Backed Floating Rate Notes") and the €23,700,000 Class C Notes due 2061 (the "Class C Notes") of Gamma – Sociedade de Titularização de Créditos, S.A. (the "Issuer") are together referred to hereafter as the "Notes". The Notes will be issued on the 30th October 2008, (the "Closing Date"). The issue price of the Mortgage-Backed Floating Rate Notes is 100 per cent. of their principal amount. The issue price of the Class C Notes is 102.616 per cent. of their principal amount.

Interest on the Mortgage-Backed Floating Rate Notes and the Class C Distribution Amount is payable on the 20th day of February 2009 and thereafter quarterly in arrears on the 20th day of February, May, August and November in each year (or, if such day is not a Business Day, the next succeeding Business Day, unless such day would fall in the next calendar month, in which case it will be brought forward to the immediately preceding Business Day). Interest on the Mortgage-Backed Floating Rate Notes is payable in respect of each Interest Period at an annual rate equal to the sum of the European Interbank Offered Rate ("EURIBOR") for three month euro deposits, (except that in relation to the Interest Determination Date for the first Interest Period it shall be the result of the interpolation between the offered quotations for three and four months), plus for each Interest Period up to and excluding the Step-up Date, a margin of 0.20 per cent. per annum in relation to the Class A Notes and 0.50 per cent. per annum in relation to the Class B Notes. From and including the Step-up Date, the Notes will bear interest at EURIBOR plus a margin of 0.20 per cent. per annum in relation to the Class A Notes and 0.50 per cent. per annum in relation to the Class B Notes. The Class C Notes will not bear interest but will be entitled to the Class C Distribution Amount to the extent of available funds.

Payments on the Notes will be made in euro after any Tax Deduction (as defined below). The Notes will not provide for additional payments by way of gross-up in the case that interest payable under the Mortgage-Backed Floating Rate Notes or the Class C Return Amount payable under the Class C Notes is or becomes subject to income taxes (including withholding taxes) or other taxes. See "Principal Features of the Notes – Taxes".

The Mortgage-Backed Floating Rate Notes will be redeemed at their Principal Amount Outstanding on the Final Legal Maturity Date to the extent not previously redeemed and will be subject to mandatory redemption in whole or in part on each Interest Payment Date on which the Issuer has an Available Principal Distribution Amount available for redeeming the Mortgage-Backed Floating Rate Notes, as calculated on the related Calculation Date. The Class C Notes will be subject to mandatory redemption in whole or in part on each Interest Payment Date on which the Issuer has an Available Interest Distribution Amount available for redeeming the Class C Notes as calculated on the related Calculation Date (see "Principal Features of the Notes").

Prior to the delivery of an Enforcement Notice and subject to the satisfaction of the Pro-Rata Test on an Interest Payment Date and to the extent that the Principal Outstanding Balance of the Mortgage-Backed Floating Rate Notes on such Interest Payment Date is not lower than 10 per cent. of the initial Principal Outstanding Balance of the Mortgage-Backed Floating Rate Notes, payments of principal on each Class of the Mortgage-Backed Floating Rate Notes on such Interest Payment Date will be made *pari passu* without preference or priority for any particular Class of the Mortgage-Backed Floating Rate Notes. Prior to the delivery of an Enforcement Notice and if the Pro-Rata Test has not been satisfied on an Interest Payment Date, payments of principal on the Mortgage-Backed Floating Rate Notes on such Interest Payment Date will be made sequentially by redeeming all principal due on the Class A Notes and thereafter by redeeming all principal due on the Class B Notes. After the delivery of an Enforcement Notice or whenever the Principal Outstanding Balance of the Mortgage-Backed Floating Rate Notes on such Interest Payment Date is equal to or lower than 10 per cent. of the initial Principal Outstanding Balance of the Mortgage-Backed Floating Rate Notes, payments of principal on the Mortgage-Backed Floating Rate Notes on such Interest Payment Date will be made sequentially by redeeming all principal due on the Class A Notes and thereafter by redeeming all principal due on the Class B Notes.

The Notes will be subject to optional redemption (in whole but not in part) at their Principal Amount Outstanding together with accrued interest at the option of the Issuer on any Interest Payment Date: (a) following the occurrence of certain tax changes concerning, *inter alia*, the Issuer, the Mortgage Assets, the Swap Agreement, the Cap Agreement and/or the Notes; or (b) following a Calculation Date on which the Aggregate Principal Outstanding Balance of the Mortgage Loans is equal to or less than 10 per cent. of the Aggregate Principal Outstanding Balance of the Mortgage Loans as at the Collateral Determination Date; or (c) falling on or after the Step-up Date; or (d) after the occurrence of a Regulatory Change with respect to the Originator.

The source of funds for the payment of principal and interest on the Notes will be the right of the Issuer to receive payments in respect of receivables arising under mortgage loans originated by Banif – Banco Internacional do Funchal, S.A..

The Notes are limited recourse obligations and are obligations solely of the Issuer and are not the obligations of, or guaranteed by, and will not be the responsibility of, any other entity. In particular, the Notes will not be obligations of and will not be guaranteed by Banif - Banco de Investimento, S.A., HSBC Bank plc or Banif - Banco Internacional do Funchal, S.A..

The Prospectus has been approved by the Irish Financial Services Regulatory Authority (the "Financial Regulator"), as competent authority under the Prospectus Directive 2003/71/EC. The Irish Financial Services Regulatory Authority only approves the Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market.

The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

The Class A Notes are expected to be rated by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P"), while the Class B and C Notes are expected to be unrated. It is a condition to the issuance of the Notes that the Class A Notes receive the rating set out below:

S&P

"AAA"

Class A Notes

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

Each Class of the Notes will initially be represented by a temporary global note in bearer form, without coupons or talons, which is expected to be deposited with a common safekeeper for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking S.A. ("Clearstream") Luxembourg on or about the Closing Date. Each such Temporary Global Note will be exchangeable forty days after the later of the Closing Date and the commencement of the offering of the Notes upon certification of non-U.S. beneficial ownership for interests in a permanent global note in bearer form, without coupons or talons, for the relevant Class of Notes which will also be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg.

Particular attention is drawn to the section herein entitled "Risk Factors"

Arranger

HSBC 

Joint Lead Managers

BANIF
INVESTMENT
BANK



HSBC 

Responsibility Statements

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. This statement is without prejudice to any liability which may arise under Portuguese law. The Issuer further confirms that this Prospectus contains all information which is material in the context of the issue of the Notes, that such information contained in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in it are honestly held by it and that there are no other facts the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect and all proper enquiries have been made to ascertain and to verify the foregoing. The Issuer accepts responsibility accordingly (except where another party mentioned below accepts responsibility for certain information) and the Issuer has confirmed to the Joint Lead Managers that the Issuer accepts such responsibility.

Banif - Banco Internacional do Funchal, S.A., in its capacity as Originator, accepts responsibility for the information in this document relating to itself, to the description of its rights and obligations in respect of all information relating to the Mortgage Assets, the Mortgage Sale Agreement, the Mortgage Servicing Agreement and all information relating to the Mortgage Asset Portfolio in the sections headed "**Characteristics of the Mortgage Assets**", "**Originator's Standard Business Practices, Servicing and Credit Assessment**" and "**The Originator**". (together the "**Originator Information**") and confirms that such Originator Information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Originator as to the accuracy or completeness of any information contained in this Prospectus (other than the Originator Information) or any other information supplied in connection with the Notes or their distribution.

ABN AMRO Bank N.V. London Branch, accepts responsibility for the information in this document relating to itself, to the description of its rights and obligations in respect of all information relating to the Swap Counterparty in the section headed "**Description of the Swap Counterparty**" (the "**Swap Counterparty Information**") and confirms that such Swap Counterparty Information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by ABN AMRO Bank N.V. London Branch as to the accuracy or completeness of any information contained in this Prospectus (other than the Swap Counterparty Information) or any other information supplied in connection with the Notes or their distribution.

HSBC Bank plc, accepts responsibility for the information in this document relating to itself, to the description of its rights and obligations in respect of all information relating to the Cap Counterparty in the section headed "**Description of the Cap Counterparty**" (the "**Cap Counterparty Information**") and confirms that such Cap Counterparty Information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by HSBC Bank plc as to the accuracy or completeness of any information contained in this Prospectus (other than the Cap Counterparty Information) or any other information supplied in connection with the Notes or their distribution.

HSBC Bank plc, in its capacity as the Accounts Bank, accepts responsibility for the information in this document relating to itself in this regard in the section headed "**The Accounts Bank**" (the "**Accounts Bank Information**") and such Accounts Bank Information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Accounts Bank as to the accuracy or completeness of any information contained in this Prospectus (other than the Accounts Bank Information) or any other information supplied in connection with the Notes or their distribution.

Ernst & Young, in its capacity as the auditor of the Issuer, accepts responsibility for the financial information relating to the Issuer in the section headed "**Description of the Issuer**" including the Independent Auditor's Report, the balance sheet and profit and loss information and accompanying notes and such financial information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Ernst & Young as to the accuracy or completeness of any information contained in this Prospectus (other than such financial information) or any other information supplied in connection with the Notes or their distribution.

The Notes will be obligations solely of the Issuer and will not be obligations of, and will not be guaranteed by, and will not be the responsibility of, any other entity. In particular, the Notes will not be the obligations of, and will not be guaranteed by the Originator, the Servicer, the Transaction Manager, the Common Representative, the Accounts Bank, the Swap Counterparty, the Cap Counterparty, the Paying Agent, the Agent Bank, the Arranger or any of the Joint Lead Managers (together the "**Transaction Parties**").

This Prospectus may only be used for the purposes for which it has been published. This Prospectus is not, and under no circumstances is to be construed as an advertisement, and the offering contemplated in this Prospectus is not, and under no circumstances is it to be construed as, an offering of the Notes to the public.

Financial Condition of the Issuer

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

Selling Restrictions Summary

This Prospectus does not constitute an offer of, or an invitation by or on behalf of any of the Transaction Parties to subscribe for or purchase any of the Notes and this document may not be used for or in connection with an offer to, or a solicitation of an offer by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Arranger and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "**Subscription and Sale**" herein.

Representations about the Notes

No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the issue and sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by any of the Transaction Parties. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

No action has been taken by the Issuer, the Arranger or the Joint Lead Managers other than as set out in this Prospectus that would permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus (nor any part hereof) nor any prospectus, form of application, advertisement or other offering materials may be issued, distributed or published in any country or jurisdiction except in

circumstances that will result in compliance with applicable laws, orders, rules and regulations, and the Issuer, the Arranger and the Joint Lead Managers have represented that all offers and sales by them have been made on such terms.

Each person receiving this Prospectus shall be deemed to acknowledge that (i) such person has not relied on the Joint Lead Managers or on any person affiliated with any of the Joint Lead Managers in connection with its investment decision, and (ii) no person has been authorised to give any information or to make any representation concerning the Notes offered hereby except as contained in this Prospectus, and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer, the Arranger or the Joint Lead Managers.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

It should be remembered that the price of securities and the income from them can go down as well as up.

Currency

In this Prospectus, unless otherwise specified, references to "€", "EUR" or "euro" are to the lawful currency of the member states of the European Union participating in Economic and Monetary Union as contemplated by the Treaty.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Stabilisation

In connection with the issue of the Mortgage-Backed Floating Rate Notes, HSBC Bank plc (the "**Stabilising Manager**") (or any person acting for the Stabilising Manager) may for a limited period over-allot Mortgage-Backed Floating Rate Notes or effect transactions with a view to supporting the market price of the Mortgage-Backed Floating Rate Notes at a level higher than that which might otherwise prevail for a limited period after the Closing Date. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin after the adequate public disclosure of the final terms of the offer of the Mortgage-Backed Floating Rate Notes and, if begun, may be ended at any time, but it must end no later than the earlier of thirty days after the issue date of the Mortgage-Backed Floating Rate Notes and sixty days after the allotment of the Mortgage-Backed Floating Rate Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or person acting for the Stabilising Manager) in accordance with all applicable laws and rules.

Interpretation

Capitalised terms used in this Prospectus, unless otherwise indicated, have the meanings set out in this Prospectus and, in particular, in the Conditions. A reference to a "Condition" or the "Conditions" is a reference to a numbered Condition or Conditions set out in the "**Terms and Conditions of the Notes**" below.

Contents

Heading	Page
THE PARTIES	6
PRINCIPAL FEATURES OF THE NOTES.....	8
OVERVIEW OF THE TRANSACTION.....	15
STRUCTURE AND CASH FLOW DIAGRAM OF TRANSACTION	28
RISK FACTORS	29
OVERVIEW OF CERTAIN TRANSACTION DOCUMENTS	42
ESTIMATED WEIGHTED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS.....	63
CHARACTERISTICS OF THE MORTGAGE ASSETS	72
DESCRIPTION OF THE ISSUER.....	80
DESCRIPTION OF THE ORIGINATOR.....	118
DESCRIPTION OF THE ACCOUNTS BANK AND CAP COUNTERPARTY	131
SELECTED ASPECTS OF PORTUGUESE LAW RELEVANT TO THE MORTGAGE ASSETS AND THE TRANSFER OF THE MORTGAGE ASSETS.....	133
SUMMARY OF PROVISIONS RELATING TO NOTES IN GLOBAL FORM	138
TERMS AND CONDITIONS OF THE NOTES.....	140
TAXATION	192
SUBSCRIPTION AND SALE	196
GENERAL INFORMATION.....	199

THE PARTIES

- Issuer:** GAMMA - Sociedade de Titularização de Créditos, S.A., a limited liability company incorporated under the laws of Portugal, as a special purpose vehicle for the purposes of issuing asset-backed securities, with share capital of €250,000 and having its registered office at Rua Tierno Galvan, Torre 3, 14.º, 1070-274, Lisbon, Portugal, registered with the Commercial Registry of Lisbon under its tax number 507 599 292.
- Originator:** Banif - Banco Internacional do Funchal, S.A., a bank incorporated in Portugal, with share capital of €290,000,000, with its registered office at Rua de João Tavira, 30, 9004-509 Funchal, Portugal, registered with the Commercial Registry of Funchal under its tax number 511 202 008.
- Servicer:** Banif - Banco Internacional do Funchal, S.A., a bank incorporated in Portugal, with share capital of €290,000,000, with its registered office at Rua de João Tavira, 30, 9004-509 Funchal, Portugal, registered with the Commercial Registry of Funchal under its tax number 511 202 008, or any successor appointed in accordance with the provisions of the Mortgage Servicing Agreement.
- Common Representative:** Deutsche Trustee Company Limited, a limited liability company incorporated under the laws of England, with share capital of GBP 250,000, whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, in its capacity as representative of the Noteholders pursuant to Article 65 of the Securitisation Law in accordance with the Conditions and the terms of the Common Representative Appointment Agreement.
- Transaction Manager:** HSBC Bank plc, in its capacity as transaction manager to the Issuer in accordance with the terms of the Transaction Management Agreement acting through its office at 8 Canada Square, London E14 5HQ, United Kingdom.
- Accounts Bank:** HSBC Bank plc, in its capacity as the bank at which the Transaction Accounts are held in accordance with the terms of the Accounts Agreement acting through its office at 8 Canada Square, London E14 5HQ, United Kingdom.
- Collection Account Bank:** Banif - Banco Internacional do Funchal, S.A., a bank incorporated in Portugal, with share capital of €290,000,000, with its registered office at Rua de João Tavira, 30, 9004-509 Funchal, Portugal, registered with the Commercial Registry of Funchal under its tax number 511 202 008, or any successor appointed in accordance with the provisions of the Mortgage Servicing Agreement.

Agent Bank:	HSBC Bank plc, in its capacity as the agent bank in respect of the Notes in accordance with the terms of the Paying Agency Agreement acting through its office at 8 Canada Square, London E14 5HQ, United Kingdom.
Swap Counterparty:	ABN AMRO Bank N.V. London Branch in its capacity as swap counterparty, acting through its office at 250 Bishopsgate, London EC2M 4AA, United Kingdom.
Cap Counterparty	HSBC Bank plc in its capacity as cap counterparty, acting through its office at 8 Canada Square, London E14 5HQ, United Kingdom.
Principal Paying Agent:	HSBC Bank plc, in its capacity as principal paying agent in respect of the Notes in accordance with the terms of the Paying Agency Agreement acting through its office at 8 Canada Square, London E14 5HQ, United Kingdom.
Transaction Creditors:	The Common Representative, the Agents, the Transaction Manager, the Accounts Bank, the Originator, the Servicer, the Swap Counterparty and the Cap Counterparty.
Rating Agency:	Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc..
Arranger:	HSBC Bank plc, in its capacity as Arranger, acting through its office at 8 Canada Square, London E14 5HQ, United Kingdom.
Joint Lead Managers:	Banif - Banco de Investimento, S.A. and HSBC Bank plc.
Listing Agent:	NCB Stockbrokers, in its capacity as listing agent, acting through its office at 3 George's Dock, IFSC, Dublin 1, Republic of Ireland.
Common Safekeeper:	Euroclear Bank S.A./N.V.
International Central Securities Depositories ("ICSDs")	Each of Euroclear and Clearstream Luxembourg.

PRINCIPAL FEATURES OF THE NOTES

The following is a summary of certain aspects of the Conditions of the Notes of which prospective Noteholders should be aware. This summary is not intended to be exhaustive and prospective Noteholders should read the detailed information set out in this document and reach their own views prior to making any investment decision.

Notes: The Issuer intends to issue on the Closing Date in accordance with the terms of the Common Representative Appointment Agreement and the Conditions the following Notes (the "**Notes**"):

€558,600,000 Class A Mortgage-Backed Floating Rate Notes due 2061;

€41,400,000 Class B Mortgage-Backed Floating Rate Notes due 2061;

€23,700,000 Class C Notes due 2061;

Issue Price: Each of the Mortgage-Backed Floating Rate Notes will be issued at 100 per cent. of their principal amount. The issue price of the Class C Notes is 102.616 per cent. of their principal amount.

Form and Denomination: The Notes will be in bearer form and in minimum denominations of €100,000 each (the "**Minimum Denomination**") and in additional increments of €1,000 in excess thereof. The Notes of each Class will initially be in the form of a Temporary Global Note in bearer form of such Class without interest coupons, which will be delivered on the Closing Date to a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Temporary Global Note of each Class of Notes will be exchangeable, in whole or in part, for interests in a Permanent Global Note in bearer form of that Class of Notes, without interest coupons or talons, not earlier than forty days after the Closing Date upon certification as to non-U.S. beneficial ownership. In certain limited circumstances Notes in bearer definitive form with interest coupons, principal receipts and talons attached may be issued.

Each Global Note will be in the form of a new global note. The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended upon issue to be deposited with Euroclear Bank S.A./N.V. 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.

Status and Ranking:

The Notes will constitute direct limited recourse obligations of the Issuer and will benefit from the statutory segregation provided by the Securitisation Law (as defined in "*Risk Factors – The Securitisation Law*") and the security interests over the Transaction Accounts as provided by the Security Deed.

The Notes represent the right to receive interest and principal payments from the Issuer in accordance with the Conditions, the Common Representative Appointment Agreement and the relevant Payment Priorities.

Prior to the delivery of an Enforcement Notice and subject to the satisfaction of the Pro-Rata Test on an Interest Payment Date and to the extent that the Principal Outstanding Balance of the Mortgage-Backed Floating Rate Notes on such Interest Payment Date is not lower than 10 per cent. of the initial Principal Outstanding Balance of the Mortgage-Backed Floating Rate Notes, payments of principal on the Mortgage-Backed Floating Rate Notes on such Interest Payment Date will be made *pari passu* without preference or priority for any particular Class of Mortgage-Backed Floating Rate Notes.

Prior to the delivery of an Enforcement Notice and if the Pro-Rata Test has not been satisfied on an Interest Payment Date, payments of principal on the Mortgage-Backed Floating Rate Notes on such Interest Payment Date will be made sequentially by redeeming all principal due on the Class A Notes and thereafter by redeeming all principal due on the Class B Notes.

After the delivery of an Enforcement Notice or whenever the Principal Outstanding Balance of the Mortgage-Backed Floating Rate Notes on such Interest Payment Date is equal to or lower than 10 per cent. of the initial Principal Outstanding Balance of the Mortgage-Backed Floating Rate Notes, payments of principal on the Mortgage-Backed Floating Rate Notes on such Interest Payment Date will be made sequentially by redeeming all principal due on the Class A Notes and thereafter by redeeming all principal due on the Class B Notes.

All payments of interest due on the Class A Notes will rank in priority to payments of interest due on the Class B Notes and to payments of the Class C Distribution Amount and any principal repayments on the Class C Notes; all payments of interest due on the Class B Notes will rank in priority to payments of the Class C Distribution Amount and any principal repayments on the Class C Notes; all payments of the Class C Distribution Amount will rank in priority to any principal repayments on the Class C Notes.

Limited Recourse: All obligations of the Issuer to the Noteholders or to the Transaction Parties in respect of the Notes or the other Transaction Documents, including, without limitation, the Issuer Obligations, are limited in recourse and, as set out in Condition 9 (*Limited Recourse*), the Noteholders and/or the Transaction Parties will only have a claim in respect of the Transaction Assets and will not have any claim, by operation of law or otherwise, against, or recourse to, any of the Issuer's other assets or its contributed capital.

Statutory Segregation and Security for the Notes: The Notes and the other obligations of the Issuer under the Transaction Documents owing to the Transaction Creditors:

(i) will have the benefit of the statutory segregation provided by the Securitisation Law; and

(ii) will be secured by first ranking security over each of the Transaction Accounts, created pursuant to the Security Deed (the "**Security**"). The Common Representative will hold the benefit of such security for itself, the Noteholders and the Transaction Creditors and any receiver appointed under the Security Deed.

Use of Proceeds: On or about the Closing Date, the Issuer will apply the proceeds of the issue of the Mortgage-Backed Floating Rate Notes (less a structuring fee) solely towards the purchase of the Mortgage Assets pursuant to the Mortgage Sale Agreement.

The proceeds of the issue of the Class C Notes shall be used (i) to pay the part of the Purchase Price not paid from the proceeds of the Mortgage-Backed Floating Rate Notes (ii) towards the funding of the Initial Cash Reserve Amount, (iii) to pay an up-front premium to the Cap Counterparty and (iv) to pay up-front Issuer Expenses.

Rate of Interest: The Mortgage-Backed Floating Rate Notes of each Class will represent entitlements to payment of interest in respect of each successive Interest Period from the Closing Date at an annual rate in respect of each Class equal to EURIBOR plus the following Relevant Margins:

	Prior to the Step-up Date	On or subsequent to the Step-up Date
Class A Notes	0.20%	0.20%
Class B Notes	0.50%	0.50%

Class C Distribution Amount:	In respect of any Interest Payment Date, the Class C Notes will bear an entitlement to payment of the Class C Distribution Amount in the amount calculated by the Transaction Manager to be paid from the Available Interest Distribution Amount on such Interest Payment Date. This amount will only be payable to the extent that funds are available to the Issuer for that purpose under the Pre-Enforcement Interest Payment Priorities or the Post-Enforcement Payment Priorities (as applicable).
Interest Accrual Period:	Interest on the Mortgage-Backed Floating Rate Notes and the amounts due on the Class C Notes will be paid quarterly in arrears. Interest will accrue from, and including, the immediately preceding Interest Payment Date (or, in the case of the First Interest Payment Date, the Closing Date) to, but excluding, the relevant Interest Payment Date.
Interest Payment Date:	Interest on the Mortgage-Backed Floating Rate Notes and the Class C Distribution Amount is payable on the 20 th day of February 2009 and thereafter quarterly in arrears on the 20 th day of February, May, August and November in each year, (or, if such day is not a Business Day, the next succeeding Business Day, unless such day would fall into the next calendar month, in which case, it will be brought forward to the immediately preceding Business Day).
Business Day:	Any day which is a TARGET Day, a Lisbon Business Day and a day on which banks are open for business in London.
Lisbon Business Day:	Any day on which banks are open for business in Lisbon.
Final Redemption:	Unless the Notes have previously been redeemed in full as described in Condition 8 (<i>Final Redemption, Mandatory Redemption in part and Optional Redemption</i>), the Notes will be redeemed by the Issuer on the Final Legal Maturity Date at their Principal Amount Outstanding.
Final Legal Maturity Date:	20 August 2061.
Authorised Investments:	The Issuer has the right to make Authorised Investments using amounts standing to the credit of the Payment Account and the Cash Reserve Account.
Taxation in respect of the Notes:	Payments of interest and principal and other amounts due under the Notes will be subject to income taxes, including applicable withholding taxes (if any), and other taxes (if any) and neither the Issuer nor any other person will be obliged to pay additional amounts in relation thereto.

Income generated by the holding (distributions) or transfer (capital gains) of the Notes is generally subject to Portuguese tax for debt notes (*obrigações*) if the holder is a Portuguese resident or has a permanent establishment in Portugal to which the income might be attributable. Pursuant to the Securitisation Tax Law, any payments of interest made in respect of the Notes to Noteholders who are not Portuguese residents and who do not have a permanent establishment in Portugal to which the income might be attributable will be exempt from Portuguese income tax. The above-mentioned exemption from income tax does not apply to non-resident entities if (i) more than 25 per cent. of its share capital is held, either directly or indirectly, by Portuguese residents, or (ii) its country of residence is any of the jurisdictions listed as a tax haven in Regulation (*Portaria*) no. 150/2004 of 13 February 2004 of the Ministry of Finance (as amended).

No Purchase of Notes by the Issuer:

The Issuer may not at any time purchase any of the Notes.

Ratings:

The Class A Notes are expected on issue to be assigned the following Ratings by the Rating Agency:

S&P

Class A Notes "AAA"

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

Optional Redemption in Whole:

The Issuer may redeem all (but not some only) of the Notes in each Class at their Principal Amount Outstanding together with accrued interest on any Interest Payment Date:

- (a) when, on the related Calculation Date, the Aggregate Principal Outstanding Balance of the Mortgage Loans is equal to or less than 10 per cent. of the Aggregate Principal Outstanding Balance of all of the Mortgage Loans as at the Collateral Determination Date; or
- (b) after the date on which, by virtue of a change in Tax law of the Issuer's Jurisdiction (or the application or official interpretation of such Tax law), the Issuer would be required to make a Tax Deduction from any payment in respect of the Notes (other than by reason of the relevant Noteholder having some connection with the Republic of Portugal, other than the holding of the Notes or related Coupons); or

- (c) after the date on which, by virtue of a change in Tax law of any applicable jurisdiction (or the application or official interpretation of such Tax law), either the Issuer, the Swap Counterparty or the Cap Counterparty would be required to make a Tax Deduction from any payment to be made by it in respect of the Swap Agreement or the Cap Agreement and; or
- (d) after the date on which, by virtue of a change in the Tax law of the Issuer's Jurisdiction (or the application or official interpretation of such Tax law), the Issuer would not be entitled to relief for the purposes of such Tax law for any material amount which it is obliged to pay, or the Issuer would be treated as receiving for the purposes of such Tax law any material amount which it is not entitled to receive under the Transaction Documents; or
- (e) after the date of a change in the Tax law of the Issuer's Jurisdiction (or the application or official interpretation of such Tax law) which would cause the total amount payable in respect of any of the Notes to cease to be receivable by the Noteholders including as a result of any of the Borrowers being obliged to make a Tax Deduction in respect of any payment in relation to any Mortgage Asset or the Issuer being obliged to make a Tax Deduction in respect of any payment in relation to any Note; or
- (f) falling on or after the Step-up Date; or
- (g) after the occurrence of a Regulatory Change with respect to the Originator,

provided that, if on such Interest Payment Date the funds available to the Issuer are not sufficient to redeem the Class C Notes at their Principal Amount Outstanding, the Class C Notes shall be redeemed in full and all the claims of the Class C Noteholders for any shortfall in the Principal Amount Outstanding of the Class C Notes shall be extinguished.

Paying Agent:	The Issuer will appoint the Paying Agent and Principal Paying Agent with respect to payments due under the Notes. The Issuer will procure that, for so long as any Notes are outstanding, there will always be a Paying Agent to perform the functions assigned to it. The Issuer may at any time, by giving not less than thirty days notice, replace the Paying Agent and Principal Paying Agent by one or more banks or other financial institutions which will assume such functions. As consideration for performance of the paying agency services, the Issuer will pay the Paying Agent and Principal Paying Agent a fee.
Transfers of Notes:	Transfers of Notes will require appropriate entries in securities accounts. Transfers of Notes between Euroclear participants, between Clearstream, Luxembourg participants and between Euroclear participants on the one hand and Clearstream, Luxembourg participants on the other hand will be effected in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg respectively.
Settlement:	Delivery of the Notes is expected to be made on or about the Closing Date.
Listing:	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market
Governing Law:	The Notes, the Common Representative Appointment Agreement, the Class C Purchase Agreement and each other Transaction Document will be governed by Portuguese law other than the Transaction Management Agreement, the Security Deed, the Subscription Agreement, the Swap Agreement, the Cap Agreement, the Paying Agency Agreement, the Accounts Agreement and the Master Execution Deed which will be governed by English law.

OVERVIEW OF THE TRANSACTION

- Purchase of Mortgage Assets:** Under the terms of the Mortgage Sale Agreement, the Originator will assign to the Issuer and the Issuer will, subject to satisfaction of certain conditions precedent, purchase from the Originator, certain Mortgage Assets.
- Consideration for Purchase of the Mortgage Assets:** In consideration for the assignment of the Mortgage Assets on the Closing Date, the Issuer will pay the Purchase Price to the Originator for the Mortgage Assets to be assigned to the Issuer.
- Servicing of the Mortgage Assets:** Pursuant to the terms of the Mortgage Servicing Agreement, the Servicer will agree to administer and service the Mortgage Assets assigned by the Originator to the Issuer on behalf of the Issuer and, in particular, to:
- (a) collect the Receivables due in respect thereof;
 - (b) set interest rates applicable to the Mortgage Loans;
 - (c) administer relationships with Borrowers; and
 - (d) undertake enforcement proceedings in respect of any Borrowers which may default on their obligations under the relevant Mortgage Assets.
- Servicer Reporting:** Banif - Banco Internacional do Funchal, S.A., in its capacity as the Servicer, will be required no later than six Lisbon Business Days after each Calculation Date to deliver to the Issuer, the Transaction Manager, the Joint Lead Managers, the Swap Counterparty and the Cap Counterparty a report in a form reasonably acceptable to the Transaction Manager (the "**Quarterly Servicer Report**") relating to the period from the last date covered by the previous Quarterly Servicer Report.
- The Quarterly Servicer Report will form part of a report to be in a form acceptable to the Issuer, the Transaction Manager and the Common Representative (the "**Transaction Manager Report**") to be delivered by the Transaction Manager to, *inter alios*, the Common Representative and the Principal Paying Agent not less than two Business Days prior to each Interest Payment Date.

Collection Account: All Collections received by the Servicer from a Borrower pursuant to a Mortgage Asset will be credited by the Servicer to the Collection Account. The Collection Account will be operated by the Servicer in accordance with the terms of the Mortgage Servicing Agreement.

The Servicer will on each Business Day direct the Collection Account Bank to transfer to the Payment Account, no later than 3:00 p.m., any cleared funds standing to the credit of the Collection Account at such time, except that the Servicer shall not, in respect of the Collection Account, give any such direction if it would cause the Collection Account to become overdrawn.

Payment Account: The Issuer will establish the Payment Account in its name at the Accounts Bank. The Payment Account will be operated by the Transaction Manager in accordance with the terms of the Accounts Agreement.

A downgrade of the rating of the Accounts Bank by the Rating Agency below the Minimum Short-Term Rating will require the Issuer to transfer the Payment Account and the funds standing to the credit thereof to a bank whose rating meets or exceeds the Minimum Short-Term Rating.

Payments from Payment Account on each Business Day: On each Business Day during a Collection Period (other than an Interest Payment Date) prior to delivery of an Enforcement Notice, funds standing to the credit of the Payment Account will be applied by the Issuer in or towards payment of: (i) any Tax Payment and any amount due in respect of VAT at the rate applicable from time to time; (ii) any Third Party Expenses; (iii) an amount equal to any Incorrect Payment to the Originator due on such Business Day which is also a Lisbon Business Day; and (iv) any Withheld Amounts due to either the Swap Counterparty, the Cap Counterparty or the relevant Portuguese Tax Authority.

Statutory Segregation for the Notes, right of recourse and Issuer Obligations: The Notes will have the benefit of the statutory segregation provided for by Article 62 of the Securitisation Law which provides that the assets and liabilities (*património autónomo*) of the Issuer in respect of each transaction entered into by the Issuer are completely segregated from the other assets and liabilities of the Issuer.

In accordance with the terms of Article 61 and the subsequent articles of the Securitisation Law the right of recourse of the Noteholders is limited to the specific pool of assets, including the Mortgage Assets, the Collections, the Transaction Accounts, the Issuer's rights in respect of the Transaction Documents and any other right and/or benefit, either contractual or statutory, relating thereto, purchased or received by the Issuer in connection with the Notes. Accordingly, the obligations of the Issuer in relation to the Notes under the Transaction Documents are limited in recourse in accordance with the Securitisation Law to the Transaction Assets.

Use of Issuer's funds to reduce or eliminate a Payment Shortfall:

If, in respect of an Interest Payment Date, the Transaction Manager determines as at the Calculation Date immediately preceding such Interest Payment Date that a Payment Shortfall will exist on such Interest Payment Date, the Transaction Manager will ensure that there is deducted an amount equal to the Principal Draw Amount from the Available Principal Distribution Amount and such amount is added to the Available Interest Distribution Amount on or prior to such Interest Payment Date to reduce or, as applicable, eliminate such Payment Shortfall.

Principal Draw Amount:

In relation to any Interest Payment Date, the Principal Draw Amount is the aggregate amount determined on the related Calculation Date as being the amount (if any) of the Available Principal Distribution Amount which is to be utilised by the Issuer to reduce or eliminate any Payment Shortfall on such Interest Payment Date.

Cash Reserve Account:

On or about the Closing Date, the Cash Reserve Account will be established with the Accounts Bank in the name of the Issuer into which an amount equal to the Initial Cash Reserve Amount will be transferred on the Closing Date.

Funds will be debited and credited to the Cash Reserve Account in accordance with the payment instructions of the Transaction Manager, on behalf of the Issuer, in accordance with the terms of the Transaction Management Agreement, the Accounts Agreement and the Security Deed.

A downgrade of the rating of the Accounts Bank by the Rating Agency below the Minimum Short-Term Rating will require the Transaction Manager, on behalf of the Issuer, to transfer the Cash Reserve Account and the funds standing to the credit thereof to a bank whose rating meets or exceeds the Minimum Short-Term Rating.

Replenishment of Cash Reserve Account: On each Interest Payment Date, to the extent that monies are available for the purpose, amounts (if required) will be credited to the Cash Reserve Account in accordance with the Pre-Enforcement Interest Payment Priorities until the amount standing to the credit thereof equals the Cash Reserve Account Required Balance.

Available Interest Distribution Amount: "**Available Interest Distribution Amount**" means, in respect of any Interest Payment Date, the amount calculated by the Transaction Manager on the Calculation Date immediately preceding such Interest Payment Date equal to the sum of:

- (a) any Interest Collection Proceeds and other interest amounts received by the Issuer as interest payments under the Mortgage Assets during the Collection Period immediately preceding such Interest Payment Date;
- (b) the payment (if any) (other than payment of collateral) received from the Swap Counterparty or the Cap Counterparty on such Interest Payment Date under the Swap Agreement or the Cap Agreement;
- (c) where the proceeds or estimated proceeds of disposal or, on maturity, the maturity proceeds of any Authorised Investment received in relation to the relevant Collection Period exceeds the original cost of such Authorised Investment, the amount of such excess together with interest thereon;
- (d) all amounts standing to the credit of the Cash Reserve Account, except that such amounts cannot be used to make payments in regards to item (f) of the Pre-Enforcement Interest Payment Priorities;
- (e) the amount of any Principal Draw Amount to be made on such Interest Payment Date to cover any Payment Shortfall in respect of such Interest Payment Date;
- (f) interest accrued and credited to the Transaction Accounts during the relevant Collection Period;
- (g) any portion of the Available Principal Distribution Amount remaining after the redemption in full of the Mortgage-Backed Floating Rate Notes; less
- (h) any Withheld Amount.

Prior to the delivery of an Enforcement Notice, the Available Interest Distribution Amount will be applied by the Issuer on each Interest Payment Date in accordance with the Pre-Enforcement Interest Payment Priorities.

**Available Principal
Distribution Amount:**

"Available Principal Distribution Amount" means, in respect of any Interest Payment Date, the amount calculated by the Transaction Manager as at the Calculation Date immediately preceding such Interest Payment Date as being equal to:

- (a) the amount of any Principal Collection Proceeds to be received by the Issuer as principal payments under the Mortgage Assets during the Collection Period immediately preceding such Interest Payment Date; plus
- (b) such amount of the Available Interest Distribution Amount as is credited to the Payment Account and which is applied by the Transaction Manager on such Interest Payment Date in reducing the debit balance on the Class A Principal Deficiency Ledger or the Class B Principal Deficiency Ledger; less
- (c) the amount of any Principal Draw Amount to be made on such Interest Payment Date;

Principal Deficiency Ledgers:

The Issuer will establish in its books a principal deficiency ledger comprising two sub-ledgers (the **"Class A Principal Deficiency Ledger"**, and the **"Class B Principal Deficiency Ledger"**, and together the **"Principal Deficiency Ledgers"**) and, on each Interest Payment Date, the Transaction Manager shall record (i) any Deemed Principal Losses in relation to the Mortgage Loans that have occurred in the related Collection Period and (ii) any Principal Draw Amounts that will be made on such Interest Payment Date (together the **"Principal Deficiency"**) by debiting the Principal Deficiency Ledger as set out below.

Any Principal Deficiency will first be debited to the Class B Principal Deficiency Ledger so long as the debit balance on the Class B Principal Deficiency Ledger is not greater than the Principal Amount Outstanding of the Class B Notes. Thereafter, any Principal Deficiency will be debited to the Class A Principal Deficiency Ledger.

Priorities of Payments

Prior to the delivery of an Enforcement Notice, the Issuer is required to apply the Available Interest Distribution Amount in accordance with the Pre-Enforcement Interest Payment Priorities and the Available Principal Distribution Amount in accordance with the Pre-Enforcement Principal Payment Priorities, provided that, if on any Interest Payment Date the Gross Cumulative Default Ratio exceeds 15 per cent., as well as after the delivery of an Enforcement Notice, then all amounts received or recovered by the Issuer and/or the Common Representative will be applied in accordance with the Post-Enforcement Payment Priorities.

Pre-Enforcement Interest Payment Priorities:

Prior to the delivery of an Enforcement Notice, the Available Interest Distribution Amount determined in respect of the Collection Period ending immediately preceding the relevant Interest Payment Date will be applied by the Transaction Manager on such Interest Payment Date in making the following payments or provisions in the following order of priority, but in each case only to the extent that all payments or provisions of a higher priority that fall due to be paid or provided for on such Interest Payment Date have been made in full:

- (a) *first*, in or towards payment of the Issuer's liability to Tax, in relation to this transaction, if any;
- (b) *second*, in or towards payment of the Common Representative's Fees and the Common Representative's Liabilities;
- (c) *third*, in or towards payment of the Issuer Expenses, excluding the Issuer's liability to tax, paid under item (a) above and the Common Representative's Fees and the Common Representative's Liabilities paid under item (b) above;
- (d) *fourth*, in or towards payment *pari passu* of amounts due to the Swap Counterparty and the Cap Counterparty under the Swap Agreement and the Cap Agreement, respectively (except for such amounts as are payable (i) in connection with an early termination of the Swap Agreement and the Cap Agreement in circumstances where the Swap Counterparty and the Cap Counterparty are the Defaulting Party (as defined in the 1992 ISDA Master Agreement (Multicurrency - Cross Border)) or (ii) in relation to any collateral, Excess Collateral Amount or Return Amount due to the Swap Counterparty and to the Cap Counterparty pursuant to the Swap Agreement and the Cap Agreement respectively);

- (e) *fifth*, in or towards payment *pari passu* on a *pro rata* basis of the Interest Amount in respect of the Class A Notes, but so that interest past due will be paid before current interest;
- (f) *sixth*, in or towards reduction of the debit balance on the Class A Principal Deficiency Ledger until such balance is equal to zero;
- (g) *seventh*, in or towards payment to the Cash Reserve Account up to the Cash Reserve Account Required Balance
- (h) *eighth*, in or towards payment *pari passu* on a *pro rata* basis of the Interest Amount in respect of the Class B Notes, but so that interest past due will be paid before current interest;
- (i) *ninth*, in or towards reduction of the debit balance on the Class B Principal Deficiency Ledger to zero;
- (j) *tenth*, in or towards payment *pari passu* of amounts due by the Issuer to the Swap Counterparty and the Cap Counterparty under the Swap Agreement and the Cap Agreement, respectively, in connection with an early termination of the Swap Agreement and the Cap Agreement in circumstances where the Swap Counterparty and the Cap Counterparty are the Defaulting Party (as defined in the 1992 ISDA Master Agreement (Multicurrency - Cross Border)) (except for such amounts as are payable in relation to any collateral, Excess Collateral Amount or Return Amount due to the Swap Counterparty and the Cap Counterparty pursuant to the Swap Agreement and the Cap Agreement);
- (k) *eleventh*, in or towards payment of the Class C Distribution Amount due and payable in respect of the Class C Notes; and
- (l) *twelfth*, in release of any balance (if any) to the Issuer or to its order.

Provided that:

- (i) if on any Interest Payment Date the Gross Cumulative Default Ratio exceeds 15 per cent., then the Available Interest Distribution Amount shall be applied on that Interest Payment Date in accordance with the Post-Enforcement Payment Priorities;
- (ii) any payment falling due to the Swap Counterparty and the Cap Counterparty in respect of the Return Amount or the Excess Collateral Amount under the Swap Agreement and the Cap Agreement shall be made in accordance with the terms of the Swap Agreement and the Cap Agreement and shall not otherwise be subject to the priority of payments set out above; and
- (iii) if, on any Interest Payment Date the Cash Reserve Account Required Balance is reduced and there is a payment made under paragraph (g) above, such payment shall be applied in an amount up to the amount of such reduction in the Cash Reserve Account Required Balance (to the extent that the payment includes amounts attributable to the reduction in the Cash Reserve Account Required Balance) in reducing the Principal Amount Outstanding of the Class C Notes.

For the avoidance of any doubt, the event above in (i) will not be an Event of Default.

"Gross Cumulative Default Ratio" means as at any Calculation Date, the Aggregate Principal Outstanding Balance of the Mortgage Assets which have become Defaulted Mortgage Assets since the Collateral Determination Date divided by the Aggregate Principal Outstanding Balance of the Mortgage Assets as at the Collateral Determination Date, calculated by the Servicer and reported in the Quarterly Servicer Report.

**Pre-Enforcement Principal
Payment Priorities:**

Prior to the delivery of an Enforcement Notice, the Available Principal Distribution Amount determined by the Transaction Manager in respect of the Collection Period immediately preceding each Interest Payment Date, together with such amount of the Available Interest Distribution Amount as is credited to the Payment Account and which is applied by the Transaction Manager on the relevant Interest Payment Date in reducing the debit balance on the Class A Principal Deficiency Ledger or the Class B Principal Deficiency Ledger will be applied by the Transaction Manager on each Interest Payment Date in making the following payments in the following order of priority (the "**Pre-Enforcement Principal Payment Priorities**") but in each case only to the extent that all payments of a higher priority that fall due to be paid on such Interest Payment Date have been made in full:

- (a) where the Pro-Rata Test has been satisfied on such Interest Payment Date:
 - (i) *first*, in or towards payment on a *pari passu* and *pro rata* basis of the Principal Amount Outstanding of the Class A Notes and the Class B Notes; and
 - (ii) *second*, after redemption in full of the Mortgage-Backed Floating Rate Notes, in or towards payment of the amount to be included in the Available Interest Distribution Amount from the Available Principal Distribution Amount; and
- (b) where the Pro-Rata Test has not been satisfied on such Interest Payment Date:
 - (i) *first*, in or towards payment *pari passu* on a pro rata basis of the Principal Amount Outstanding of the Class A Notes until all the Class A Notes have been redeemed in full;
 - (ii) *second*, in or towards payment *pari passu* on a pro rata basis of the Principal Amount Outstanding of the Class B Notes until all the Class B Notes have been redeemed in full; and
 - (iii) *third*, in release of the balance (if any) to the Issuer or to its order.

Provided that, if on any Interest Payment Date the Gross Cumulative Default Ratio exceeds 15 per cent., then the Available Principal Distribution Amount shall be applied on that Interest Payment Date in accordance with the Post-Enforcement Payment Priorities.

For the avoidance of any doubt, the event above will not be an Event of Default.

**Redemption of Class C Notes
from Available Interest
Distribution Amount:**

On the last Interest Payment Date (after redemption in full of all the Mortgage-Backed Floating Rate Notes) on which any Class C Distribution Amount is to be paid by the Issuer in accordance with Condition 7.5 (*Class C Distribution Amount Payments*), the Issuer will cause the Class C Notes to be redeemed in full from such Class C Distribution Amount.

**Post-Enforcement Payment
Priorities:**

Following the delivery of an Enforcement Notice or if on any Interest Payment Date the Gross Cumulative Default Ratio exceeds 15 per cent., all amounts received or recovered by the Issuer and/or the Common Representative will be applied by the Transaction Manager or the Common Representative in making the following payments in the following order of priority (the "**Post-Enforcement Payment Priorities**") but in each case only to the extent that all payments of a higher priority have been made in full and with the exception that amounts standing to the credit of the Cash Reserve Account will only be used to pay amounts due to items (a) through (d), (f) and (h) of the following, except on the Final Legal Maturity Date or such time as the amount standing to the credit of the Cash Reserve Account is greater than or equal to the outstanding balance of all Mortgage-Backed Floating Rate Notes:

- (a) *first*, in or towards payment *pari passu* on a *pro rata* basis of (i) any remuneration then due and payable to any receiver of the Issuer and all costs, expenses and charges incurred by such receiver, in relation to this transaction, (ii) the Common Representative's Fees and the Common Representative's Liabilities and (iii) the Issuer liability to Tax, in relation to this transaction, if any;
- (b) *second*, in or towards payment of the Issuer Expenses excluding those paid under item (a) above;

- (c) *third*, in or towards payment *pari passu* of amounts due to the Swap Counterparty and the Cap Counterparty under the Swap Agreement and the Cap Agreement, respectively (except for such amounts as are payable (i) in connection with an early termination of the Swap Agreement and the Cap Agreement in circumstances where the Swap Counterparty and the Cap Counterparty are the Defaulting Party (as defined in the 1992 ISDA Master Agreement (Multicurrency - Cross Border)) or (ii) in relation to any collateral, Excess Collateral Amount or Return Amount due to the Swap Counterparty and to the Cap Counterparty pursuant to the Swap Agreement and the Cap Agreement respectively);
- (d) *fourth*, in or towards payment *pari passu* on a *pro rata* basis of the Interest Amount in respect of the Class A Notes, but so that interest past due will be paid before current interest;
- (e) *fifth*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class A Notes until all Class A Notes have been redeemed in full;
- (f) *sixth*, in or towards payment *pari passu* on a *pro rata* basis of the Interest Amount in respect of the Class B Notes, but so that interest past due will be paid before current interest to the extent that, if the Class A Notes have not been redeemed in full, such payment cannot be made using amounts standing to the credit of the Cash Reserve Account;
- (g) *seventh*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class B Notes until all Class B Notes have been redeemed in full;

- (h) *eighth*, in or towards payment *pari passu* of amounts due by the Issuer to the Swap Counterparty and the Cap Counterparty under the Swap Agreement and the Cap Agreement, respectively, in connection with an early termination of the Swap Agreement and the Cap Agreement in circumstances where the Swap Counterparty and the Cap Counterparty are the Defaulting Party (as defined in the 1992 ISDA Master Agreement (Multicurrency - Cross Border)) (except for such amounts as are payable in relation to any collateral, Excess Collateral Amount or Return Amount due to the Swap Counterparty and the Cap Counterparty pursuant to the Swap Agreement and the Cap Agreement);
- (i) *ninth*, in or towards payment of the Class C Distribution Amount due and payable in respect of the Class C Notes
- (j) *tenth*, in or towards payment *pari passu* on a *pro rata* basis of principal amounts due under the Class C Notes; and
- (k) *eleventh*, in release of any balance (if any) to the Issuer or to its order,

provided that any payment falling due to the Swap Counterparty or to the Cap Counterparty in respect of the Return Amount or the Excess Collateral Amount under the Swap Agreement or the Cap Agreement, respectively, shall be made in accordance with the terms of the Swap Agreement or the Cap Agreement (as applicable) and shall not otherwise be subject to the priority of payments set out above.

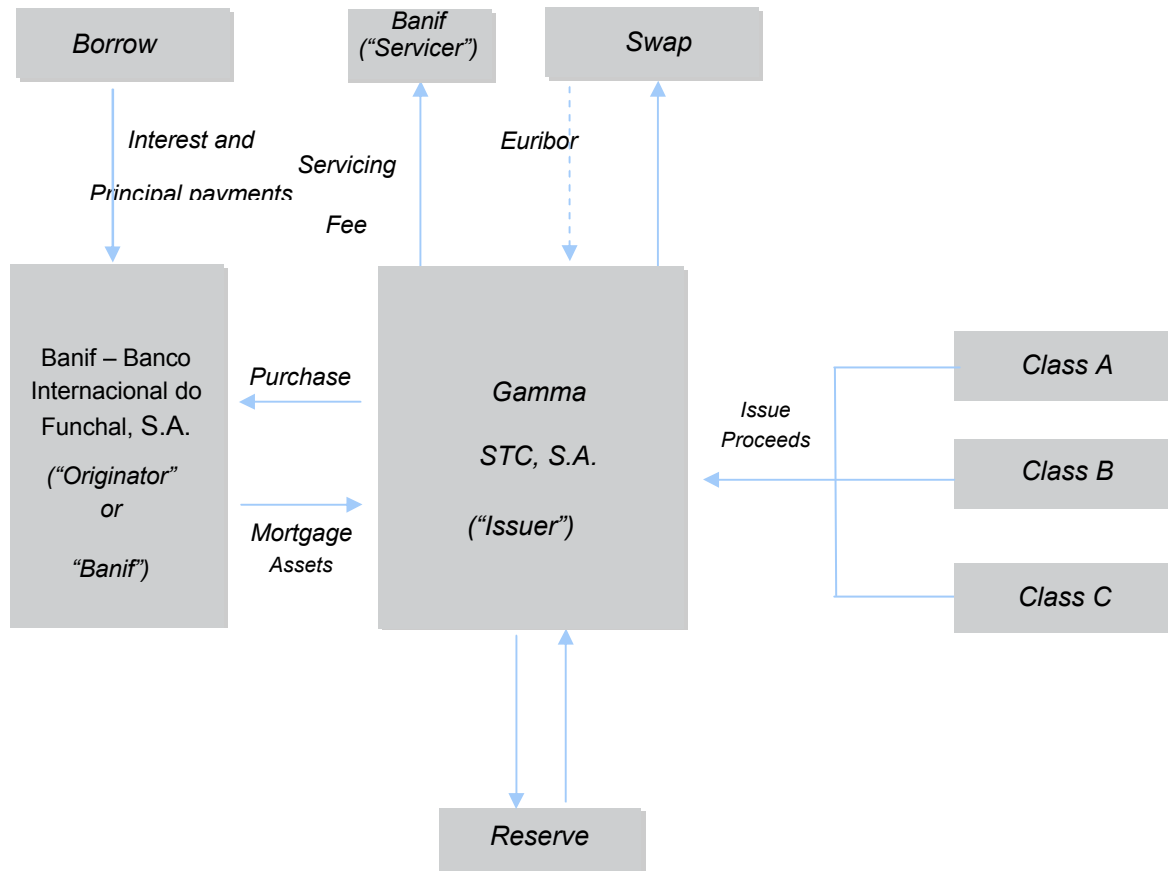
Swap Transaction:

In order to hedge the basis risk between the interest income received under the Mortgage Assets and the EURIBOR-based liabilities of the Issuer in respect of the Mortgage-Backed Floating Rate Notes, the Issuer will on or before the Closing Date enter into the Swap ISDA Master Agreement and the swap transaction with the Swap Counterparty under which on each Interest Payment Date (a) the amounts paid by the Issuer to the Swap Counterparty will be calculated using the relevant weighted average EURIBOR interest rates applicable in respect of the Mortgage Loans determined by deducting the weighted average spread from the weighted average rate of the Mortgage Loans in respect of which no payment is more than ninety days overdue as at the beginning of each relevant Collection Period and which are not Written-off Mortgage Assets and (b) the Swap Counterparty will pay to the Issuer certain amounts calculated by reference to the EURIBOR rate applicable to the Mortgage-Backed Floating Rate Notes, both payments (a) and (b) being based on a notional amount equal to the Aggregate Principal Outstanding Balance of the Mortgage Loans in respect of which no payment is more than ninety days overdue and which are not Written-off Mortgage Assets as at the beginning of the relevant Collection Period. See "**Overview of Certain Transaction Documents – Swap Transaction**".

Cap Transaction:

The Issuer will enter into the Cap Agreement with the Cap Counterparty for a term of fifty one months and twenty days from and including the Closing Date under which the Issuer will pay a premium to the Cap Counterparty on or about the Closing Date (such premium to be payable out of the proceeds of the Class C Notes) and the Cap Counterparty will pay to the Issuer, on each Interest Payment Date, an amount, if positive, equal to 3-month EURIBOR minus: (i) from Closing Date to and excluding the 20th day of February 2011, 9 per cent.; (ii) from, and including, the 20th day of February 2011 to, and excluding, the 20th day of February 2012, 10 per cent.; (iii) from, and including, the 20th day of February 2012 to, and excluding, the 20th day of February 2013, 11 per cent.; on a notional amount equal to 20 per cent. of the initial notes outstanding amount. See "**Overview of Certain Transaction Documents –Cap Agreement**".

STRUCTURE AND CASH FLOW DIAGRAM OF TRANSACTION



RISK FACTORS

Prior to making an investment decision, prospective purchasers of the Notes should consider carefully, in light of the circumstances and their investment objectives, the information contained in this entire Prospectus and reach their own views prior to making any investment decision. Prospective purchasers should nevertheless consider, among other things, the risk factors set out below.

Absence of a Secondary Market

There is currently no market for the Notes. While the Joint Lead Managers intend to make a market in the Notes, they are under no obligation to do so. There can be no assurance that a secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the holders of such Notes with liquidity of investment or that it will continue for the entire life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold the Notes until final redemption or earlier application in full of the proceeds of enforcement of the Security by the Common Representative. The market price of the capital in the Notes could be subject to fluctuation in response to, among other things, variations in the value of the Mortgage Assets, the market for similar securities, prevailing interest rates, changes in regulation and general market and economic conditions.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. The Issuer cannot predict when these circumstances will change and if and when they do whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in the future.

Restrictions on Transfer

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The offering of the Notes will be made pursuant to exemptions from the registration provisions under Regulation S of the Securities Act and from state securities laws. No person is obliged or intends to register the Notes under the Securities Act or any state securities laws. Accordingly, offers and sales of the Notes are subject to the restrictions described under "**Subscription and Sale**".

Liability under the Notes

The Notes are limited recourse obligations and are obligations solely of the Issuer and will not be obligations or responsibilities of any other entity. In particular, the Notes will not be obligations of and will not be guaranteed by Banif - Banco Internacional do Funchal, S.A. (as the originator and the servicer), Banif Investimento or HSBC.

Repayment of the Notes is limited to the funds received from or derived from the Transaction Assets. If there are insufficient funds available to the Issuer from the Transaction Assets to pay in full all principal, interest and other amounts due in respect of the Notes at the Final Legal Maturity Date, then the Noteholders will have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be deemed discharged in full. No recourse may be had for any amount due in respect of any Notes or any other obligations of the Issuer against any officer, member, director, employee, shareholder, security holder or incorporator of the Issuer or their respective successors or assigns.

Limited Resources of the Issuer

The Notes will not be obligations or responsibilities of any of the parties to the Transaction Documents other than the Issuer and shall be limited to the segregated portfolio of Mortgage Assets corresponding to this transaction (as identified by the corresponding asset code awarded by the CMVM pursuant to article 62 of the Securitisation Law) and such other Transaction Assets.

The obligations of the Issuer under the Notes are without recourse to any other assets of the Issuer pertaining to other issuances of securitisation notes by the Issuer or to the Issuer's own funds or to the Issuer's directors, officers, employees, managers or shareholders. None of such persons or entities has assumed or will accept any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on or in respect of the Notes.

The Issuer will not have any assets available for the purpose of meeting its payment obligations under the Notes other than the Mortgage Assets, the Collections, its rights pursuant to the Transaction Documents and amounts standing to the credit of certain of the Transaction Accounts. The Issuer's ability to meet its obligations in respect of the Notes, its operating expenses and its administrative expenses is wholly dependent upon:

- (a) Collections and recoveries made from the Mortgage Asset Portfolio by the Servicer;
- (b) the Transaction Accounts arrangements;
- (c) the performance by all of the parties to the Transaction Documents (other than the Issuer) of their respective obligations under the Transaction Documents; and
- (d) the hedging arrangements entered into under the Hedging Agreements.

The Issuer will not have any other funds available to it to meet its obligations under the Notes or any other payments ranking in priority to, or *pari passu* with, the Notes. There is no assurance that there will be sufficient funds to enable the Issuer to pay interest on any Class of Notes or, on the redemption date of any Class of Notes (whether on the Final Legal Maturity Date, upon acceleration following the delivery of an Enforcement Notice or upon early redemption in part or in whole as permitted under the Conditions) that there will be sufficient funds to enable the Issuer to repay principal in respect of such Class of Notes in whole or in part.

Limited Recourse Nature of the Notes

The Notes will be direct limited recourse obligations solely of the Issuer in respect of the Transaction Assets and therefore the Noteholders will have a claim under the Notes against the Issuer only to the extent of the cashflows generated by the Mortgage Asset Portfolio and any other amounts paid to the Issuer pursuant to the Transaction Documents, subject to the payment of amounts ranking in priority to payment of amounts due in respect of the Notes. If there are insufficient funds available to the Issuer to pay in full all principal, interest and other amounts due in respect of the Notes at the Final Legal Maturity Date or upon acceleration following delivery of an Enforcement Notice or upon mandatory early redemption in part or in whole as permitted under the Conditions, then the Noteholders will have no further claim against the Issuer in respect of any such unpaid amounts. No recourse may be had for any amount due in respect of any Notes or any other obligations of the Issuer against any officer, member, director, employee, security holder or incorporator of the Issuer or their respective successors or assigns.

None of the Transaction Parties or any other person has assumed any obligation in case the Issuer fails to make a payment due under any of the Notes.

Ratings are Not Recommendations

There is no obligation on the part of any of the Transaction Parties under the Notes or the Transaction Documents to maintain any rating for itself or the Class A Notes. None of the foregoing or any other person has assumed any obligation in case the Issuer fails to make a payment due under any of the Notes. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each securities rating should be evaluated independently of any other securities rating. In the event that the rating initially assigned to the Class A Notes is subsequently lowered, withdrawn or qualified for any reason, no person will be obliged to provide any credit facilities or credit enhancement to the Issuer for the original rating to be restored. Any such lowering, withdrawal or qualification of a rating may have an adverse effect on the liquidity and market price of the Notes.

The Rating Agency's rating of the Class A Notes addresses the likelihood that Noteholders of such Class will receive timely payments of interest and ultimate repayment of principal. The rating of "AAA" is the highest rating that S&P assigns to notes.

The rating takes into consideration the characteristics of the Mortgage Assets and the structural, legal and tax aspects associated with the Class A Notes. However, the ratings assigned to the Class A Notes do not represent any assessment of the likelihood or rate of principal prepayments. The ratings do not address the possibility that the Noteholders might suffer a lower than expected yield due to prepayments.

The ratings address the expected loss or the default probability posed to investors by the Final Legal Maturity Date. In the Rating Agency's opinion, the structure of the transaction allows for timely payment of interest and ultimate payment of principal at par on or before the Final Legal Maturity Date. The Rating Agency's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed but may have a significant effect on yield to investors.

The Issuer has not requested a rating of the Class A Notes by any rating agency other than the Rating Agency; there can be no assurance, however, as to whether any other rating agency will rate the Class A Notes or, if it does, what rating would be assigned by such other rating agency. The rating assigned by such other rating agency to the Class A Notes could be lower than the respective ratings assigned by the Rating Agency.

Liquidity and Credit Risk for the Issuer

The Issuer will be subject to the risk of delays in the receipt, or risk of defaults in the making, of payments due from Borrowers in respect of the Mortgage Assets. There can be no assurance that the levels or timeliness of payments of Collections and recoveries received from the Mortgage Assets will be adequate to ensure fulfillment of the Issuer's obligations in respect of the Notes on each Interest Payment Date or on the Final Legal Maturity Date.

Credit Risk on the Parties to the Transaction

The ability of the Issuer to meet its payment obligations in respect of the Notes depends partially on the full and timely payments by the parties to the Transaction Documents of the amounts due to be paid thereby. If

any of the Parties to the Transaction Documents fails to meet its payment obligations, there is no assurance that the ability of the Issuer to meet its payment obligations under the Notes will not be adversely affected.

Projections, forecasts and estimates

Forward looking statements, including estimates, any other projections and forecasts in this document are necessarily speculative in nature and some or all of the assumptions underlying the forward looking statements may not materialise or may vary significantly from actual results.

Originator's Lending Criteria

Under the Mortgage Sale Agreement, the Originator will warrant that, as at the Closing Date, each Borrower in relation to a Mortgage Asset Agreement comprised in the Mortgage Asset Portfolio meets the Originator's lending criteria for new business in force at the time such Borrower entered into the relevant Mortgage Asset Agreement. The lending criteria considers, among other things, a Borrower's credit history, employment history and status, repayment ability, debt-to-income ratio and the need for guarantees or other collateral. No assurance can be given that the Originator will not change the characteristics of its lending criteria in the future and that such change would not have an adverse effect on the cashflows generated by any Substitute Mortgage Asset to ultimately repay the principal and interest due on the Notes. See the description of the limited circumstances when Substitute Mortgage Assets may form part of the Mortgage Asset Portfolio in "**Overview of Certain Transaction Documents – Mortgage Sale Agreement**".

Borrowers

The Mortgage Loans in the Mortgage Asset Portfolio were originated in accordance with the criteria set out in "**Originator's Standard Business Practices, Servicing And Credit Assessment**". General economic conditions and other factors, such as loss of subsidies or increase of interest rates (which may or may not affect property values), may have an impact on the ability of Borrowers to meet their repayment obligations under the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy or insolvency filings by Borrowers, which may lead to a reduction in payments by such Borrowers on their Mortgage Loans and could reduce the Issuer's ability to service payments on the Notes.

However, the Originator's lending criteria take into account, *inter alia*, a potential Borrower's credit history, employment history and status, repayment ability and debt-to-income ratio and are utilised with a view, in part, to mitigate the risks in lending to Borrowers.

Competition in the Portuguese Residential Mortgage Market

The Issuer is, among other things, subject to the risk of the contractual interest rates on the Mortgage Loans being less than that required by the Issuer to meet its commitments under the Notes, which may result in the Issuer having insufficient funds available to meet the Issuer's commitment under the Notes and other Issuer obligations. There are a number of lenders in the Portuguese residential mortgage market and competition may result in lower interest rates on offer in such market. In the event of lower interest rates, Borrowers under Mortgage Loans may seek to repay such Mortgage Loans early, with the result that the Mortgage Asset Portfolio may not continue to generate sufficient cashflows and the Issuer may not be able to meet its commitments under the Notes.

Insurance

The Originator will transfer in accordance with the Mortgage Sale Agreement to the Issuer on the Closing Date its right, title, interest and benefit (if any) in the insurance policies for the mortgaged properties and the Issuer's interest therein will form part of the property of the Issuer. However, as the insurance policies may not, in each case, refer to assignees in title of the Originator, such an assignment may not provide the Issuer with an insurable interest under the relevant policies and the ability of the Issuer to make a claim under such a policy is not certain. Further, the Originator does not intend to notify each individual insurer of the assignment of the insurance policies to the Issuer. The Issuer may effect the relevant notification of the relevant insurers after the occurrence of certain events.

No Independent Investigation in relation to the Mortgage Assets

None of the Issuer, the Joint Lead Managers, the Transaction Manager, the Common Representative or any other Transaction Party (other than the Originator) has undertaken or will undertake any investigations, searches or other actions in respect of any Borrower, Mortgage Asset or any historical information relating to the Mortgage Assets and each will rely instead on the representations and warranties made by the Originator in relation thereto set out in the Mortgage Sale Agreement.

Withholding Taxes

Should any withholding or deduction for or on account of any Taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by any government or state with authority to tax or any political subdivision or any authority thereof or therein having power to tax be required to be made from any payment in respect of the Notes (as to which, in relation to the United Kingdom and Portugal, see "**Taxation**" below), neither the Issuer, the Common Representative nor any Paying Agent will be obliged to make any additional payments to Noteholders, Couponholders or Receiptholders to compensate them for the reduction in the amounts that they will receive as a result of such withholding or deduction. If payments made by any party under the Mortgage Servicing Agreement are subject to a Tax Deduction required by law, there will be no obligation on such party to increase the payment to leave an amount equal to the payment which would have been due if no Tax Deduction would have been required.

Charge

The Security includes a charge over the Transaction Accounts under the Security Deed. This charge is expressed to be fixed but a court may characterise it as floating. This charge may not be recognised as an effective security interest in jurisdictions other than England. However, the covenants given by the Issuer in the Master Framework Agreement will (i) restrict the Issuer from creating any security other than those created pursuant to the Transaction Documents, (ii) restrict the business activities of the Issuer and (iii) restrict the Issuer from having a place of business outside its jurisdiction of incorporation.

Reliance on the Originator's Representations and Warranties

If any of the Mortgage Assets fails to comply with any of the Mortgage Asset Warranties which could have a material adverse effect on (i) any Mortgage Asset, (ii) its related Mortgage Asset Agreements or (iii) the Receivables in respect of such Mortgage Asset, the Originator is obliged to hold the Issuer harmless against any losses which the Issuer may suffer as a result of such failure. The Originator may discharge this liability either by, at its option, (A) repurchasing or procuring a third party to repurchase such Mortgage Asset from

the Issuer for an amount equal to the aggregate of: (i) the Principal Outstanding Balance of the relevant Mortgage Asset as at the date of re-assignment of such Assigned Mortgage Rights; (ii) an amount equal to all other amounts due in respect of the relevant Mortgage Asset and its related Mortgage Asset Agreement on or before the date of re-assignment of such Mortgage Assets; and (iii) the properly incurred costs and expenses of the Issuer incurred in relation to such re-assignment, or (B) making an indemnity payment equal to such amount or, (C) in certain circumstances, substituting or procuring the substitution of a similar loan and security in replacement for any Mortgage Asset in respect of which such Mortgage Asset Warranty is breached, provided that this shall not limit any other remedies available to the Issuer if the Originator fails to discharge such liability. The Originator is also liable for any losses or damages suffered by the Issuer as a result of any breach or inaccuracy of the representations and warranties given in relation to itself or its entering into any of the Transaction Documents. The Issuer's rights arising out of breach or inaccuracy of the representations and warranties are however unsecured and, consequently, a risk of loss exists if a Mortgage Asset Warranty is breached and the Originator is unable to repurchase or cause a third party to purchase or substitute the relevant Mortgage Asset or indemnify the Issuer.

Limited Liquidity of the Mortgage Assets

In the event of the occurrence of an Event of Default and the delivery of an Enforcement Notice to the Issuer by the Common Representative, the disposal of the Transaction Assets of the Issuer (including its rights in respect of the Mortgage Assets) is restricted by Portuguese law in that any such disposal will be restricted to a disposal to the Originator or another STC or FTC established under Portuguese law. In such circumstances, the Originator has no obligation to repurchase the Receivables from the Issuer under the Transaction Documents and there can be no certainty that any other purchaser could be found as there is not, at present, and the Issuer believes it is unlikely to develop, an active and liquid secondary market for receivables of this type in Portugal.

In addition, even if a purchaser could be found for the Mortgage Assets, the amount realised by the Issuer in respect of their disposal to such purchaser in such circumstances may not be sufficient to redeem all of the Notes in full at their then Principal Amount Outstanding together with accrued interest.

Authorised Investments

The Issuer has the right to make certain interim investments of money standing to the credit of the Transaction Accounts. The investments must have appropriate ratings depending on the term of the investment and the term of the investment instrument. However, it may be that, irrespective of any such rating, such investments will be irrecoverable due to bankruptcy or insolvency of the debtor under the investment or of a financial institution involved or due to the loss of an investment amount during the transfer thereof. Additionally, the return on an investment may not be sufficient to cover fully interest payment obligations due from the investing entity in respect of its corresponding payment obligations. In this case, the Issuer may not be able to meet all its payment obligations. No Transaction Party other than the Issuer will be responsible for any such loss or shortfall.

Estimated Weighted Average Lives of the Notes

The yield to maturity of the Notes will depend on, among other things, the amount and timing of payment of principal (including prepayments, sale proceeds arising on the enforcement of a Mortgage Asset and repurchases due to breaches of representations and warranties) on the Mortgage Assets and the price paid by the holders of the Notes. Upon any early payment by the Borrowers in respect of the Mortgage Assets the

principal repayment of the Notes may be earlier than expected and, therefore, the yield on the Notes may be adversely affected by a higher or lower than anticipated rate of prepayment of Mortgage Assets. The rate of prepayment of the Mortgage Assets cannot be predicted and is influenced by a wide variety of economic and other factors, including prevailing interest rates, the buoyancy of the residential property market, the availability of alternative financing and local and regional economic conditions. With effect from 6 April 2007 (following publication of Decree-Law no. 51/2007 in the Official Gazette) the ability of banks in Portugal to levy prepayment charges on borrowers will be limited. It is not yet possible to ascertain the effect, if any, that this will have upon the rate of prepayment of the Mortgage Assets by the Borrowers. As a result of these factors no assurance can be given as to the level of prepayment that the Mortgage Asset Portfolio will experience. See "**Estimated Weighted Average Lives of the Notes and Assumptions**" herein.

Reliance on Performance by Servicer

The Issuer has engaged the Servicer to administer the Mortgage Asset Portfolio pursuant to the Mortgage Servicing Agreement. While the Servicer is under contract to perform certain services under the Mortgage Servicing Agreement there can be no assurance that it will be willing or able to perform such services in the future. In the event that the appointment of the Servicer is terminated by reason of the occurrence of a Servicer Event, there can be no assurance that the transition of servicing will occur without adverse effect on investors or that an equivalent level of performance on collections and administration of the Mortgage Assets can be maintained by a successor servicer after any replacement of the Servicer as many of the servicing and collections techniques currently employed were developed by the Servicer.

If the appointment of the Servicer is terminated, the Issuer shall endeavour to appoint a substitute servicer. No assurances can be made as to the availability of, and the time necessary to engage, such a substitute servicer.

The Servicer may not resign its appointment as Servicer without a justified reason and furthermore pursuant to the Mortgage Servicing Agreement, such resignation shall only be effective if the Issuer has appointed a substitute servicer provided that such appointment does not have an adverse effect on the current ratings of the Class A Notes. The appointment of a substitute servicer is subject to the prior approval of the CMVM.

Termination of Appointment of the Transaction Manager

In the event of the termination of the appointment of the Transaction Manager by reason of the occurrence of a Transaction Manager Event (as defined in the Transaction Management Agreement) it would be necessary for the Issuer to appoint a substitute transaction manager. The appointment of the substitute transaction manager is subject to, *inter alia*, the condition that such substitute transaction manager is capable of administering the Transaction Accounts of the Issuer.

There is no certainty that it would be possible to find a substitute or a substitute of satisfactory standing and experience, who would be willing to act as transaction manager on the terms of the Transaction Management Agreement.

In order to appoint a substitute transaction manager it may be necessary to pay higher fees than those paid to the Transaction Manager and depending on the level of fees payable to any substitute, the payment of such fees could potentially adversely affect the rating of the Class A Notes.

Geographical Concentration of the Mortgage Assets

The security for the Notes may be affected by, among other things a decline in real estate values. No assurance can be given that the values of the Properties have remained or will remain at their levels on the dates of origination of the related Mortgage Loans. The residential real estate market in Portugal in general, or in any particular region may from time to time experience a decline in economic conditions and housing markets than will other regions and, consequently, may experience higher rates of loss and delinquency on mortgage loans generally. Although the Borrowers are located throughout Portugal, the Borrowers may be concentrated in certain locations, such as densely populated areas (see "**Characteristics of the Mortgage Assets – Geographic Region**"). Any deterioration in the economic condition of the areas in which the Borrowers are located, or any deterioration in the economic condition of other areas that causes an adverse effect on the ability of the Borrowers to repay the Mortgage Assets could increase the risk of losses on the Mortgage Assets. A concentration of Borrowers in such areas may therefore result in a greater risk of loss than would be the case if such concentration had not been present. Such losses, if they occur, could have an adverse effect on the yield to maturity of the Notes as well as on the repayment of principal and interest due on the Notes.

Consumer Protection

Portuguese law (namely the *Constituição da República Portuguesa* (the Portuguese Constitution), the *Código Civil* (the "Portuguese Civil Code") and the *Lei de Defesa do Consumidor* (the "Consumer Protection Law") contains general provisions in relation to consumer protection. These provisions cover general principles of information disclosure, information transparency (contractual clauses must be clear, precise and legible) and a general duty of diligence, neutrality and good faith in the negotiation of contracts.

In addition Portuguese law, provides for the protection of consumers pursuant to the following:

- Decree-Law no. 446/85 of 25 October 1985, as amended by Decree-Law no. 220/95 of 31 July 1995 and Decree-Law no. 249/99 of 7 July 1999 (which implemented Directive 93/13/EEC of 5 April 1993) and Decree-Law no. 323/2001 of 17 December 2001 known as the *Lei das Cláusulas Contratuais Gerais* (the "Unfair Contract Terms Law") prohibits, in general terms, the introduction of unfair terms in contracts entered into with consumers. Pursuant to this law, a term is deemed to be unfair if such term has not been specifically negotiated by the parties and leads to an unbalanced situation insofar as the rights and obligations of the consumer (regarded as the weaker party) and the rights and obligations of the counterparty (regarded as the stronger party) are concerned. The introduction of terms that are prohibited will cause such terms to be considered null and void;
- Decree-Law no. 220/94 of 23 August 1994 states the minimum level of information to be included in mortgage loans, such as the annual effective rate (*taxa anual efectiva*);
- Decree-Law no. 240/2006 of 22 December 2006 sets the rules applicable to the determination and the rounding-up of interest rates that are linked to reference indexes applicable in residential mortgage loans;
- Decree-Law no. 51/2007 of 7 March 2007, as amended by Decree-Law no. 88/2008 of 29 May 2008, establishes, *inter alia*, certain rules on the calculation of interest due under residential mortgage loans and sets a cap on prepayment fees chargeable thereunder.

The foregoing should not be viewed as an exhaustive description of the provisions which could be invoked in respect of consumer protection. Although the Originator has warranted and represented to the Issuer that the Mortgage Assets comply with all applicable Portuguese laws, there can be no assurance that a court in Portugal would not apply the relevant consumer protection laws to vary the terms of a loan or to relieve a Borrower of its obligations thereunder.

Interest Rate Risk

The Issuer expects to meet its obligations under the Notes primarily from payments received in respect of the Receivables and such payments may not correlate or be referenced to EURIBOR payable by the Issuer in relation to the Mortgage-Backed Floating Rate Notes. To mitigate these interest rate risks, the Issuer will enter into the Swap Agreement in order to receive a cash flow based on EURIBOR and will pay an amount based upon interest rates applicable to the Mortgage Loans whose interest rates are determined by reference to a floating-rate of interest indexed to 3 month or 6 month-EURIBOR.

The Swap Transaction

Interest payable on the Mortgage-Backed Floating Rate Notes is in euro at a EURIBOR-related floating rate, whilst amounts receivable by the Issuer under the Mortgage Loans are in euro at a floating-rate of interest indexed to 3 month or 6 month-EURIBOR. The Issuer will rely on the performance by the Swap Counterparty of its obligations to the Issuer under the Swap Transactions, as well as on the Borrowers' performance of their obligations under the Mortgage Assets for its ability to meet its obligations under the Notes.

The Hedging Transactions

The Hedging Transactions may be terminated if, among other things, (a) there is a failure by either party to make any payment when due; (b) certain insolvency events occur in relation to either party; (c) an Enforcement Notice is delivered in accordance with the Conditions; or (d) it becomes unlawful for either party to perform its obligations thereunder, as described under the Hedging Agreements. If any of the Hedging Transactions are terminated, the Issuer may seek to enter into a substitute Hedging Transaction on similar terms. Whether or not a substitute Hedging Transaction can be concluded, termination of the relevant Hedging Transaction may, depending on the euro interest rates at the date of termination, affect the Issuer's ability to make payments on the Notes.

Changes in the ratings accorded to the Swap Counterparty or the Cap Counterparty (including any assignee) may affect the ratings accorded to the Class A Notes. There is no specific obligation on the part of the Swap Counterparty or the Cap Counterparty or any other person or entity to maintain any particular rating, although, if the debt ratings of the Swap Counterparty or the Cap Counterparty are downgraded as specified in the Hedging Agreements, the Swap Counterparty or the Cap Counterparty will take such action or actions as described in the Hedging Agreements, including to use its reasonable endeavours to find a replacement counterparty, find a guarantee or secure its obligations under the Hedging Agreements. Failure to do so within a specified period will give the Issuer the right to terminate the relevant Hedging Transaction.

Book-Entry Registration

The Notes will be represented by Global Notes delivered to a common safekeeper for Euroclear and Clearstream, Luxembourg, and will not be held by the beneficial owners or their nominees. The Global Notes will not be registered in the names of the beneficial owners or their nominees. As a result, unless and

until Notes in definitive form are issued, beneficial owners will not be recognised by the Issuer or the Common Representative as Noteholders, as that term is used in the Common Representative Appointment Agreement. Until such time, beneficial owners will only be able to exercise their rights in relation to the Notes indirectly, through Euroclear or Clearstream, Luxembourg (as the case may be) and their respective participating organisations, and will receive notices (which are always published in a leading daily newspaper with general circulation in Ireland, normally expected to be the *Irish Times*) and other information provided for under the terms and conditions of the Notes only if and to the extent provided by Euroclear or Clearstream, Luxembourg (as the case may be) and their respective participating organisations.

Segregation of Transaction Assets and the Issuer Obligations

The Notes and the obligations owing to the Transaction Creditors will have the benefit of the segregation provided pursuant to the Securitisation Law. Accordingly, the Issuer Obligations are limited, in accordance with the Securitisation Law, solely to the assets of the Issuer which collateralise the Notes, specifically the Transaction Assets.

Both before and after any Insolvency Event in relation to the Issuer, the Transaction Assets will be available for satisfying the obligations of the Issuer to the Noteholders in respect of the Notes and the Transaction Creditors pursuant to the Transaction Documents.

The Transaction Assets and all amounts deriving therefrom may not be used by creditors of the Issuer other than the Noteholders and the Transaction Creditors and may only be used by the Noteholders and the Transaction Creditors in accordance with the terms of the Transaction Documents including the relevant Payment Priorities.

Equivalent provisions will apply in relation to any other series of notes issued by the Issuer.

Ranking of Claims of Transaction Creditors and Noteholders

Both before and after an Insolvency Event in relation to the Issuer, amounts deriving from the Transaction Assets will be available for the purposes of satisfying the Issuer Obligations to the Transaction Creditors and Noteholders in priority to the Issuer's obligations to any other creditor.

In addition, pursuant to the Common Representative Appointment Agreement, the Transaction Management Agreement, the Security Deed and the Conditions, the claims of certain Transaction Creditors will rank senior to the claims of the Noteholders in accordance with the relevant Payment Priorities (see "**Overview of the Transaction**" – "**Pre-Enforcement Interest Payment Priorities**" and "**Post-Enforcement Payment Priorities**").

Both before and after an Insolvency Event in relation to the Issuer, amounts deriving from the assets of the Issuer other than the Transaction Assets will not be available for purposes of satisfying the Issuer's Obligations to the Noteholders and the other Transaction Creditors as they are legally segregated from the Transaction Assets.

Common Representative's rights under the Transaction Documents

The Common Representative has entered into the Common Representative Appointment Agreement in order to exercise, following the occurrence of an Event of Default, certain rights on behalf of the Issuer and the Transaction Creditors in accordance with the terms of the Transaction Documents for the benefit of the

Noteholders and the Transaction Creditors and to give certain directions and make certain requests in accordance with the terms and subject to the conditions of the Transaction Documents and the Securitisation Law.

The Common Representative will not be granted the benefit of any contractual rights or any representations, warranties or covenants by the Originator or the Servicer under the Mortgage Sale Agreement or the Mortgage Servicing Agreement but will acquire the benefit of such rights from the Issuer through the Coordination Agreement. Accordingly, although the Common Representative may give certain directions and make certain requests to the Originator and the Servicer on behalf of the Issuer under the terms of the Mortgage Sale Agreement and the Mortgage Servicing Agreement, the exercise of any action by the Originator and the Servicer in response to any such directions and requests will be made to and with the Issuer only and not with the Common Representative.

Therefore, if an Insolvency Event has occurred in relation to the Issuer, the Common Representative may not be able to circumvent the involvement of the Issuer in the Transaction by, for example, pursuing actions directly against the Originator or the Servicer under the Mortgage Sale Agreement or the Mortgage Servicing Agreement. Although the Notes have the benefit of the segregation provided for by the Securitisation Law, the above may impair the ability of the Noteholders and the Transaction Creditors to be repaid amounts due to them in respect of the Notes and under the Transaction Documents.

Enforcement of Security

The terms on which the Security for the Notes will be held will provide that, after the delivery of an Enforcement Notice, payments will rank in order of priority set out under the heading "**Overview of Transaction – Post-Enforcement Payment Priorities**". In the event that the Security for the Notes is enforced, no amount will be paid in respect of any Class of Notes until all amounts owing in respect of any Class of Notes ranking in priority to such Notes (if any) and any other amounts ranking in priority to payments in respect of such Notes have been paid in full.

Assignment of Mortgage Assets Not Affected by Originator Insolvency

In the event of the Originator becoming insolvent, the Mortgage Sale Agreement, and the sale of the Mortgage Assets conducted pursuant to it, will not be affected and therefore will neither be terminated nor will such Mortgage Assets form part of the Originator's insolvent estate, save if a liquidator appointed to the Originator or any of the Originator's creditors produces evidence that the Originator and the Issuer have entered into and executed such agreement in bad faith.

Collections Not Affected by Servicer Insolvency

In the event of the Servicer becoming insolvent, all the amounts which the Servicer may then hold in respect of the Mortgage Assets assigned by the Originator to the Issuer, will not form part of the Servicer's insolvent estate and the replacement of Servicer provisions referred to in the "**Mortgage Servicing Agreement – Termination**" below will then apply.

Assignment and Borrower Set-Off Risks

The assignment of the Mortgage Assets to the Issuer under the Securitisation Law is not dependent upon the awareness or acceptance of the relevant Borrowers or notice to them by the Originator, the Issuer or the Servicer to become effective. Therefore the assignment of the Mortgage Assets becomes effective, from a

legal point of view, both between the parties and towards the Borrowers as from the moment on which it is effective between the Originator and the Issuer.

Set-off issues in relation to the Mortgage Assets are essentially those associated with the Borrower's possibility of exercising against the Issuer any set-off rights the Borrower held against the Originator prior to the assignment of the relevant Mortgage Loans to the Issuer. Such set-off rights held by the Borrower against the Originator prior to the assignment of the relevant Mortgage Loans to the Issuer are not affected by the assignment of the Mortgage Assets to the Issuer. Such set-off issues will not arise where the Originator (i) was solvent at the time of assignment of the relevant Mortgage Assets to the Issuer, or (ii) had no obligations then due and payable to the relevant Borrower which were not met in full at a later date given that the Originator is under an obligation to transfer to the Issuer any sums which the Originator holds or receives from the Borrowers in relation to the Mortgage Assets including sums in the possession of the Originator and Servicer arising from set-off effected by a Borrower. The Securitisation Law does not contain any direct provisions in respect of set-off (which therefore continues to be regulated by the Portuguese Civil Code's general legal provisions on this matter) but it may have an impact on the set-off risk related matters to the extent the Securitisation Law has varied the Portuguese Civil Code rules on assignment of credits. (See "**Selected Aspects of Laws of the Portuguese Republic Relevant to the Mortgage Assets and the Transfer of the Mortgage Assets**".)

The Securitisation Law

The Securitisation Law was enacted in Portugal by Decree-Law no. 453/99 of 5 November 1999 as amended by Decree-Law no. 82/2002 of 5 April 2002, by Decree-Law no. 303/2003 of 5 December 2003 and by Decree-Law no. 52/2006 of 15 March 2006 (the "**Securitisation Law**"). The Portuguese Securitisation Tax Law was enacted by Decree-Law no. 219/2001 of 4 August 2001 as amended by Law no. 109-B/2001 of 27 December 2001, by Decree-Law no. 303/2003 of 5 December 2003, by Law no. 107-B/2003 of 31 December 2003 and by Law no. 53-A/2006 of 29 December 2006 (the "**Securitisation Tax Law**"). As at the date of this Prospectus the application of the Securitisation Law and of the Securitisation Tax Law has not been considered by any Portuguese Court and no interpretation of its application has been issued by any Portuguese governmental or regulatory authority. Consequently, it is possible that such authorities may issue further regulations relating to the Securitisation Law and of the Securitisation Tax Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

In November 2006, the CMVM submitted to public consultation a draft of a decree-law amending the Securitisation Law. The public consultation period ended on 4 December 2006, but the consultation paper can still be consulted at www.cmvm.pt. It is expected that the Securitisation Law will be amended in the future, although the exact terms of such amendment and the relevant enactment time cannot be ascertained.

Limited Provision of Information

The Issuer will not be under any obligation to disclose to the Noteholders any financial or other information received by it in relation to the Mortgage Asset Portfolio or to notify them of the contents of any notice received by it in respect of the Mortgage Asset Portfolio. In particular it will have no obligation to keep any Noteholder or any other person informed as to matters arising in relation to the Mortgage Asset Portfolio, except for the information provided in the Transaction Manager Report concerning the Mortgage Asset Portfolio and the Notes which will be made available to the Principal Paying Agent on or about each Interest Payment Date.

Change of Law

The structure of the transaction and, *inter alia*, the issue of the Notes and ratings assigned to the Class A Notes are based on law, tax rules, rates, procedures and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that law, tax rules, rates, procedures or administration practice will not change after the date of this Prospectus or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

Potential Conflict of Interest

Each of the Transaction Parties (other than the Issuer) and their affiliates in the course of each of their respective businesses may provide services to other Transaction Parties and to third parties and in the course of the provision of such services it is possible that conflicts of interest may arise between such Transaction Parties and their affiliates or between such Transaction Parties and their affiliates and third parties. Each of the Transaction Parties (other than the Issuer) and their affiliates may provide such services and enter into arrangements with any person without regard to or constraint as a result of any such conflicts of interest arising as a result of it being a Transaction Party in respect of the Transaction.

The Issuer believes that the risks described above are certain of the principal risks inherent to the transaction for Noteholders but the inability of the Issuer to pay interest, the Class C Distribution Amount or repay principal on the Notes may occur for other reasons and, accordingly, the Issuer does not represent that the above statements of the risks of holding the Notes are comprehensive. While the various structural elements described in this Prospectus are intended to lessen some of these risks for Noteholders there can be no assurance that these measures will be sufficient or effective to ensure payment to the Noteholders of interest or principal on such Notes on a timely basis or at all.

OVERVIEW OF CERTAIN TRANSACTION DOCUMENTS

The description of certain Transaction Documents set out below is a summary of certain features of such documents and is qualified by reference to the detailed provisions thereof. Prospective Noteholders may inspect a copy of the documents described below upon request at the specified office of each of the Common Representative and the Principal Paying Agent.

Mortgage Sale Agreement

Consideration for Purchase of the Mortgage Asset Portfolio

In consideration for the assignment and sale of the Mortgage Asset Portfolio as at the Closing Date, the Issuer will pay an amount to the Originator equal to the Aggregate Principal Outstanding Balance of the Mortgage Loans in the Mortgage Asset Portfolio to be assigned to the Issuer at the Closing Date, as calculated at the Collateral Determination Date (the "**Purchase Price**").

The Mortgage Asset Portfolio as at the Closing Date will be the initial Mortgage Asset Portfolio as at the Collateral Determination Date as varied, in accordance with the Mortgage Sale Agreement, by (a) the conversion of Mortgage Assets which are repaid between that date and the Closing Date into their cash equivalent and (b) the substitution on the Closing Date of (i) Mortgage Assets which do not comply with the Mortgage Asset Warranties to be set out in the Mortgage Sale Agreement and/or (ii) any other Mortgage Assets chosen by, and at the option of, the Originator, with Substitute Mortgage Assets which do comply with such Mortgage Asset Warranties or their cash equivalent.

The principal element of the proceeds of redemption of Mortgage Assets which repay between the Collateral Determination Date and the Closing Date and the principal element of any cash received by the Issuer for Mortgage Assets which do not comply with the Mortgage Asset Warranties to be set out in the Mortgage Sale Agreement on the Closing Date will form part of the Available Principal Distribution Amount on the next Interest Payment Date.

Effectiveness of the Assignment

The assignment of the Mortgage Asset Portfolio by the Originator to the Issuer will be governed by the Securitisation Law (See "**Selected Aspects Of Laws Of The Portuguese Republic Relevant To The Mortgage Assets And The Transfer Of The Mortgage Assets**"). Paragraph 4 of Article 6 of the Securitisation Law facilitates the process of transferring receivables by introducing an amendment to the general principles, provided by Article 583 of the Portuguese Civil Code, on the effectiveness of the transfer of receivables, *inter alia*, by a credit institution (which is also acting as the servicer) whereby the assignment becomes effective at the time of execution of the relevant sale agreement, both between the parties thereto and against the Borrowers. No notice to Borrowers is required to give effect to the assignment of the Mortgage Loans to the Issuer, however, for the assignment of the security constituted by the Mortgages to be effective against the Borrowers it must be registered with the relevant Portuguese Real Estate Registry Offices (see below "**Notification Event**").

Notification Event

Following the occurrence of a Notification Event, the Originator will execute and deliver to, or to the order of, the Issuer: (a) all Property Deeds (including the copy substituting the property tax certificates and the official land registry certificates irrespective of whether or not they are in the Originator's possession) in the

most recent form the Originator has at its disposal and in certified and official form, and all other documents which are in the Originator's possession and which are necessary in order to register the transfer of the Mortgage Assets from the Originator to the Issuer, (b) an official application form duly filled in to be filed in the relevant Portuguese Real Estate Registry Office requesting registration of the assignment to the Issuer of each Mortgage or, whenever possible, a set of Mortgages, (c) Notification Event Notices addressed to the relevant Borrowers and copied to the Issuer in respect of the assignment to the Issuer of each of the Assigned Mortgage Rights included in the Mortgage Asset Portfolio, and (d) such other documents and provide such other assistance as is necessary in order to register the assignment of the Mortgage Asset Portfolio and notify the relevant Borrowers.

The notice will instruct the relevant Borrowers, with effect from the date of receipt by the Borrowers of the notice, to pay all sums due in respect of the relevant Mortgage Loan into an account designated by the Issuer. In the event that the Originator cannot or will not effect such actions, the Issuer, is entitled under Portuguese Law: (a) to have delivered to it any such deeds and documents as referred to above, (b) to complete any such application forms as referred to above and (c) to give any such notices to Borrowers as referred to above.

The Mortgage Sale Agreement will be effective to transfer the Assigned Mortgage Rights to the Issuer on the Closing Date and on each other date on which a substitute Mortgage Asset is purchased by the Issuer.

No further act, condition or thing will be required to be done in connection with the assignment of the Assigned Mortgage Rights to enable the Issuer to require payment of the Receivables arising under the Mortgage Assets or to enforce any such rights in court other than the registration of the assignment at the relevant Portuguese Real Estate Registry Office. Such action by the Issuer will only be effected following the occurrence of a Notification Event.

"Property Deeds" means, in respect of a Property, the official land registry certificates or other documents evidencing definitive title to the Property and the Mortgage;

"Notification Event" means:

- (a) the delivery by the Common Representative of an Enforcement Notice to the Issuer in accordance with the Conditions;
- (b) the occurrence of an Insolvency Event in respect of the Originator;
- (c) the termination of the appointment of Banif as servicer in accordance with the terms of the Mortgage Servicing Agreement; and/ or
- (d) if the Originator is required to deliver a Notification Event Notice by the laws of the Portuguese Republic;

"Notification Event Notice" means a notice substantially in the form set out in Schedule 4 of the Mortgage Sale Agreement.

Representations and Warranties as to the Mortgage Assets

The Originator will make certain representations and warranties in respect of the Mortgage Assets included in the Mortgage Asset Portfolio as at the Collateral Determination Date and on each date upon which a

Mortgage Asset is substituted in accordance with the Mortgage Sale Agreement, including statements to the following effect which together constitute the "Eligible Criteria" in respect of the Mortgage Assets:

Key Eligibility Criteria in respect of the Receivables, the Mortgage Asset Agreements and the Borrowers include:

- (i) All Properties are for residential purposes and located in Portugal;
 - (ii) All loans are governed by, and subject to, the laws of Portugal;
 - (iii) The maximum term of any loan is fifty years;
 - (iv) Each loan constitutes a valid and binding obligation of the borrower;
 - (v) Each loan is free of any dispute, right of set-off or claim against the originator;
 - (vi) Each loan is free of any encumbrance, and does not contain any restriction on assignment of the mortgage;
 - (vii) All borrowers, prior to advance, complied with the lending criteria;
 - (viii) The relevant property is insured;
 - (ix) At least one payment has been made prior to the Closing Date;
 - (x) No loan can give rise to a further advance;
 - (xi) All loans have been registered in the relevant Portuguese Real Estate Registry Office;
 - (xii) All borrowers have an account with the originator;
 - (xiii) No borrower is an employee of the originator;
 - (xiv) No variations or modifications other than Permitted Variations.
- (a) Eligible Receivables

The Receivables arising under each Mortgage Asset Agreement are Eligible Receivables (as defined in the Mortgage Sale Agreement) in that they:

- (i) are originated by the Originator in accordance with the Originator's standard practices and are legally and beneficially owned by the Originator;
- (ii) are created in compliance with the laws of the Portuguese Republic;
- (iii) are payable in euro without any deduction, rebate or discount;
- (iv) are not the subject of any dispute, right of set-off, counterclaim, defence or claim existing or pending against the Originator;
- (v) are debts, the rights to which may be freely sold and transferred by way of assignment under the laws of the Portuguese Republic;

- (vi) are free and clear of any Encumbrance;
 - (vii) are payable in full at least thirty-six months prior to the Final Legal Maturity Date;
 - (viii) can be segregated and identified on any day;
 - (ix) have a Principal Outstanding Balance as at the Collateral Determination Date, which does not exceed € 915,100.66;
 - (x) in respect of which the Originator has not received, prior to the Collateral Determination Date, notice of early repayment of such Receivables; and
 - (xi) which do not have payments pending for a period of more than thirty days.
- (b) Eligible Mortgage Asset Agreements

Each Mortgage Asset Agreement was, as at its execution date, and is an Eligible Mortgage Asset Agreement (as defined in the Mortgage Sale Agreement), which:

- (i) was entered into in the ordinary course of the Originator's business, on arms' length commercial terms;
- (ii) has been concluded in accordance with applicable laws and regulations in Portugal, including but not limited to, the Consumer Protection Law, the Unfair Contract Terms Law and all applicable legislation governing mortgages;
- (iii) has been duly executed by the relevant Borrower or Borrowers and constitutes the legal, valid, binding and enforceable obligations of the relevant Borrower or Borrowers;
- (iv) has been duly executed by the Originator and constitutes the legal, valid, binding and enforceable obligations of the Originator;
- (v) is governed by and subject to the laws of the Portuguese Republic;
- (vi) does not contain any restriction on assignment of the benefit of any right, title and interest to the relevant Mortgage Asset Agreement or, where consent to assign is required, such consent has been obtained;
- (vii) in respect of which at least one instalment due under the relevant Mortgage Asset Agreement has been paid in full prior to the Collateral Determination Date and, in respect of a Substitute Mortgage Asset, at least one full instalment has been received in full prior to the Substitution Date;
- (viii) is entered into in writing on the terms of the standard documentation of the Originator;
- (ix) does not contain provisions which may give rise (after the Closing Date) to a liability on the part of the Originator to make further advances, pay money or perform any other onerous act;
- (x) has been duly registered or registration has been requested in the relevant Portuguese Real Estate Registry Office in favour of the Originator (rendering the Mortgage Asset Agreement

a fully valid security interest with first ranking priority, with the exception of Mortgage Loans secured by a second or lower ranking priority mortgage provided that, in such cases, (a) all higher ranking mortgages over the relevant Property have also been granted by the Borrower to the Originator on or before the date on which the lower ranking mortgage was granted and (b) all Mortgage Loans with the higher ranking mortgages are included in the Mortgage Asset Portfolio) for the performance of all payment obligations under the Mortgage Loan.

- (xi) relates to a Mortgage over a residential Property located in Portugal;
 - (xii) does not contain provisions permitting the deferral of payment of interest thereunder;
 - (xiii) is secured on one mortgage asset only;
 - (xiv) bears a floating interest rate indexed to 3 month or 6 month-EURIBOR;
 - (xv) is a monthly amortising loan with fixed maturity date and whose instalments can only change because of interest fluctuations;
 - (xvi) does not have a cap on interest rates;
 - (xvii) is a fully disbursed loan and does not comprise further advances;
 - (xviii) was granted to individuals;
 - (xix) is covered by property insurance;
 - (xx) has a term of less than fifty years;
 - (xxi) includes information on the property valuation at origination;
 - (xxii) includes information on borrower employment status;
 - (xxiii) includes information on the ranking of the mortgage, the identification of the notary and the lien registration number;
 - (xxiv) has a maximum CLTV of 100 per cent.;
 - (xxv) in the case of a Mortgage Asset Agreement for construction purposes, the construction proposed in such Mortgage Asset Agreement is complete; and
 - (xxvi) is not an investment mortgage (buy-to-let).
- (c) Eligible Borrowers

Each Borrower in respect of each Mortgage Asset Agreement to which it is a party is an Eligible Borrower (as defined in the Mortgage Sale Agreement) who:

- (i) is a party to a Mortgage Asset Agreement as primary borrower or guarantor;
- (ii) as far as the Originator is aware, is not dead or untraceable;

- (iii) as far as the Originator is aware, is not insolvent;
- (iv) is not an employee of the Originator;
- (v) complied with the Originator's lending criteria prior to entering into the relevant Mortgage Asset Agreement;
- (vi) has an account with the Originator which is capable of direct debit; and
- (vii) had their identity verified by the Originator when entering into the Mortgage Asset Agreement;
- (viii) if employed or self-employed, has shown that his/her regular income complied with the Lending Criteria at the time the relevant Mortgage Asset Agreement was entered into;
- (ix) has an aggregate principal outstanding balance in respect of indebtedness resulting from all Mortgage Loans included in the Mortgage Asset Portfolio, not exceeding € 915,100.66; and
- (x) if employed or self-employed, has submitted to the Originator his income tax return of the previous year prior to entering into the relevant Mortgage Asset Agreement, in compliance with Originator's lending criteria;

Breach of Mortgage Asset Warranties

If there is a breach of any of the warranties given by the Originator in respect of the Mortgage Asset Portfolio in the Mortgage Sale Agreement (each a "**Mortgage Asset Warranty**") which, in the opinion of the Common Representative, upon receiving advice at the cost of the Issuer from a reputable Portuguese counsel selected by the Common Representative and such advice is in form and substance satisfactory to it, (without limitation, having regard to whether a loss is likely to be incurred in respect of the Mortgage Asset to which the breach relates) could have a material adverse effect on the validity or enforceability of any Mortgage Asset, its related Mortgage Asset Agreements or the Receivables in respect of such Mortgage Asset, if such breach is capable of remedy, the Originator shall remedy such breach within thirty days after receiving written notice of such breach from the Issuer or the Common Representative.

If, in the reasonable opinion of the Common Representative, such breach is not capable of remedy, or, if capable of remedy, is not remedied within the thirty day period, the Originator shall hold the Issuer harmless against any losses which the Issuer may suffer as a result thereof. In addition, if, in the case of the representation made by the Originator that no rights of set-off exist or are pending against the Originator in respect of a Receivable being proved to have been breached, the Originator fails to pay to the Issuer an amount equal to the amount so set-off, the Originator shall also hold the Issuer harmless against any losses which the Issuer may suffer as a result thereof. The Originator may discharge the liability by, at its option, repurchasing or causing a third party to repurchase the relevant Mortgage Asset in accordance with the paragraph below.

The consideration payable by the Originator or a third party purchaser, as the case may be, in relation to the repurchase of a relevant Mortgage Asset will be an amount equal to the aggregate of: (a) the Principal Outstanding Balance of the relevant Mortgage Asset as at the date of re-assignment of such Assigned Mortgage Rights, (b) an amount equal to all other amounts due on or before the date of re-assignment in

respect of the relevant Mortgage Asset and its related Mortgage Asset Agreement, and (c) the properly incurred costs and expenses of the Issuer incurred in relation to such re-assignment.

If a Mortgage Asset expressed to be included in the Mortgage Asset Portfolio has never existed or has ceased to exist so that it is not outstanding on the date on which it is due to be re-assigned, the Originator shall, on demand, indemnify the Issuer against any and all liabilities suffered by the Issuer by reason of the breach of the relevant Mortgage Asset Warranty.

Pursuant to the Mortgage Sale Agreement, the Originator may, instead of repurchasing a Mortgage Asset from the Issuer or indemnifying the Issuer, require the Issuer to accept in consideration for the repurchase or in place of an indemnity payment, the assignment of Substitute Mortgage Assets such that the aggregate of the Principal Outstanding Balance of such Substitute Mortgage Assets will be at least equal to the said payment in cash that would have been payable by the Originator to the Issuer.

Substitute Mortgage Assets will be required to meet the original eligibility criteria for the inclusion of Mortgage Assets in the Mortgage Asset Portfolio and all the following additional requirements:

- (a) the weighted average CLTV of the Mortgage Asset Portfolio taking into account the Substitute Mortgage Assets does not exceed the weighted average CLTV of the Mortgage Asset Portfolio as at the Collateral Determination Date by more than 0.25 per cent.;
- (b) the maturity date of the Substitute Mortgage Asset must not be later than three years prior to the Final Legal Maturity Date and each shall bear a floating rate of interest indexed to EURIBOR;
- (c) the weighted average spread of the Mortgage Asset Portfolio taking into account the Substitute Mortgage Assets must be no more than 0.25 per cent. below the weighted average spread of the Mortgage Asset Portfolio before such substitution;
- (d) the resultant weighted average spread of the Mortgage Asset Portfolio must be at least equal to the lower of: (i) 0.73 per cent.; (ii) the weighted average margin over EURIBOR of the Mortgage Asset Portfolio before such substitution;
- (e) where the Property relating to the Retired Mortgage Asset (which is subject to a first ranking mortgage) has a lesser ranking mortgage over the same Property, such associated Mortgage Asset must also be substituted at the same time;
- (f) the Substitute Mortgage Asset constitutes the same ranking and priority of security over a property as the security provided in respect of the relevant Retired Mortgage Assets and if the Substitute Mortgage Asset is secured by a second or lower ranking priority mortgage, any first ranking priority mortgages over the same property must be included in the Mortgage Asset Portfolio after the substitution;
- (g) the Substitute Mortgage Asset is an Eligible Receivable, the borrower in respect of the Substitute Mortgage Asset is an Eligible Borrower and the relevant Mortgage Asset is an Eligible Mortgage Asset Agreement, where references to the Closing Date in the defined terms used in this paragraph shall be references to the date upon which the relevant Mortgage Asset or Mortgage Assets and the related Receivables were substituted; and references to the "Collateral Determination Date" were references to the date upon which the Principal Outstanding Balance of the relevant Mortgage Asset

or Mortgage Assets and the related Receivables was determined for the purposes of such substitution;

- (h) no Enforcement Notice in respect of the Notes has been delivered by the Common Representative to the Issuer in accordance with the Conditions;
- (i) no Servicer Termination Notice has been delivered by the Issuer to the Servicer in accordance with the Mortgage Servicing Agreement; and
- (j) the maturity date of the Substitute Mortgage Asset must be earlier or equal to the maturity date of the retired Mortgage Asset.

If there is a breach of any other representations and warranties and the Issuer has suffered a loss, the Originator has an obligation to pay a compensation payment to the Issuer in respect of such loss.

Borrower Set-Off

Pursuant to the terms of the Mortgage Sale Agreement, the Originator will undertake to pay to the Issuer an amount equal to the amount of any reduction in any payment due with respect to any Mortgage Loan sold to the Issuer as a result of any exercise of any right of set-off by any Borrower against the Issuer which has occurred on or prior to the Closing Date.

Applicable law and jurisdiction

The Mortgage Sale Agreement will be governed by and construed in accordance with the laws of the Portuguese Republic. The judicial courts of Lisbon will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Mortgage Servicing Agreement

Servicing and Collection of Receivables

Pursuant to the terms of the Mortgage Servicing Agreement, the Issuer will appoint the Servicer to provide certain services relating to the servicing of the Mortgage Assets and the collection of the Receivables in respect of such Mortgage Assets (the "**Services**").

Sub-Contractor

The Servicer may appoint any of its Group companies as its sub-contractor and may appoint any other person as its sub-contractor to carry out certain of the services subject to certain conditions specified in the Mortgage Servicing Agreement. In certain circumstances the Issuer may require the Servicer to assign any rights which it may have against a sub-contractor.

Servicer's Duties

The duties of the Servicer will be set out in the Mortgage Servicing Agreement, and will include, but not be limited to:

- (a) servicing and administering the Mortgage Assets;

- (b) implementing the enforcement procedures in relation to defaulted Mortgage Assets and undertaking enforcement proceedings in respect of any Borrowers which may default on their obligations under the relevant Mortgage Loan;
- (c) complying with its customary and usual servicing procedures for servicing comparable residential mortgages in accordance with its policies and procedures relating to its residential mortgage business;
- (d) servicing and administering the cash amounts received in respect of the Mortgage Assets including transferring amounts to the Payment Account on the Collection Payment Date following the day on which such amounts are credited to the Collection Account;
- (e) preparing periodic reports for submission to the Issuer and the Transaction Manager in relation to the Mortgage Asset Portfolio in an agreed form including reports on delinquency and default rates;
- (f) collecting amounts due in respect of the Mortgage Asset Portfolio;
- (g) setting interest rates applicable to the Mortgage Loans; and
- (h) administering relationships with the Borrowers.

The Servicer has undertaken to prepare and submit to the Issuer, the Transaction Manager, the Joint Lead Managers, the Swap Counterparty and the Cap Counterparty, within six Lisbon Business Days after each Calculation Date the Quarterly Servicer Report containing information as to the Mortgage Asset Portfolio and Collections in respect of the preceding Collection Period.

Collections and Transfers to the Collection Account

The Servicer covenants in the Mortgage Servicing Agreement that it shall give instructions to the Collection Account Bank to ensure that monies received by the Collection Account Bank from Borrowers in respect of the Mortgage Assets on any particular Lisbon Business Day are on such Lisbon Business Day of receipt paid into the Collection Account if received prior to 3.00 p.m. or on the next Lisbon Business Day if received after 3.00 p.m., in accordance with the provisions of the Mortgage Servicing Agreement. The Servicer will, on each Business Day, direct the Collection Account Bank to transfer to the Payment Account, no later than 3:00 p.m., any cleared funds standing to the credit of the Collection Account at such time, except that the Servicer shall not, in respect of the Collection Account, give any such direction if it would cause the Collection Account to become overdrawn. If the Collection Account Bank (where it is not also the Servicer) fails to comply with such directions, the Servicer shall, so far as it is able, take all such reasonable administrative actions as are reasonable to ensure compliance by the Collection Account Bank with its obligations under the Mortgage Servicing Agreement and the collection account mandate (to the extent applicable).

Variations of Mortgage Assets

The Servicer will covenant in the Mortgage Servicing Agreement that it shall not agree to any amendment, variation or waiver of any Material Term in a Mortgage Asset Agreement, other than (i) a Permitted Variation, or (ii) a variation made while Enforcement Procedures are being taken against such Mortgage Asset.

In addition, the Servicer will not agree to any Permitted Variation of a Mortgage Asset Agreement where:

- (a) the aggregate Principal Outstanding Balance of Mortgage Assets which are subject to Permitted Variations exceeds 20 per cent. of the Principal Outstanding Balance of the Mortgage Asset Portfolio on the Collateral Determination Date (provided that such percentage may be altered during the life of the transaction if (i) such alteration does not affect the ratings of the Class A Notes and (ii) the Rating Agency have previously confirmed in writing to the Issuer that such alteration does not negatively affect the ratings of the Class A Notes); or
- (b) such Mortgage Asset has already been subject to two Permitted Variations after the Closing Date (provided that such number may be altered during the life of the transaction if (i) such alteration does not affect the ratings of the Class A Notes and (ii) the Rating Agency have previously confirmed in writing to the Issuer that such alteration does not negatively affect the ratings of the Class A Notes).

"Permitted Variation" means, in relation to any Mortgage Asset, any amendment or variation to the Material Terms of the relevant Mortgage Asset Agreement where following such amendment:

- (a) the annual interest rate payable under such amended Mortgage Asset is not reduced by more than 0.5 per cent., subject to a minimum 0 per cent. per annum margin;
- (b) the remaining term of such amended Mortgage Asset is not extended by more than 15 per cent. of the original term of such Mortgage Asset;
- (c) the maturity of such Mortgage Asset subject to such amendment shall not be greater than three years prior to the Final Legal Maturity Date,

(in each case as determined from the latest Quarterly Servicing Report);

"Material Term" means, in respect of any Mortgage Asset Agreement, any provision thereof on the date on which the Mortgage Asset is assigned to the Issuer relating to (i) the maturity date of the Mortgage Asset, (ii) the ranking of the Mortgage provided by the relevant Borrower, (iii) the spread over the index used to determine the rate of interest thereunder, (iv) the Principal Outstanding Balance of such Mortgage Loan and (v) the amortisation profile of such Mortgage Asset.

"Servicer Records" means the original and/or any copies of all documents and records, in whatever form or medium, relating to the Services including all information maintained in electronic form (including computer tapes, files and discs) relating to the Services;

"Services" means the services to be provided by the Servicer as set out in Schedule 1 to the Mortgage Servicing Agreement;

Servicing Fee

The Servicer will, on each Interest Payment Date, receive a servicing fee quarterly in arrears from the Issuer calculated by reference to the Principal Outstanding Balance of the Mortgage Assets as at the first day of the relevant Collection Period.

Representations and Warranties

The Servicer will make certain representations and warranties to the Issuer in accordance with the terms of the Mortgage Servicing Agreement relating to itself and any subcontracted servicer and its entering into the relevant Transaction Documents to which it is a party.

Covenants of the Servicer

The Servicer will be required to make positive and negative covenants in favour of the Issuer in accordance with the terms of the Mortgage Servicing Agreement relating to itself and any subcontracted servicer and its entering into the relevant Transaction Documents to which it is a party.

Servicer Event

The occurrence of a Servicer Event leading to the replacement of the Servicer or a Notification Event will not, of itself, constitute an Event of Default under the Conditions.

The following events will be "**Servicer Events**" under the Mortgage Servicing Agreement, the occurrence of which will entitle the Issuer, to serve a notice on the Servicer (a "**Servicer Event Notice**"):

- (a) default is made by the Servicer in ensuring the payment on the due date of any payment required to be made under the Mortgage Servicing Agreement and such default continues unremedied for a period of five Business Days after the earlier of the Servicer becoming aware of the default or receipt by the Servicer of written notice from the Issuer requiring the default to be remedied; or
- (b) without prejudice to clause (a) above:
 - (i) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Mortgage Servicing Agreement; or
 - (ii) any of the Servicer Warranties (as defined in the Mortgage Servicing Agreement) made by the Servicer proves to be untrue, incomplete or incorrect; or
 - (iii) any certification or statement made by the Servicer in any certificate or other document delivered pursuant to the Mortgage Servicing Agreement proves to be untrue,

and in each case (1) such default or such warranty, certification or statement proving untrue, incomplete or incorrect could reasonably be expected to have a Material Adverse Effect and (2) (if such default is capable of remedy) such default continues unremedied for a period of fifteen Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer requiring the same to be remedied; or
- (c) it is or will become unlawful for the Servicer to perform or comply with any of its material obligations under the Mortgage Servicing Agreement; or
- (d) if the Servicer is prevented or severely hindered for a period of sixty days or more from complying with its obligations under the Mortgage Servicing Agreement as a result of a force majeure event;
- (e) any Insolvency Event occurs in relation to the Servicer;

- (f) a material adverse change occurs in the financial condition of the Servicer since the date of the latest audited financial statements of the Servicer which, in the opinion of the Issuer, impairs due performance of the obligations of the Servicer under the Mortgage Servicing Agreement; and/or
- (g) the Bank of Portugal intervenes under Title VIII of Decree-Law no. 298/92 of 31 December (as amended) into the regulatory affairs of the Servicer where such intervention could lead to the withdrawal by the Bank of Portugal of the Servicer's authorisation to carry on its business;

After receipt by the Servicer of a Servicer Event Notice but prior to the delivery of a notice terminating the appointment of the Servicer under the Mortgage Servicing Agreement (the "**Servicer Termination Notice**"), the Servicer shall, *inter alia*:

- (a) hold to the order of the Issuer the records relating to the Mortgage Assets, the Servicer Records and the Transaction Documents;
- (b) hold to the order of the Issuer any monies then held by the Servicer on behalf of the Issuer together with any other Mortgage Assets of the Issuer;
- (c) other than as the Issuer may direct, continue to perform all of the Services (unless prevented by any Portuguese law or any applicable law) until the date specified in the Servicer Termination Notice;
- (d) take such further action, in accordance with the terms of the Mortgage Servicing Agreement, as the Issuer may reasonably direct in relation to the Servicer's obligations under the Mortgage Servicing Agreement, including, if so requested, giving notice to the Borrowers and providing such assistance as may be necessary to enable the Services to be performed by a successor servicer; and
- (e) stop taking any such action under the terms of the Mortgage Servicing Agreement as the Issuer may reasonably direct, including, the collection of the Receivables into the Collection Account, communication with Borrowers or dealing with the Mortgaged Assets.

At any time after the delivery of a Servicer Event Notice, the Issuer may deliver the Servicer Termination Notice to the Servicer, the effect of which will be to terminate the Servicer's appointment from the date specified in such notice and from such date, *inter alia*:

- (a) all authority and power of the retiring Servicer under the Mortgage Servicing Agreement shall be terminated and shall be of no further effect;
- (b) the retiring Servicer shall no longer hold itself out in any way as the agent of the Issuer pursuant to the Mortgage Servicing Agreement; and
- (c) the rights and obligations of the retiring Servicer and any obligations of the Issuer and the Originator to the retiring Servicer shall cease but such termination shall be without prejudice to, *inter alia*:
 - (i) any liabilities or obligations of the retiring Servicer to the Issuer or the Originator or any successor Servicer incurred before such date;
 - (ii) any liabilities or obligations of the Issuer or the Originator to the retiring Servicer incurred before such date;

- (iii) any obligations relating to computer systems referred to in Paragraph 31 of Schedule 1 of the Mortgage Servicing Agreement;
- (iv) the retiring Servicer's obligation to deliver documents and materials; and
- (v) the duty to provide assistance to the successor Servicer as required to safeguard its interests or its interest in the Mortgage Assets.

Notice of Breach

The Servicer will, as soon as practicable, upon becoming aware of:

- (a) any breach of any Originator Warranty;
- (b) the occurrence of a Servicer Event; or
- (c) any breach by a Sub-contractor pursuant to Clause 6.3 (*Events requiring assignment of rights against Sub-contractor*) of the Servicing Agreement;

notify the Issuer, the Common Representative and the Transaction Manager of the occurrence of any such event and do all other things and make all such arrangements as are permitted and necessary pursuant to such Transaction Document in relation to such event.

Termination

The appointment of the Servicer will continue (unless otherwise terminated by the Issuer) until the Final Discharge Date when the obligations of the Issuer under the Transaction Documents will be discharged in full. The Issuer may terminate the Servicer's appointment and appoint a successor servicer (such appointment being subject to the prior approval of the CMVM) provided that it shall not have an adverse effect on the current ratings of the Class A Notes, upon the occurrence of a Servicer Event by delivering a Servicer Termination Notice in accordance with the provisions of the Mortgage Servicing Agreement.

Applicable law and jurisdiction

The Mortgage Servicing Agreement will be governed by and construed in accordance with the laws of the Portuguese Republic. The judicial courts of Lisbon will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Common Representative Appointment Agreement

On the Closing Date, the Issuer and the Common Representative will enter into an agreement setting forth the form and Terms and Conditions of the Notes and providing for the appointment of the Common Representative as common representative of the Noteholders for the Notes pursuant to Article 65 of the Securitisation Law.

Pursuant to the Common Representative Appointment Agreement, the Common Representative will agree to act as Common Representative of the Noteholders in accordance with the provisions set out therein and the terms of the Conditions. The Common Representative shall have among other things the power:

- (a) to exercise in the name and on behalf of the Noteholders all the rights, powers, authorities and discretions vested on the Noteholders or on it (in its capacity as the common representative of the Noteholders pursuant to article 65 of the Securitisation Law) at law, under the Common Representative Appointment Agreement or under any other Transaction Document;
- (b) to start any action in the name and on behalf of the Noteholders in any proceedings;
- (c) to enforce or execute in the name and on behalf of the Noteholders any Resolution passed by a Meeting of the Noteholders; and
- (d) to exercise, in its name and on its behalf, the rights of the Issuer under the Transaction Documents pursuant to the terms of the Co-ordination Agreement.

The rights and obligations of the Common Representative are set out in the Common Representative Appointment Agreement and include, but are not limited to:

- (a) determining whether any proposed modification to the Notes or the Transaction Documents is materially prejudicial to the interest of any of the Noteholders and the Transaction Creditors;
- (b) giving any consent required to be given in accordance with the terms of the Transaction Documents;
- (c) waiving certain breaches of the terms of the Notes or the Transaction Documents on behalf of the holders of the Notes; and
- (d) determining certain matters specified in the Common Representative Appointment Agreement, including any questions in relation to any of the provisions therein.

In addition, the Common Representative may, at any time without the consent or sanction of the Noteholders or any other Transaction Creditor, concur with the Issuer and any other relevant Transaction Party in making (A) any modification to the Notes or the Transaction Documents in relation to which the consent of the Common Representative is required (other than in respect of a Reserved Matter or any provisions of the Notes, the Common Representative Appointment Agreement or any Transaction Document referred into the definition of Reserved Matter) which, in the opinion of the Common Representative will not be materially prejudicial to the interests of (i) the holders of the Most Senior Class of Notes then outstanding and (ii) any of the Transaction Creditors unless in the case of (ii) such Transaction Creditors have given their prior written consent to any such modification, and (B) any modification, other than a modification in respect of a Reserved Matter, to any provision of the Notes, the Common Representative Appointment Agreement or any of the Transaction Documents in relation to which the consent of the Common Representative is required, if, in the opinion of the Common Representative,

such modification is of a formal, minor, administrative or technical nature, or is made to correct a manifest error or an error which, in the reasonable opinion of the Common Representative, is proven provided that such changes have always been previously notified to the Rating Agency.

Remuneration of the Common Representative

The Issuer shall pay to the Common Representative remuneration for its services as Common Representative as from the date of the Common Representative Appointment Agreement, such remuneration to be at such rate as may from time to time be agreed between the Issuer and the Common Representative. Such remuneration shall accrue from day to day and be payable in accordance with the Payment Priorities until the powers, authorities and discretions of the Common Representative are discharged.

In the event of the occurrence of an Event of Default or the Common Representative considering it expedient or necessary or being requested by the Issuer to undertake duties which the Common Representative and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Common Representative under the Common Representative Appointment Agreement, the Issuer shall pay to the Common Representative such additional remuneration as shall be agreed between them.

The rate of remuneration in force from time to time may, upon the final redemption of the whole of the Notes in a Class, be reduced by an amount as may from time to time be agreed between the Issuer and the Common Representative. Such reduction in remuneration shall be calculated from the date following such final redemption.

Retirement of the Common Representative

The Common Representative may retire at any time upon giving not less than three calendar months notice in writing to the Issuer without assigning any reason therefor and without being responsible for any Liabilities occasioned by such retirement. The retirement of the Common Representative shall not become effective until the appointment of a new Common Representative. In the event of the Common Representative giving notice under the Common Representative Appointment Agreement, the Issuer shall use its best endeavours to find a substitute common representative and prior to the expiry of the three calendar months notice period the Common Representative shall convene a Meeting for appointing such person as the new common representative.

Termination of the Common Representative

The Noteholders may at any time, by means of resolutions passed in accordance with the relevant terms of the Conditions and the Common Representative Appointment Agreement remove the Common Representative and appoint a new Common Representative.

The Common Representative Appointment Agreement will be governed by and construed in accordance with Portuguese law. The courts of Lisbon will have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

Accounts Agreement

On or about the Closing Date, the Issuer, the Common Representative and the Accounts Bank will enter into an Accounts Agreement pursuant to which the Accounts Bank will agree to open and maintain the

Transaction Accounts which are held in the name of the Issuer and provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Transaction Accounts. The Accounts Bank will pay interest on the amounts standing to the credit of the Payment Account and the Cash Reserve Account.

The Accounts Bank will agree to comply with any directions given by the Issuer or the Common Representative in relation to the management of the Payment Account and the Cash Reserve Account.

If the short-term unsecured debt obligations of the Accounts Bank are downgraded below the Minimum Short-Term Rating or it otherwise ceases to be rated this will result in the termination of the appointment of the Accounts Bank within sixty calendar days of the downgrade by S&P and the appointment of a replacement Accounts Bank, whose rating meets or exceeds the Minimum Short-Term Rating, subject to the provisions of the Accounts Agreement.

The Accounts Agreement will be governed by and construed in accordance with English law. The courts of England will have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

Co-ordination Agreement

On the Closing Date, the Issuer, the Originator, the Servicer, the Transaction Manager, the Accounts Bank, the Principal Paying Agent, the Paying Agent, the Agent Bank, the Swap Counterparty, the Cap Counterparty and the Common Representative will enter into the Co-ordination Agreement pursuant to which the parties (other than the Common Representative) will be required, subject to Portuguese law, to give certain information and notices to and give due consideration to any request from or opinion of the Common Representative in relation to certain matters regarding the Mortgage Asset Portfolio, the Originator and its obligations under the Mortgage Sale Agreement, the Servicer and its obligations under the Mortgage Servicing Agreement.

Pursuant to the terms of the Co-ordination Agreement, the Common Representative Appointment Agreement, the Terms and Conditions of the Notes and the relevant provisions of the Securitisation Law, the Common Representative shall, following the delivery of an Enforcement Notice, act in the name and on behalf of the Issuer in connection with the Transaction Documents and in accordance with the Co-ordination Agreement.

Pursuant to the terms of the Co-ordination Agreement, the Common Representative will have the direct benefit of the Originators Warranties and the Servicer Warranties made by the Originator and the Servicer in the Mortgage Sale Agreement and the Mortgage Servicing Agreement, respectively. The Issuer will authorise the Common Representative to exercise the rights provided for in the Co-ordination Agreement and the Originator and the Servicer will acknowledge such authorisation therein.

The Co-ordination Agreement will be governed by and construed in accordance with Portuguese law. The Courts of Lisbon will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Transaction Management Agreement

On the Closing Date, the Issuer, the Transaction Manager, the Accounts Bank and the Common Representative will enter into the Transaction Management Agreement pursuant to which each of the Issuer

and the Common Representative (according to their respective interests) will appoint the Transaction Manager to perform transaction management's duties, including:

- (a) operating the Payment Account, the Cash Reserve Account, the Principal Deficiency Ledgers in such a manner as to enable the Issuer to perform its financial obligations pursuant to the Notes and the Transaction Documents;
- (b) providing the Issuer and the Common Representative with certain cash management, calculation, notification and reporting information in relation to the Payment Account, the Cash Reserve Account, the Principal Deficiency Ledgers;
- (c) maintaining adequate records to reflect all transactions carried out by or in respect of the Payment Account, the Cash Reserve Account, the Principal Deficiency Ledgers; and
- (d) on the instruction of the Issuer, investing, on a non-discretionary basis, the funds credited to the Payment Account and the Cash Reserve Account in Authorised Investments in accordance with the terms and conditions of the Transaction Management Agreement. All references in this Prospectus to payments or other procedures to be made by the Issuer shall, whenever the same are obligations of the Transaction Manager under the Transaction Management Agreement, be understood as payments or procedures that shall be performed by the Transaction Manager on behalf of the Issuer.

The Transaction Manager will receive a fee to be paid on a quarterly basis in arrears on each Interest Payment Date in accordance with the Pre-Enforcement Interest Payment Priorities.

The Transaction Management Agreement will be governed by and construed in accordance with English law. The courts of England have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

Security Deed

The Notes will be secured by a first fixed charge over all the Transaction Accounts (which may take effect as a floating charge) as particularly set out in the security deed made on or about the Closing Date between the Issuer and the Common Representative (the "**Security Deed**"). The Common Representative will hold the benefit of such security on trust for the Noteholders and the Transaction Creditors.

The Security Deed will be governed by and construed in accordance with English law and the courts of England will have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

Hedging Transactions

Swap Transaction

Under the terms of the Swap Transaction, on each Interest Payment Date, (a) the Issuer will pay to the Swap Counterparty certain amounts calculated by reference to the relevant EURIBOR interest rates applicable in respect of the Mortgage Assets, determined by deducting the weighted average spread from the weighted average rate of the Mortgage Assets in respect of which no payment is more than ninety days overdue as at the beginning of each relevant Collection Period and which are not Written-off Mortgage Assets and (b) the Swap Counterparty will pay to the Issuer certain amounts calculated by reference to the EURIBOR interest rates of the Mortgage-Backed Floating Rate Notes, both payments (a) and (b) being based on a notional

amount equal to the Aggregate Principal Outstanding Balance of the Mortgage Assets in respect of which no payment is more than ninety days overdue and which are not Written-off Mortgage Assets as at the beginning of the relevant Collection Period.

The Swap Transaction provides that, to the extent that the Issuer does not have sufficient funds available to make any payment to the Swap Counterparty on its due date such obligation shall be deferred until such payment is actually made. Such failure shall not constitute a ground for termination of the Swap Agreement.

The Swap Transaction shall terminate on the Final Legal Maturity Date unless terminated earlier in accordance with the terms of the Swap Transaction.

Interest Rate Cap Transaction

Under the terms of the Cap Transaction, the Issuer will on the Closing Date pay an up-front premium to the Cap Counterparty, payable on or about the Closing Date, and the Cap Counterparty will pay to the Issuer, on each Interest Payment Date, an amount, if positive, equal to 3-month EURIBOR minus: (i) from Closing Date to and excluding the 20th day of February 2011, 9 per cent.; (ii) from, and including, the 20th day of February 2011 to, and excluding, the 20th day of February 2012, 10 per cent.; (iii) from, and including, the 20th day of February 2012 to, and excluding, the 20th day of February 2013, 11 per cent.; on a notional amount equal to 20 per cent. of the initial notes outstanding amount.

The Issuer will enter into the Cap Agreement with the Cap Counterparty for a term of forty-eight months from and including the Closing Date.

Terms of Hedging Agreements

Taxation

If the Swap Agreement is terminated prior to the redemption of the Notes in full or upon redemption of the Mortgage-Backed Floating Rate Notes in full, for example, under Condition 8.10 (*Optional redemption in whole for taxation reasons*), a termination payment may be due by either party to the other thereunder.

Subject as set out below, all payments to be made by either party under the Hedging Agreements are to be made without any Tax Deduction unless such Tax Deduction is required by applicable law (as modified by the practice of any governmental tax authority). If any such Tax Deduction is required, neither the Issuer nor the Swap Counterparty or the Cap Counterparty (as applicable) will be obliged to pay any additional amounts to the other in respect of such Tax Deduction.

If, as a result of a change in Tax law (or its application or official interpretation), the Swap Counterparty or the Cap Counterparty is required to make a Tax Deduction from any payment to be made to the Issuer under the relevant Hedging Agreement, the Swap Counterparty or the Cap Counterparty will not be obliged to pay any additional amounts to the Issuer in respect of such Tax Deduction, but the Issuer will have the right to terminate the relevant Hedging Agreement (subject to the Swap Counterparty's or the Cap Counterparty's (as applicable) obligation to use reasonable efforts to transfer its rights and obligations under the Swap Agreement or the Cap Agreement, respectively, to another of its offices or branches or affiliates whose unsecured, unsubordinated obligations are rated not less than the relevant ratings specified in the Swap Agreement or the Cap Agreement, respectively, or whose obligations are fully guaranteed by an entity whose unsecured, unsubordinated obligations are rated not less than the relevant ratings specified in the Swap Agreement or the Cap Agreement (as applicable) such that payments made by, or, subject only to the

receipt by the Issuer of any necessary duly completed tax form certificated by the relevant Tax authority prior to the date prescribed by the Portuguese Tax Authority pursuant to the applicable double tax convention, to that office or branch or affiliate under the Swap Agreement or the Cap Agreement can be made without any Tax Deduction).

If, as a result of a change in any applicable Tax law (or its application or official interpretation) the Issuer is required to make a Tax Deduction from any payment to be made to the Swap Counterparty under the Swap Agreement or to the Cap Counterparty under the Cap Agreement, other than any such change which consists of a consolidation or re-enactment of current law or in a change in the rate at which the Issuer is required to make a Tax Deduction from any payment to be made to the Swap Counterparty under the Swap Agreement or to the Cap Counterparty under the Cap Agreement, but including:

- (a) any repeal of, or amendment to, any law, regulation or double tax convention which has the effect of eliminating or reducing the relief which is available as at the Closing Date from Tax imposed by the Republic of Portugal on account of which the Issuer would, but for such relief, be required to withhold from payments that the Issuer makes to the Swap Counterparty under the Swap Agreement or to the Cap Counterparty under the Cap Agreement;
- (b) any amendment to the formalities, procedures or other requirements of any relevant Tax authority which has the effect of making such formalities, procedures or other requirements materially more onerous for the Swap Counterparty or the Cap Counterparty (each acting reasonably) to comply with for the purpose of allowing the Issuer to make such payment without making a Tax Deduction, including a material adverse change to the time periods available for complying with such formalities, procedures or other requirements; and
- (c) without prejudice to (b) above, any amendment to the formalities, procedures or other requirements of any relevant Tax authority which results in a requirement for the Issuer to provide any information or documentation to, or make any necessary filings with, the relevant Tax authority but only to the extent that the Issuer fails to provide the necessary information or documentation to, or make the necessary filings with, the relevant Tax authority on or before the relevant date prescribed by the relevant Tax authority, in circumstances where the Swap Counterparty or the Cap Counterparty (as applicable) has provided all necessary information and documentation to the Issuer for such purposes in reasonable time in advance of such relevant date,

(any such change, a "**Relevant Change of Law**"), then the Issuer will not be obliged to pay any additional amounts to the Swap Counterparty or to the Cap Counterparty in respect of such Tax Deduction, but the Swap Counterparty or the Cap Counterparty (as applicable) will have the right to terminate the Swap Agreement or the Cap Agreement, respectively (subject to the Swap Counterparty's or the Cap Counterparty's (as applicable) obligation to use reasonable efforts to transfer its rights and obligations under the Swap Agreement or the Cap Agreement, respectively, to another of its offices or branches or affiliates or, if not possible, to any third parties whose unsecured, unsubordinated obligations are rated not less than the relevant ratings specified in the Swap Agreement or the Cap Agreement, whose obligations are fully guaranteed by an entity whose unsecured, unsubordinated obligations are rated not less than the relevant ratings specified in the Swap Agreement or in the Cap Agreement (as applicable) such that payments made by, or, subject only to the receipt by the Issuer of any necessary duly completed tax form certificated by the relevant Tax authority prior to the date prescribed by the Portuguese Tax Authority pursuant to the applicable double tax convention, to that office or branch or affiliate under the Swap Agreement or the Cap Agreement (as applicable) can be made without any Tax Deduction).

"Portuguese Tax Authority" means any governmental authority in the Portuguese jurisdiction having the power to impose or assess any Tax or contribution.

Early Termination

The Swap Agreement may be terminated early by the non-defaulting or non-affected party, as applicable, in the following circumstances:

- (a) if the Mortgage-Backed Floating Rate Notes become immediately due and payable prior to the Final Legal Maturity Date or the Mortgage-Backed Floating Rate Notes are redeemed in full in accordance with the Conditions; and
- (b) upon the occurrence of certain other events with respect to either party, including insolvency, adverse tax consequences or changes in law resulting in illegality.

The Cap Agreement may be terminated early by the non-defaulting party or non-affected party, as applicable, in the following circumstances:

- (a) if the Mortgage-Backed Floating Rate Notes become immediately due and payable due to an Enforcement Notice being served by the Common Representative; and
- (b) upon the occurrence of certain other events with respect to either party, including insolvency, adverse tax consequences or changes in law resulting in illegality.

Swap Counterparty and Cap Counterparty Downgrade Event

If the rating of the Swap Counterparty or that of the Cap Counterparty falls below the relevant rating specified (in accordance with the requirements of the Rating Agency) in the Swap Agreement and the Cap Agreement, respectively, at any time, then the Swap Counterparty or the Cap Counterparty will be required within the time period specified in the Swap Agreement or the Cap Agreement to take one or more remedial measures as set out in the Swap Agreement or the Cap Agreement, respectively, which include:

- (a) where permitted, the posting of collateral in an amount or value determined in accordance with the relevant collateral guidelines specified in the Swap Agreement or the Cap Agreement (as applicable);
- (b) the provision of a guarantee of a third party or procurement of a co-obligor with the rating specified in the Swap Agreement or the Cap Agreement (as applicable), provided that any such guarantee satisfies any applicable guarantee criteria of the Rating Agency;
- (c) the transfer of all its rights and obligations under the relevant Hedging Transaction to a replacement third party (which may include any affiliate of the Swap Counterparty or the Cap Counterparty, as applicable) with the ratings specified in the relevant Hedging Transaction; or
- (d) such other action as the Swap Counterparty or the Cap Counterparty may agree with any relevant Rating Agency so as to result in any Class A Notes then outstanding, following the taking of such other action, not being rated lower than the rating of such Class A Notes immediately prior to the downgrade of the Swap Counterparty or the Cap Counterparty, respectively, by such Rating Agency.

If the Swap Counterparty or the Cap Counterparty fails to take one of the above-mentioned remedial measures within the time prescribed, then the Issuer will, subject to certain conditions, when such is

requested pursuant to the Swap Agreement or the Cap Agreement, respectively, including, in relation to the Hedging Transaction, the finding of a replacement counterparty, be entitled to terminate the relevant Hedging Transaction.

The Swap Agreement and the Cap Agreement will be governed by and construed in accordance with English law and the courts of England will have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

Collateral

In the event that the Swap Counterparty and the Cap Counterparty posts collateral, that collateral will be credited to a separate swap collateral account or cap collateral account, as applicable. Collateral and income arising from collateral will be applied solely in returning collateral or paying income attributable to collateral to the Swap Counterparty (pursuant to the Swap CSA) or to the Cap Counterparty (pursuant to the Cap CSA). Any Excess Collateral Amount will be paid directly to the Swap Counterparty or the Cap Counterparty (as applicable) and not in accordance with the Pre-Enforcement Interest Payment Priorities or the Post-Enforcement Payment Priorities (as applicable).

ESTIMATED WEIGHTED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in reduction of principal of such security. The weighted average lives of the Notes will be influenced by, among other things, the rate at which the Principal Component of the Mortgage Assets is paid, which may be in the form of scheduled amortisation, prepayments, or enforcement proceeds.

The model used in this Prospectus for the Mortgage Assets uses an assumed constant per annum rate of prepayment ("CPR") each month relative to the then outstanding principal balance of a pool of mortgages. CPR does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the expected rate of prepayment of any mortgage loans, including the Mortgage Assets to be included in the Mortgage Asset Portfolio.

The following tables have been prepared on the basis of certain assumptions as described below regarding the characteristics of the Mortgage Assets and the performance thereof. The tables assume, among other things, that:

(a) as of the Closing Date, the Mortgage Assets consist of eight hypothetical mortgage loans having the following characteristics:

	Aggregate Principal Outstanding Balance (Euro)	Remaining Term (months)	Constant Interest Rate (per cent. per annum)
Loan 1	53,685,683.10	140	6.221%
Loan 2	68,707,971.24	216	6.205%
Loan 3	126,405,572.56	277	6.236%
Loan 4	97,979,332.17	332	6.085%
Loan 5	66,900,824.85	393	6.046%
Loan 6	131,978,921.03	457	6.038%
Loan 7	24,095,281.97	517	6.031%
Loan 8	30,250,129.54	574	6.056%
Total	600,003,716.46	344	6.124%

(b) the Originator does not repurchase any Mortgage Assets;

(c) there are no delinquencies or Deemed Principal Losses on the Mortgage Assets;

(d) no Principal Deficiency arises;

(e) no Mortgage Loan is sold by the Issuer;

(f) principal payments on the Notes will be received on the 20th day of February 2009 and thereafter quarterly in arrears on the 20th day of February, May, August and November in each year;

(g) in the case of tables stating "with Optional Redemption" the Notes are redeemed at their Principal Amount Outstanding on the earlier of (i) the Payment Date following the date on which the Aggregate Principal Amount Outstanding of the Notes is less than or equal to 10 per cent. of the initial Principal Amount Outstanding of the Notes and (ii) the Step-Up Date;

(h) in the case of tables stating "with Clean-up Call" the Notes are redeemed at their Principal Amount Outstanding on the Interest Payment Date following the Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes is less than or equal to 10 per cent. of the initial aggregate Principal Amount Outstanding of the Notes;

(i) the Closing Date is 30 October 2008.

The actual characteristics and performance of the Mortgage Assets will differ from the assumptions used in constructing the tables set forth below. The tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Mortgage Assets will prepay at a constant rate until maturity, that all of the Mortgage Assets will prepay at the same rate, that interest rates will remain constant or that there will be no delinquencies or losses on the Mortgage Assets. Moreover, the diverse remaining terms to maturity of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified, even if the weighted average remaining term to maturity of the Mortgage Loans is as assumed. Any difference between such assumptions and the actual characteristics and performance of the Mortgage Assets, or actual prepayment or loss experience, will affect the percentages of the initial amount outstanding over time and the weighted average lives of the Notes.

The weighted average lives shown below were determined by (i) multiplying the net reduction, if any, of the Principal Amount Outstanding of each class of Notes by the number of years from the date of issuance of the Notes to the related Interest Payment Date, (ii) adding the results and (iii) dividing the sum by the aggregate of the net reductions of the Principal Amount Outstanding described in (i) above.

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average life of each class of Notes and the percentages of the initial Principal Amount Outstanding of each such class of Notes after each Interest Payment Date at the specified CPR percentages.

**Percentage of Original Principal Amount Outstanding
of the Class A Notes at the Specified CPR Percentages
(Without Redemption or Clean-Up Call)**

Date Closing Date	0% CPR CLASS A	4% CPR CLASS A	6% CPR CLASS A	8% CPR CLASS A	10% CPR CLASS A	12% CPR CLASS A
20-Feb-09	100,00	100,00	100,00	100,00	100,00	100,00
20-Feb-10	99,35	97,91	97,17	96,42	95,66	94,90
20-Feb-11	97,31	91,77	89,02	86,29	83,59	80,90
20-Feb-12	95,15	85,83	81,36	77,02	72,80	68,70
20-Feb-13	92,85	80,09	74,16	68,71	63,39	58,34
20-Feb-14	90,40	74,54	68,01	61,67	55,66	50,08
20-Feb-15	87,80	69,65	62,23	55,23	48,76	42,90
20-Feb-16	85,03	64,92	56,79	49,33	42,61	36,65
20-Feb-17	82,08	60,34	51,68	43,94	37,12	31,23
20-Feb-18	78,95	55,90	46,88	39,01	32,24	26,52
20-Feb-19	75,62	51,59	42,37	34,50	27,90	22,44
20-Feb-20	72,32	47,42	38,13	30,39	24,04	18,90
20-Feb-21	68,89	43,36	34,14	26,63	20,61	15,84
20-Feb-22	65,96	39,86	30,73	23,46	17,76	13,35
20-Feb-23	63,21	36,67	27,68	20,69	15,32	11,26
20-Feb-24	60,30	33,58	24,82	18,15	13,15	9,45
20-Feb-25	57,19	30,58	22,13	15,84	11,22	7,70
20-Feb-26	53,89	27,66	19,60	13,73	9,52	6,18
20-Feb-27	50,38	24,82	17,23	11,81	7,84	4,88
20-Feb-28	47,00	22,23	15,10	10,14	6,41	3,80
20-Feb-29	44,11	20,03	13,33	8,68	5,25	2,94
20-Feb-30	41,05	17,89	11,66	7,29	4,22	2,20
	37,79	15,82	10,09	6,02	3,31	1,56

20-Feb-31							
	34,33	13,79	8,50	4,87	2,51	1,02	
20-Feb-32							
	31,07	11,98	7,09	3,89	1,84	0,57	
20-Feb-33							
	28,92	10,71	6,08	3,19	1,37	0,26	
20-Feb-34							-
	26,63	9,46	5,13	2,55	0,95		
20-Feb-35							-
	24,20	8,14	4,24	1,97	0,58		
20-Feb-36							-
	21,62	6,84	3,41	1,44	0,26		
20-Feb-37							-
	19,68	5,86	2,78	1,05	0,01		
20-Feb-38							-
	18,05	5,05	2,26	0,73			
20-Feb-39							-
	16,31	4,25	1,77	0,44			
20-Feb-40							-
	14,46	3,48	1,32	0,18			
20-Feb-41							-
	12,50	2,73	0,89				
20-Feb-42							-
	10,87	2,12	0,55				
20-Feb-43							-
	9,48	1,62	0,27				
20-Feb-44							-
	7,85	1,14	0,02				
20-Feb-45							-
	6,12	0,66					
20-Feb-46							-
	4,28	0,19					
20-Feb-47							-
	2,72						
20-Feb-48							-
	2,30						
20-Feb-49							-
	1,86						
20-Feb-50							-
	1,39						
20-Feb-51							-
	0,89						
20-Feb-52							-
	0,42						
20-Feb-53							-
	0,15						
20-Feb-54							-
Weighted Average Life (Years)	18,36	11,74	9,72	8,19	7,00	6,06	
Principal Payment Window	Feb-09 to Nov-53	Feb-09 to Aug-46	Feb-09 to May-44	Feb-09 to Nov-40	Feb-09 to May-37	Feb-09 to Feb-34	

(with Optional Redemption)
Weighted Average Life

(Years)	8,12	6,81	6,26	5,76	5,29	4,87
Principal Payment Window	Feb-09 to Nov-17	Feb-09 to Nov-17	Feb-09 to Nov-17	Feb-09 to Nov-17	Feb-09 to Nov-17	Feb-09 to Nov-17
(with Clean-up Call Only)						
Weighted Average Life						
(Years)	8,02	11,26	9,24	7,75	6,59	5,69
Principal Payment Window	Feb-09 to Nov-43	Feb-09 to Feb-34	Feb-09 to May-30	Feb-09 to Aug-27	Feb-09 to Feb-25	Feb-09 to Feb-23

**Percentage of Original Principal Amount Outstanding
of the Class B Notes at the Specified CPR Percentages
(Without Redemption or Clean-Up Call)**

Date Closing Date	0% CPR CLASS B	4% CPR CLASS B	6% CPR CLASS B	8% CPR CLASS B	10% CPR CLASS B	12% CPR CLASS B
20-Feb-09	100,00	100,00	100,00	100,00	100,00	100,00
20-Feb-10	100,00	100,00	100,00	100,00	100,00	100,00
20-Feb-11	100,00	100,00	100,00	100,00	100,00	100,00
20-Feb-12	100,00	100,00	100,00	100,00	100,00	100,00
20-Feb-13	100,00	100,00	100,00	97,37	96,83	96,29
20-Feb-14	100,00	100,00	91,70	87,39	85,02	82,67
20-Feb-15	100,00	93,44	83,91	78,26	74,48	70,81
20-Feb-16	100,00	87,10	76,58	69,90	65,08	60,50
20-Feb-17	100,00	80,95	69,69	62,26	56,71	51,54
20-Feb-18	100,00	74,99	63,22	55,28	49,25	43,77
20-Feb-19	100,00	69,21	57,13	48,89	42,62	37,03
20-Feb-20	96,74	63,61	51,41	43,06	36,72	31,20
20-Feb-21	92,16	58,17	46,04	37,74	31,48	26,15
20-Feb-22	88,24	53,47	41,43	33,24	27,13	22,04
20-Feb-23	84,56	49,20	37,33	29,31	23,40	18,58
20-Feb-24	80,66	45,05	33,47	25,72	20,09	15,60
20-Feb-25	76,51	41,02	29,84	22,44	17,15	15,60
20-Feb-26	72,09	37,11	26,43	19,46	14,54	15,60
20-Feb-27	67,40	33,30	23,23	16,73	14,54	15,60
20-Feb-28	62,87	29,82	20,37	14,36	14,54	15,60
20-Feb-29	59,01	26,87	17,97	13,36	14,54	15,60
20-Feb-30	54,92	24,01	15,72	13,36	14,54	15,60
20-Feb-31	50,56	21,22	13,60	13,36	14,54	15,60
	45,92	18,50	13,09	13,36	14,54	15,60

20-Fev-32	41,56	16,08	13,09	13,36	14,54	15,60
20-Fev-33	38,68	14,36	13,09	13,36	14,54	15,60
20-Fev-34	35,62	12,70	13,09	13,36	14,54	15,48
20-Fev-35	32,37	12,70	13,09	13,36	14,54	12,38
20-Fev-36	28,92	12,70	13,09	13,36	14,54	9,73
20-Fev-37	26,33	12,70	13,09	13,36	14,54	7,79
20-Fev-38	24,14	12,70	13,09	13,36	12,16	6,29
20-Fev-39	21,82	12,70	13,09	13,36	9,89	5,00
20-Fev-40	19,35	12,70	13,09	13,36	7,89	3,90
20-Fev-41	16,73	12,70	13,09	12,50	6,14	2,96
20-Fev-42	14,55	12,70	13,09	10,00	4,80	2,27
20-Fev-43	12,68	12,70	13,09	8,02	3,77	1,74
20-Fev-44	12,68	12,70	13,09	6,22	2,86	1,29
20-Fev-45	12,68	12,70	10,04	4,59	2,06	0,91
20-Fev-46	12,68	12,70	6,98	3,12	1,37	0,59
20-Fev-47	12,68	10,33	4,60	2,01	0,86	0,36
20-Fev-48	12,68	8,78	3,83	1,64	0,69	0,28
20-Fev-49	12,68	7,27	3,11	1,30	0,53	0,21
20-Fev-50	12,68	5,80	2,43	0,99	0,39	0,15
20-Fev-51	12,68	4,37	1,79	0,71	0,28	0,10
20-Fev-52	12,68	3,13	1,25	0,49	0,18	0,06
20-Fev-53	12,68	2,40	0,94	0,36	0,13	0,04
20-Fev-54	10,84	1,70	0,65	0,24	0,08	0,02
20-Fev-55	6,69	1,00	0,37	0,13	0,04	0,01
20-Fev-56	2,29	0,32	0,11	0,04	0,01	-
20-Fev-57	-	-	-	-	-	-
Weighted Average Life (Years)	23,84	16,40	14,11	12,61	11,62	10,77

Principal Payment Window	Aug-18 to Aug-56	May-13 to Aug-56	May-12 to Aug-56	Feb-12 to Aug-56	Feb-12 to May-56	Feb-12 to Nov-55
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(with Optional Redemption)

Weighted Average Life
(Years)

9,06	8,38	7,85	7,50	7,26	7,04
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Principal Payment Window

Nov-17 to Nov-17	May-13 to Nov-17	May-12 to Nov-17	Feb-12 to Nov-17	Feb-12 to Nov-17	Feb-12 to Nov-17
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(with Clean-up Call Only)

Weighted Average Life
(Years)

22.30	14.35	11.86	10.33	9.25	8.40
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Principal Payment Window

Aug-18 to Nov-43	May-13 to Feb-34	May-12 to May-30	Feb-12 to Aug-27	Feb-12 to Feb-25	Feb-12 to Feb-23
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USE OF PROCEEDS

Proceeds of the Notes

The gross proceeds of the issue of the Notes will amount to €624,320,000.00 and the net proceeds of the issue of Notes will amount to €624,170,000.00.

On or about the Closing Date the Issuer will apply the net proceeds of the issue of the Mortgage-Backed Floating Rate Notes solely towards the purchase of the Mortgage Assets pursuant to the Mortgage Sale Agreement.

The proceeds of the issue of the Class C Notes shall be used (i) to pay the part of the Purchase Price not paid from the proceeds of the Mortgage-Backed Floating Rate Notes, (ii) towards the funding of the Initial Cash Reserve Amount, (iii) to pay an up-front premium to the Cap Counterparty; and (iv) to pay any up-front Issuer Expenses.

The direct cost of the admission of the Notes to trading on the Stock Exchange's regulated market and the listing on the Stock Exchange will amount to approximately €3,532.40.

CHARACTERISTICS OF THE MORTGAGE ASSETS

The information set out below has been prepared on the basis of a pool of the Mortgage Assets as at 31 August 2008.

The Mortgages

The Mortgage Asset Portfolio: The initial Mortgage Asset Portfolio as at the Collateral Determination Date will be selected (in accordance with the criteria summarised below) from, and will substantially comprise, a pool of Mortgage Assets owned by the Originator which has the characteristics indicated in Tables 1 to 12 below:

The initial Mortgage Asset Portfolio will be selected so that it complies with the Mortgage Asset Warranties set out in the Mortgage Sale Agreement.

The interest rate in respect of each Mortgage Loan comprised in the Mortgage Asset Portfolio is a variable rate of interest indexed to EURIBOR.

The Mortgage Loans comprised in the Mortgage Asset Portfolio are amortising loans with instalments of both principal and interest due every month.

Characteristics of the initial Mortgage Asset Portfolio

The initial Mortgage Asset Portfolio had the aggregate characteristics indicated in Tables 1 to 12 below as at 31 August 2008. Except where expressly indicated, amounts are rounded to the nearest €1 with 50 cents being rounded upwards. This gives rise to some rounding errors in the tables.

Table 1: Summary Data

Aggregate Current Outstanding Balance	600,003,716.17
Average Original Outstanding Balance	75,997.94
Average Current Outstanding Balance	80,767.91
Maximum Original Outstanding Balance	1,000,000.00
Maximum Current Outstanding Balance	915,100.66
Total Number of Loans	7,895
Weighted Average Seasoning (Months)	23
Weighted Average Remaining Maturity (Months)	343.68
Weighted Average Current LTV	67.59
Weighted Average Interest Rate	5.60

Table 2: Breakdown by Current Outstanding Balance

Breakdown by Current Outstanding Balance	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Bal
<= 40,000.00	2,336	29.59%	53,515,305.45	8.92%
40,000.01 - 50,000.00	641	8.12	29,313,671.78	4.89
50,000.01 - 60,000.00	658	8.33	36,655,188.33	6.11
60,000.01 - 70,000.00	679	8.60	44,395,170.10	7.40
70,000.01 - 80,000.00	690	8.74	51,753,840.17	8.63
80,000.01 - 90,000.00	532	6.74	45,446,918.44	7.57
90,000.01 - 100,000.00	528	6.69	50,693,621.84	8.45
100,000.01 - 110,000.00	294	3.72	30,915,112.09	5.15
110,000.01 - 120,000.00	301	3.81	34,685,969.10	5.78
120,000.01 - 130,000.00	258	3.27	32,242,761.55	5.37
130,000.01 - 140,000.00	167	2.12	22,589,589.31	3.76
140,000.01 >=	811	10.27	167,796,568.01	27.97
Total:	7,895	100.00%	600,003,716.17	100.00%

Maximum Current Outstanding Balance: 915,100.66

Minimum Current Outstanding Balance: 5,044.51

Average Current Outstanding Balance: 75,997.94

Table 3: Breakdown by Year of Origination

Breakdown by Year of Origination	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Balance
1995	1	0.01%	19,198.91	0.00%
1996	5	0.06	163,319.11	0.03
1997	16	0.20	499,351.30	0.08
1998	20	0.25	981,807.11	0.16
1999	65	0.82	3,563,242.08	0.59
2000	72	0.91	4,166,316.90	0.69
2001	81	1.03	5,179,579.16	0.86
2002	234	2.96	17,580,903.64	2.93
2003	574	7.27	41,138,372.08	6.86
2004	475	6.02	35,789,034.29	5.96
2005	669	8.47	56,157,253.55	9.36
2006	1,061	13.44	89,607,661.08	14.93
2007	2,304	29.18	175,637,458.46	29.27
2008	2,318	29.36	169,520,218.50	28.25
Total:	7,895	100.00%	600,003,716.17	100.00%

Table 4: Breakdown by Original Term

Breakdown by Original Term	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Balance
<= 108	58	0.73%	2,380,945.98	0.40%
109 - 120	109	1.38	6,177,108.69	1.03
121 - 132	39	0.49	2,057,513.49	0.34
133 - 144	42	0.53	2,191,956.29	0.37
145 - 156	55	0.70	3,581,818.45	0.60
157 - 168	64	0.81	4,380,688.45	0.73
169 - 180	255	3.23	17,623,466.09	2.94
181 - 192	92	1.17	6,312,657.34	1.05
193 - 204	55	0.70	3,805,459.16	0.63
205 - 216	103	1.30	6,991,206.30	1.17
217 - 228	102	1.29	7,914,028.12	1.32
229 - 240	419	5.31	35,146,697.26	5.86
241 - 252	186	2.36	11,643,987.10	1.94
253 - 264	119	1.51	8,096,511.39	1.35
265 - 276	161	2.04	12,913,637.63	2.15
277 - 288	156	1.98	11,560,642.56	1.93
289 - 300	645	8.17	61,604,822.46	10.27
301 - 312	210	2.66	16,276,677.51	2.71
313 - 324	151	1.91	10,038,506.69	1.67
325 - 336	197	2.50	14,960,205.64	2.49
337 - 348	169	2.14	12,471,768.64	2.08
349 - 360	908	11.50	66,596,543.48	11.10
361 - 420	927	11.74	68,956,611.42	11.49
421 - 480	1,601	20.28	123,164,163.44	20.53
481 - 540	609	7.71	44,939,038.32	7.49
541 - 600	410	5.19	32,829,732.50	5.47
601 >=	53	0.67	5,387,321.77	0.90
Total:	7,895	100.00%	600,003,716.17	100.00%

Maximum Original Term: 601.00

Minimum Original Term: 60.00

Weighted Average Original Term: 367.11

Table 5: Breakdown by Remaining Maturity

Breakdown by Remaining Maturity	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Balance
<= 108	215	2.72%	9,633,443.84	1.61%
109 - 120	101	1.28	5,373,235.78	0.90
121 - 132	72	0.91	4,772,989.06	0.80
133 - 144	75	0.95	4,868,407.94	0.81
145 - 156	88	1.11	5,965,517.85	0.99
157 - 168	111	1.41	7,697,695.20	1.28
169 - 180	199	2.52	15,374,392.33	2.56
181 - 192	135	1.71	9,874,753.04	1.65
193 - 204	131	1.66	8,878,092.73	1.48
205 - 216	171	2.17	13,788,812.65	2.30
217 - 228	191	2.42	16,214,922.67	2.70
229 - 240	269	3.41	19,951,390.39	3.33
241 - 252	182	2.31	13,048,177.72	2.17
253 - 264	243	3.08	20,968,034.02	3.49
265 - 276	237	3.00	20,456,869.76	3.41
277 - 288	324	4.10	29,363,041.25	4.89
289 - 300	510	6.46	42,569,449.61	7.09
301 - 312	275	3.48	20,600,156.12	3.43
313 - 324	256	3.24	18,525,635.86	3.09
325 - 336	210	2.66	16,447,328.59	2.74
337 - 348	223	2.82	17,065,792.04	2.84
349 - 360	394	4.99	25,340,420.00	4.22
361 - 420	872	11.04	66,900,825.37	11.15
421 - 480	1,734	21.96	131,978,920.84	22.00
481 - 540	314	3.98	24,095,281.97	4.02
541 - 600	363	4.60	30,250,129.54	5.04
Total:	7,895	100.00%	600,003,716.17	100.00%

Maximum Remaining Maturity: 600.00

Minimum Remaining Maturity: 9.00

Weighted Average Remaining Maturity: 343.68

Table 6: Seasoning

Seasoning	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Balance
1 - 12	3,758	47.60%	272,538,264.55	45.42%
13 - 24	1,407	17.82	115,637,709.27	19.27
25 - 36	827	10.47	73,875,089.43	12.31
37 - 48	556	7.04	45,239,790.00	7.54
49 - 60	563	7.13	40,549,747.58	6.76
61 - 72	431	5.46	30,777,063.93	5.13
73 - 84	134	1.70	9,750,561.52	1.63
85 - 96	70	0.89	4,038,330.57	0.67
97 >=	149	1.89	7,597,159.32	1.27
Total:	7,895	100.00%	600,003,716.17	100.00%

Maximum Seasoning: 157.00

Minimum Seasoning: 1.00

Weighted Average Seasoning: 23.43

Table 7: Breakdown by Current Loan to Value

Breakdown by Current Loan to Value	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Balance
<= 40.00	1,308	16.57%	69,274,759.86	11.55%
40.01 - 50.00	790	10.01	54,110,841.02	9.02
50.01 - 60.00	915	11.59	76,945,305.94	12.82
60.01 - 70.00	1,046	13.25	88,136,053.69	14.69
70.01 - 80.00	1,354	17.15	121,109,104.50	20.18
80.01 - 85.00	622	7.88	47,306,390.42	7.88
85.01 - 90.00	1,133	14.35	85,351,267.31	14.23
90.01 - 95.00	477	6.04	36,206,292.33	6.03
95.01 - 100.00	250	3.17	21,563,701.10	3.59
Total:	7,895	100.00%	600,003,716.17	100.00%

Maximum Current Loan to Value: 99.95%

Minimum Current Loan to Value: 2.15%

Weighted Average Current Loan to Value: 67.59%

Table 8: Interest Rate Type

Interest Rate Type	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Balance
Euribor 3M	4,815	60.99%	373,837,803.60	62.31%
Euribor 6M	3,080	39.01	226,165,912.57	37.69
Total:	7,895	100.00%	600,003,716.17	100.00%

Table 9: Breakdown by Interest Rate

Breakdown by Interest Rate	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Balance
4.501 - 5.000	327	4.14%	24,931,513.86	4.16%
5.001 - 5.500	3,335	42.24	258,332,525.66	43.06
5.501 - 6.000	3,197	40.49	239,491,137.96	39.91
6.001 - 6.500	698	8.84	54,314,008.78	9.05
6.501 - 7.000	301	3.81	19,655,878.27	3.28
7.001 - 7.500	33	0.42	3,095,994.83	0.52
7.501 - 8.000	4	0.05	182,656.81	0.03
Total:	7,895	100.00%	600,003,716.17	100.00%

Max Current Rate: 7.648

Min Current Rate: 4.656

WA Current Rate: 5.602

Table 10: Breakdown by Spread to Index

Breakdown by Spread to Index	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Balance
0.001 - 0.250	8	0.10%	1,126,461.72	0.19%
0.251 - 0.500	2,982	37.77	234,539,893.83	39.09
0.501 - 0.750	1,768	22.39	137,386,912.47	22.90
0.751 - 1.000	2,019	25.57	144,172,254.77	24.03
1.001 - 1.250	518	6.56	39,095,924.15	6.52
1.251 - 1.500	221	2.80	18,447,220.14	3.07
1.501 - 1.750	195	2.47	8,333,519.12	1.39
1.751 - 2.000	173	2.19	16,319,595.32	2.72
2.001 - 2.250	2	0.03	250,788.32	0.04
2.251 - 2.500	8	0.10	227,192.63	0.04
2.751 - 3.000	1	0.01	103,953.70	0.02
Total:	7,895	100.00%	600,003,716.17	100.00%

Maximum Spread to Index: 3.000
 Minimum Spread to Index: 0.250
 Weighted Average Spread to Index: 0.732

Table 11: Breakdown by Property Location

Breakdown by Property Location	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Balance
Madeira	2,379	30.13%	180,858,236.61	30.14%
Lisbon and Vale de Tejo	1,553	19.67	119,948,190.66	19.99
Algarve	963	12.20	102,038,878.37	17.01
North	1,528	19.35	101,095,859.92	16.85
Centre	1,377	17.44	89,539,376.22	14.92
Alentejo	95	1.20	6,523,174.39	1.09
Total:	7,895	100.00%	600,003,716.17	100.00%

Table 12: Breakdown by Origination Channel

Breakdown by Origination Channel	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Balance
Branch	5,649	71.55%	404,647,490.80	67.44%
Broker	2,246	28.45	195,356,225.37	32.56
Total:	7,895	100.00%	600,003,716.17	100.00%

DESCRIPTION OF THE ISSUER

Introduction

Gamma is a limited liability company registered and incorporated in Portugal on 20 June 2006 (registered with the Commercial Registry of Lisbon under its tax number 507 599 292) under the Securitisation Law and has been duly authorised by the CMVM through a resolution of the Board of Directors of the CMVM passed on 9 June 2006 for an unlimited period of time.

The registered office of Gamma is at Rua Tierno Galvan, Torre 3 – 14º, 1070 - 274 Lisbon, Portugal, telephone number +351 21 381 6200. Gamma has no subsidiaries.

Principal Activities

The principal activities of Gamma are set out in its articles of association (*Estatutos* or *Contrato de Sociedade*) and permit, inter alia, the purchase of a number of portfolios of assets from public and private entities and the issue of notes in series to fund the purchase of such assets and the entry into transaction documents to effect the necessary arrangements for such purchase and issuance including, but not limited to, handling enquiries and making appropriate filings with Portuguese regulatory bodies and any other competent authority, as well as with the Stock Exchange.

Gamma will covenant to observe certain restrictions on its activities in relation to the Notes which are detailed in the Co-ordination Agreement until the Final Legal Maturity insofar as the issue of the Notes and the purchase of the Mortgage Assets is concerned including covenants not to (a) sell, convey, transfer, lease, assign or otherwise dispose of or use, invest or otherwise deal with any of its properties, assets or undertaking relating to the Mortgage Assets; (b) grant, create or permit to exist any Encumbrance over any Mortgage Assets; (c) pay dividends or make other distributions to its members out of profits available for distribution and then only in the manner permitted by its *Estatutos* or *Contrato de Sociedade* and by applicable laws; (d) incur in any additional indebtedness in respect of the Mortgage Assets ; (e) make any claims, grant any credit or give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability in respect of any obligation of any other person; (f) consolidate or merge with any other person; (g) surrender any losses to any other company; (h) have any subsidiary undertaking or become a director of any company; (i) have an interest in any bank account other than the Transaction Accounts; and (j) amend, supplement or otherwise modify its *Estatutos* or *Contrato de Sociedade*, other than in accordance with the terms of Transaction Documents and provided that the CMVM has been notified of such amendment, supplement or modification.

Directors and Secretary

The directors of Gamma and their respective business addresses and their principal occupations are:

Name	Business Address	Main Occupation
Artur Fernandes	Rua Tierno Galvan, Torre 3, 14º - 1070-274 Lisbon, Portugal	Banker
Carlos Pais Jorge	Rua Tierno Galvan, Torre 3, 14º - 1070-274 Lisbon, Portugal	Banker
Nuno Teixeira	Rua Tierno Galvan, Torre 3, 14º - 1070-274 Lisbon, Portugal	Banker

The independent auditor of Gamma is Ernst & Young Audit & Associados, SROC, Edifício República, Av. da República, 90- 6º-, Lisbon

Gamma has no employees. The directors are officers of Banif – Banco de Investimento, S.A.. The secretary of Gamma is Ângela Maria Simões Cardoso Seabra Lourenço with offices at Rua Tierno Galvan, Torre 3, 14º - 1070-274 Lisbon, Portugal

Legislation Governing Gamma's Activities

Gamma's activities are governed by the Securitisation Law and supervised by the Portuguese securities market regulatory body (CMVM).

Financial Statements

Audited financial statements of Gamma are published on an annual basis and are certified by an auditor registered with the CMVM.

Bankruptcy

Gamma is a special purpose vehicle and as such it is not permitted to carry out any activity other than the issue of securitisation notes and certain activities ancillary thereto including but not limited to, the borrowing of funds in order to ensure that securitisation notes have the necessary liquidity support and the entering into documentation in connection with each such issue of securitisation notes.

Accordingly, Gamma will not have any creditors other than the holders of the securitisation notes it may issue from time to time and the providers of services required for the carrying out of Gamma activity, as well as the Republic of Portugal for amounts due in respect of taxes.

The payment obligations of Gamma under the Notes are collateralised by the Transaction Assets under a strict segregation principle.

Capital Requirements

The Securitisation Law imposes on Gamma certain capitalisation requirements for supervisory purposes.

The level of capitalisation of Gamma is determined by reference to the nominal amount outstanding of notes issued by Gamma and traded (*em circulação*) at any given point in time. Apart from the minimum share capital, an STC must meet further own funds levels depending upon the nominal amount outstanding of the securitisation notes issued. In this respect, (a) if the nominal amount outstanding of the notes issued and traded is €75 million or less, the own funds of Gamma shall be no less than 0.5 per cent. of the nominal amount outstanding of such notes, or (b) if the nominal amount outstanding of the notes issued and traded exceeds €75 million, the own funds of Gamma, in relation to the portion of the nominal amount outstanding of the notes in excess of €75 million, shall be 0.1 per cent. of the nominal amount outstanding of such notes.

An STC can use its own funds to pursue its activity. However if, at any time, the STC's own funds fall below the percentages referred to above, the STC must, within three months ensure that such

percentages are met. CMVM will supervise Gamma in order to ensure that it complies with the relevant capitalisation requirements.

The required level of capitalisation can be met, *inter alia*, through share capital, ancillary contributions (*prestações acessórias*) and reserves as adjusted by profit and losses.

The entire authorised share capital of Gamma comprises 50,000 issued and fully paid shares (the "**Shares**") of €5 each.

The amount of supplementary capital contributions (*prestações acessórias*) made by Banif – Banco de Investimento, S.A. (the "**Shareholder**") so far is € 300,000.

The Shareholder

All of the Shares are held directly by the Shareholder.

Capitalisation

The following table sets out the capitalisation and indebtedness of Gamma as at 31 August 2008.

	As at 31/08/2008 (in thousands of €)
Indebtedness	795,662
Shareholder's equity	1,144
Share capital	250
Supplementary Capital Contributions	830
Reserves	46
Net Profit	17

(Non-certified translation of the report originally issued in Portuguese)

2006 REPORT OF THE STATUTORY AND EXTERNAL AUDITOR

INTRODUCTION

1. In terms of the applicable legislation, we present the Report of the Statutory and External Auditor on the financial information comprising the in the restated financial statements attached for the financial year ended at 31 December 2006, by **GAMMA – SOCIEDADE DE TITULARIZAÇÃO DE CRÉDITOS S.A.**, these documents comprise: the Balance Sheet at 31 December 2006, (reflecting total assets of 227.818.375 Euros and shareholders' equity of 279.058 Euros, including a net income for the year of 29.058 Euros), the Income Statements by Natures and by Functions and Statement of Cash Flow for the period of six months then ended, and the respective Notes.

RESPONSIBILITIES

2. The Company's Management is responsible for:
 - a) the preparation of the financial statements that present a true and fair view of the financial position of the Company and the results of its operations and cash flows;
 - b) the historical information which is prepared in accordance with the accounting principles generally accepted in Portugal for securitization companies and that is complete, accurate, current, transparent, objective and complies with regulations, as determined by the securities exchange code (*Código dos Valores Mobiliários*);
 - c) the adoption of appropriate accounting policies applicable to securitization companies;
 - d) the maintenance of an adequate system of internal control; and
 - e) all significant information which has had an impact on its activity, financial position and results.

3. Our responsibility is to audit the financial information contained in these documents, to ascertain if it is complete, accurate, current, transparent, objective and complies with regulations established by the securities exchange code, with the objective of expressing a professional and independent opinion, on such information, based on our audit.

SCOPE

4. Our audit was conducted in accordance with the auditing and technical standards issued by the Institute of Statutory Auditors, complemented by the International Standards on Auditing, which require an audit to be planned and performed with the objective of obtaining an acceptable level of assurance as to whether the Financial Statements are free of material misstatement. As such, our audit included:
 - the verification, on a test basis, of evidence supporting the amounts and disclosures in the financial statements, and the assessment of the significant estimates and judgments made by the Management in its preparation;
 - the assessment of whether the accounting policies adopted and their disclosure are appropriate, under the circumstances;
 - the verification of the appropriateness of the going concern principle;
 - the assessment of whether the overall presentation of the financial statements is adequate; and
 - the assessment as to whether the financial information is complete, accurate, current, transparent, objective and complies with regulations.
5. We believe that the examination carried out provides an acceptable basis for the expression of our opinion.

OPINION

6. In our opinion, the above mentioned restated financial statements presents in a true and fair manner, in all material respects, the financial position of **GAMMA – SOCIEDADE DE TITULARIZAÇÃO DE CRÉDITOS S.A.** at 31 December 2006 the results of its operations and cash flows for the period of six months then ended, in accordance with the International Financial Reporting Standards, as adopted in the European Union, and the information included is complete, true, current, clear, objective and licit.

EMPHASIS

7. Without affecting our opinion set out in the preceding paragraph, we draw your attention to the following matters:

7.1 As mentioned in Note 2 of the Balance Sheet and the Income Statements, the Company was initiated its activity in June 2006 reason by its financial statements does not present comparative values related to the previous exercise.

7.2 As mentioned in Note of General information of the Annex, the restated financial statements were only prepared for the purpose of inclusion in the prospect of admission to the negotiation of securitized bonds to be issued by the Company. The Statutory and External Auditor Report related to the accounts approved by Management was issued in 12 March 2007.

Lisbon, 3 September 2007

ERNST & YOUNG AUDIT & ASSOCIADOS – SROC, S.A.

Sociedade de Revisores Oficiais de Contas (Nº 178)

Registered in CMVM, n.º 9011

Represented by:

(Signed)

João Carlos Miguel Alves (ROC n.º 896)

(Non-certified translation of the report originally issued in Portuguese)

2006 RESTATED FINANCIAL STATEMENTS

**Issued for the purpose of inclusion in the application for the negotiation of
securitized bonds to be issued by the Company**

GAMMA - Sociedade de Titularização de Créditos, S.A.

Balance Sheet as of 31 December 2006 – Restated

(Amounts expressed in Euros)

Assets	Notes	Total Year	General Year	Via Norte Year	Azor Year
Current					
Other Financial Assets	10	203.182.971	-	-	203.182.971
Other accounts receivable	34	408.575	630	-	407.945
Deferrals	34	1.666.885	-	-	1.666.886
Cash and Bank Deposits		22.559.943	297.709	18.720.551	3.541.682
		<u>227.818.375</u>	<u>298.339</u>	<u>18.720.551</u>	<u>208.799.484</u>
Total Assets		<u>227.818.375</u>	<u>298.339</u>	<u>18.720.551</u>	<u>208.799.484</u>
Shareholders' Funds and Liabilities					
		Total	General	Via Norte	Azor
Share Capital					
Realized	30	250.000	250.000	-	-
Subtotal		<u>250.000</u>	<u>250.000</u>	-	-
Net Results for the Year	30	29.058	29.058	-	-
Total Shareholders' Funds		<u>279.058</u>	<u>279.058</u>	-	-
Liabilities					
Current					
Other financial liabilities	10	223.416.931	-	18.567.703	204.849.228
State and other public entities	35	15.627	15.627	-	-
Other accounts payable	35	3.541.682	-	-	3.541.682
Deferrals	34	565.078	3.655	152.848	408.575
Total Liabilities		<u>227.539.317</u>	<u>19.281</u>	<u>18.720.551</u>	<u>208.799.484</u>
Total Shareholders' Funds and Liabilities		<u>227.818.375</u>	<u>298.339</u>	<u>18.720.551</u>	<u>208.799.484</u>

The Accountant

The Board of Directors

GAMMA - Sociedade de Titularização de Créditos, S.A.

Restated Income Statement by Nature for the Year Ended on 31 December 2006

(Expressed in Euros)

Revenues and Expenses	Notes	Total	General	Via Norte	Azor
Sales and services rendered	32	84.876	84.876	-	-
Purchased services and supplies	36	-394.091	-42.523	-350.938	-630
Increases/Decreases in fair values	10	-2.613.194	-	-2.497.703	-115.491
Other income and gains	33	293.092	-	-	293.092
Other expenses and losses	33	-177.101	-130	-	-176.971
Results before depreciation, financial expenses and taxes		-2.806.418	42.224	-2.848.641	-
Expenses/depreciation and amortization reversals		-	-	-	-
Operating Results (before financial expenses and taxes)		-2.806.418	42.224	-2.848.641	-
Interest and similar income earned	33	3.412.510	3.076	3.001.490	-407.945
Interest and similar expenses incurred	33	-560.793	-	-152.848	407.945
Results before Taxes		45.300	45.299	-	-
Corporate Income Tax for the Period	25	-16.242	-16.242	-	-
Net Results		29.058	29.058	-	-

The Accountant

The Board of Directors

GAMMA - Sociedade de Titularização de Créditos, S.A.

Restated Income Statement by Functions for the year ended on 31 December 2006

(Expressed in Euros)

Revenues and Expenses	Notes	Total	General	Via Norte	Azor
Sales and services rendered	32	84.876	84.876	-	-
Cost of Sales and services rendered	36	-26.676	-26.676	-	-
Gross Margin		58.200	58.200	-	-
Administrative expenses	36	-367.415	-15.847	-350.938	-630
Other expenses	33	-2.497.203	-130	-2.497.703	630
Operating Results (before financial expenses and taxes)		-2.806.418	42.224	-2.848.641	-
Net financial expenses	33	2.851.717	3.076	2.848.642	-
Results before taxes		45.299	45.299	-	-
Corporate Income Tax for the Period	25	-16.242	-16.242	-	-
Net Results for the Period		29.058	29.058	-	-

The Accountant

The Board of Directors

GAMMA - Sociedade de Titularização de Créditos, S.A.

Restated Cash Flow Statement as of 31 December 2006

(Expressed in Euros)

	<u>Total</u>	<u>General</u>	<u>Via Norte</u>	<u>Azor</u>
OPERATING ACTIVITIES				
Net Results for the Period	29.058	29.058	-	-
Adjustments				
Accrued Corporate Income Tax	15.627	15.627	-	-
Increase in payables	3.541.682	-	-	3.541.682
Increase in accrued income	-408.575	-630	-	-407.945
Increase in deferred expenses	-1.666.886	-	-	-1.666.886
Increase in accrued expenses	565.078	3.655	152.848	408.575
Flows from operating activities	2.075.983	47.709	152.848	1.875.426
INVESTMENT ACTIVITIES				
Inflows pertaining to:				
Loans Obtained	223.416.931	-	18.567.703	204.849.228
Issue of Shares /Capital Participations	250.000	250.000	-	-
Payments pertaining to:				
Financial Assets	-203.182.971	-	-	-203.182.971
Flows pertaining to investment activities	22.559.943	297.709	18.720.551	3.541.682
Cash and equivalents' variances	22.559.943	297.709	18.720.551	3.541.682
Cash and equivalents at the beginning of the period	-	-	-	-
Cash and equivalents at the end of the period	22.559.943	297.709	18.720.551	3.541.682

The Accountant

The Board of Directors

GAMMA - Sociedade de Titularização de Créditos, S.A.

Restated Statement of Changes in the Shareholders' Funds as of 31 December 2006

(Expressed in Euros)

Description	Notes	Realized Capital	Net Results	Total	Shareholders' Equity
As of the beginning of the period		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Results for the period	30	-	29.058	29.058	29.058
		<u>-</u>	<u>29.058</u>	<u>29.058</u>	<u>29.058</u>
Share Capital Realized Realized Issue Premiums	30	250.000	-	250.000	250.000
Position as of the end of the Period		<u>250.000</u>	<u>29.058</u>	<u>279.058</u>	<u>279.058</u>

The Accountant

The Board of Directors

GENERAL INFORMATION

Gamma, Sociedade de Titularização de Créditos, S.A. (the Company), is a shareholding company domiciled in Rua Tierno Galvan Torre 3 – 14th Floor, 1070-274 Lisbon, which object is the engagement in the activities that the law permits to the credits' securitization companies. The company was set up on 17 July 2006 and is subject to the provisions set out in the Decree Law No. 453/99, of November 5, revised by the Decree Law No. 82/2002, of April 5. The said Decree Laws regulate the securitization activity.

The Company's share capital, amounting to Euros 250.000, is represented by 50.000 ordinary shares, which are fully owned by Banif -Banco de Investimento, S.A., a sub-holding company of the Banif Group, which main holding company is Banif, SGPS, S.A..

The financial statements as of 31 December 2006 were approved by the Company's Board of Directors, on 30 January 2007.

Because the Company was set up in 2006, the financial statements and the respective notes thereto pertain to the period between the setting up date and the 2006 fiscal closing.

Despite the fact that the financial statements as of 31 December 2006, which were presented to and approved by the Shareholders' General Meeting held on 22 March 2007, were prepared in conformity with the General Accounting Plan approved by the Decree Law No. 410/89, including the due adaptations set out in the Portuguese Stock Exchange Regulation No. 12/2000, as instructed by the Stock Exchange Authority, for the purpose of inclusion in the prospect of admission to the negotiation of securitized bonds to be issued by the company, the Company has also prepared its financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The presentation of these financial statements complies with what is provided in paragraph 2 of point 8.2 of the Regulation 809/2004 (EC), which sets out that, insofar what pertains to the accounting standards, policies and the laws applicable to the annual financial statements are concerned, the historic audited financial information of the most recent fiscal year must be prepared and presented in a consistent manner with the one that shall be adopted by the issuing entity in the forthcoming annual published financial statements.

The restated financial statements differ from the approved financial statements for the same period, as follows:

- The research and development expenses that were capitalized, were recognized in the fiscal year's results;
- The Income Statement by functions and the changes to the shareholders' funds were presented;
- The Notes to the financial statements which follow respect the sequential numbering set out by the Accounting Standards Committee (ASC) in its Project "Accounting Standards' System" (ASS) which adopts the rules and standards released by the International Accounting Standards Board (IASB). The notes which numbers are not shown in the Notes to the Financial Statements, are either not applicable to the Company, or their presentation would not be relevant to the contents of the attached financial statements.

2. MAIN ACCOUNTING POLICIES

a) Basis for the presentation of the accounts

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) that were issued by the International Accounting Standards Board (IASB) and with the interpretations released by the International Financial Reporting Interpretations Committee (IFRIC).

In accordance with the provisions of the Article 1 (C) of the Regulation 12/2000 of the Stock Exchange Committee, it is mandatory that a complete segregation of assets is disclosed so that to enable, for each issue of securitized bonds, the identification of which are the assets that are deployed to it as well as to segregate all the expenses and revenues for each category of assets and liabilities associated with each issue of securitized bonds. In view of this characteristic, it was considered that the accounting treatment defined by the IASB in the Standard IAS 39, pertaining to embedded derivatives would be the one applicable. This is due to the fact that the issues of securitized bonds fit that standard, once they have an embedded credit derivative which transfers the credit risk to their holders.

This principle enables that the assets are booked at their acquisition costs less their impairment losses and that the associated liabilities (the bonds) reflect, through the fair value of the respective derivative component, their actual values in each period.

Since 2006 is the first fiscal year of the Company's activity, there is no room to transitional adjustments.

The main valuation criteria used in the preparation of the financial statements, were the following:

b) Segregation of financial periods

Revenues and expenses are booked in accordance with the principle of segregation of financial periods, that is, they are recognized in the accounts as they occur, regardless of the moment in which they are received, or paid. The differences between the amounts received and paid and the corresponding revenues and expenses generated / incurred are booked under accruals and deferrals.

c) Commissions for services rendered

The Company charges structuring, mounting and management commissions regarding the operations in which it intervenes.

The commissions collected for services rendered during a given period are recognized along the duration of the period in which the services are rendered. The commissions pertaining to the execution of a significant act are recognized in the moment in which that act occurs.

d) Impairment

On a periodic basis, the Company evaluates the impairment of its not matured and matured assets' portfolio, taking into consideration the types of the credits granted, the existing collaterals, the ageing and the behaviour of the overdue assets, based upon a pre-defined model, which considers the estimated amounts of the advanced refunds and the credit recoveries of the assets' portfolio.

e) Financial instruments

In order to fairly reflect their market values, the Company periodically assesses its financial instruments. Because, in our opinion, the best method to assess the revaluations of the credits acquired, the fair value method is used and the effect is reflected in the Company's results. This means that, after the initial

recognition of the values of the credits, these are revalued to reflect their fair values and any variance shall be directly reflected in the Company's results (note 10).

Whenever the respective risks and characteristics are not closely related to the hosting agreement and the whole amount of the instrument is not designated in the initial recognition as fair value through the results (fair value option), the embedded derivatives in other financial instruments are segregated from the host instrument.

10. COST OF THE LOANS OBTAINED

As of 31 December 2006 the securitization operations were the following:

a) The Via Norte operation

The Via Norte credit securitization operation was done in October 2006. It was an innovative operation involving, for the first time in Portugal, the securitization of future receivables, in this case of a future credit of the company Bento Pedroso Construções, SA receivable from the Portuguese State, with a nominal value of Euros 15.720.000. For the funding of this credit, Gamma STC issued the "Via Norte" Classes A, B and C bonds, with a total nominal value of Euros 16.000.070, fully underwritten in the act of their issuance. It comprised tranche A with a nominal value of Euros 10.000.000 remunerated at a rate of 4,55%, tranche B with a nominal value of Euros 5.720.000 remunerated at a rate of 5,05% and tranche C with a nominal value of Euros 350.000, with a remuneration linked to the refund value less the remuneration of the other tranches. The refund of this operation's credit occurred on the 5th day of December 2006, for the amount of Euros 18.721.489,51, and the bonds were refunded on 8 January 2007.

b) The Azor operation

The management of the Azor Mortgages' real estate credit securitization which was started by the BCA was secured in December 2006, within the scope of Banif's Group operations' management.

This operation, which was structured in 2004 by Banif – Banco de Investimento, in a joint venture with the Citigroup, involved initially the purchase, by Sagres - Sociedade de Titularização de Créditos, S.A. (Sagres STC), of a portfolio of about Euros 281 million of real estate credits, originated by the Banco Comercial dos Açores. In order to fund itself, Sagres STC issued the "Azor Notes" bonds, now transferred to the Company. Together with the transfer of the Azor Notes, were also transferred the rights of receiving the credits of the Banco Comercial dos Açores, as well as the liabilities for the payment to the holders of the respective bonds issued by Sagres STC transferred to the Company.

As of the date of the transfer of this operation's management, the amount of the credits over the Banco Comercial do Açores amounted to Euros 203.359.942,26 and the value of the bonds issued by the Azor Notes amounted to Euros 206.078.256,74. Under the terms of the operation, the amounts received from the assets acquired are posted to the liabilities. Any excesses of the values generated by the assets shall be paid to the holders of the bonds and any shortfalls shall be borne by them at the cancellation date, that is, on 18 September 2047. Therefore, no results shall be reflected in the Company's accounts.

For the development of its activity, the Company issues bonds which, through the embedded derivative, are booked at their fair values and are reflected in Company's results. These bonds pay interest and such interest is booked in compliance with the principle of segregation of financial periods (note 33).

The breakdown of other financial liabilities as of 31 December 2006, was as follows:

<u>Description</u>	<u>Total</u>	<u>General</u>	<u>Via Norte</u>	<u>Azor</u>
Other Financial Liabilities				
Bonds issued	222.148.257	-	16.070.000	206.078.257
Fair Value Option (note 2 e))	2.382.212	-	2.497.703	-115.491
Adjustment of the Fair Value Option Prior to the transfer (note 10 b))	-1.113.538	-	-	-1.113.538
Total Other Financial Liabilities	<u>223.416.931</u>	<u>-</u>	<u>18.567.703</u>	<u>204.849.228</u>

12. ASSETS' IMPAIRMENT

As of 31 December, other financial assets comprised the following:

<u>Description</u>	<u>Total</u>	<u>General</u>	<u>Via Norte</u>	<u>Azor</u>
Other Financial Assts				
Issues of credits	203.359.942	-	-	203.359.942
Impairment	-176.971	-	-	-176.971
Total Other Financial Assets	<u>203.182.971</u>	<u>-</u>	<u>-</u>	<u>203.182.971</u>

24. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

As of the date in which the Board of Directors approved the present Financial Statements, there were not any events subsequent to 31 December 2006 (the date of reference of the said Financial Statements) requiring adjustments or changes in the amounts pertaining to assets or liabilities.

25. TAXES

The current tax is computed by reference to the tax rates prevailing in the jurisdiction where the Company operates. The accrued corporate income taxes are reflected in the results of the respective fiscal year.

Except for the cases in which there were tax losses, tax benefits were granted, or inspections, claims or impugnations are in progress, cases in which the time frames, depending in the circumstances are extended or suspended, in accordance with the prevailing laws, the tax returns are subject reviews and corrections made by the Tax Authorities. Such tax audits can be made during a subsequent period of 4 years (five years for the Social Security).

The Company's Board of Directors believes that the eventual corrections resulting from tax audits carried out by the Tax Authorities to those tax returns shall not have a significant effect in the Financial Statements as of 31 December 2006.

As of 31 December 2006, there were not situations of assets or liabilities resulting from deferred taxes.

30. MOVEMENTS IN THE SHAREHOLDERS' FUNDS ACCOUNT

As mentioned in the introductory note, the Company was set up on 17 July 2006 and its share capital, is represented by 50.000 ordinary shares, amounting to Euros 250.000 and was fully subscribed by Banif - Banco de Investimento, S.A.

As of 31 December 2006 the Company's share capital was fully subscribed and realized and was represented by 50.000 shares with a face value of 5 Euros.

Since the operations did not generate any results via the Fair Value Option adjustments, the Net Results for the Fiscal Year correspond to the "General" activity.

31. REMUNERATION OF THE GOVERNING BODIES

The Company's Governing Bodies do not earn any remuneration.

32. SERVICES RENDERED

The services rendered, amounting to approximately 85 thousand Euros, correspond entirely to management commissions.

33. STATEMENT OF FINANCIAL RESULTS

Statement of Financial Results

Expenses and Losses	2006	Revenues and Gains	2006
Interest expense	560.793	Interest income	3.412.510
Adjustments of Financial Applications	176.971		
Other Financial Expenses and Losses	2.613.195	Other Financial Revenues and Gains	293.092
Financial Results	354.644	Financial Results	
Total	3.705.602	Total	3.705.602

Breakdown by Centre/Operation

Centre/Operation	TOTAL	General	Via Norte	Azor
Interest Expense	560.793	-	152.848	407.945
Adjustments of Financial Applications	176.971	-	-	176.971
Other Financial Expenses and Losses	2.613.195	-	2.497.703	115.491
Total Financial Expenses	3.350.959	-	2.650.551	700.407
Interest Income	3.412.510	3.076	3.001.490	407.945
Other Financial Revenues and Gains	293.092	-	-	293.092
Total Financial Revenues	3.705.602	3.076	3.001.490	701.037
Financial Results	354.644	3.076	350.938	630

34. DEFERRALS

<u>Centre/Operation</u>	<u>TOTAL</u>	<u>Geral</u>	<u>Via Norte</u>	<u>Azor</u>
Accrued Income				
Interest Receivable	408.575	630	-	407.945
Management Commission	-	-	-	-
Total	408.575	630	-	407.945
Deferred Expenses				
Credits	1.666.886	-	-	1.666.886
Total	1.666.886	-	-	1.666.886
Accrued Expenses				
Interest Payable	-560.793	-	-152.848	-407.945
Management Commission	-3.655	-3.655	-	-
Other Accrued Expenses	-630	-	-	-630
Total	-565.078	-3.655	-152.848	-408.575

35. DEBT TO THIRD PARTIES

Loans Obtained

Fair Value Option	1.268.674	-	2.497.703	-1.229.029
Bonds Issued	222.148.257	-	16.070.000	206.078.257
Sub-Total	223.416.931	-	18.567.703	204.849.228

State and Other Public Entities

Corporate Income Tax	15.627	15.627	-	-
Sub-Total	15.627	15.627	-	-

Other Accounts Payable

Principal and Interest Payable	3.541.682	-	-	3.541.682
Sub-Total	3.541.682	-	-	3.541.682

Total Debt to Third Parties	226.974.239	15.627	18.567.703	208.390.910
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36. PURCHASED SERVICES AND SUPPLIES

<u>Description</u>	<u>Total</u>	<u>General</u>	<u>Via Norte</u>	<u>Azor</u>
Office Supplies	242	242	-	-
Commissions	350.630	-	350.000	630
Legal and Notary	1.096	157	938	-
Specialized Works	26.676	26.676	-	-
Start up Expenses	15.447	15.448	-	-
Total PSS	394.091	42.524	350.938	630

(Non-certified translation of the report originally issued in Portuguese)

2007 REPORT OF THE STATUTORY AND EXTERNAL AUDITOR

INTRODUCTION

1. We have examined the accompanying financial statements of **GAMMA – SOCIEDADE DE TITULARIZAÇÃO DE CRÉDITOS, S.A.**, comprising the Balance Sheet as of 31 December 2007 (which shows a total of 146.503.344 euros and shareholders' equity total of 596.298 euros, including a net income for the year of 17.240 euros), the Statement of Changes in Equity, the Income Statement by nature and the Cash Flows Statement for the year then ended and the respective notes.

RESPONSIBILITIES

2. The Company's Board of Directors is responsible for the preparation of the financial statements which present a true and fair view of the Company's financial position, results of operations, as well as for the application of appropriate accounting policies and for the maintenance of an adequate internal control system.
3. Our responsibility is to express a professional and independent opinion based on our examination of those financial statements.

SCOPE

4. We conducted our examination in accordance with the technical standards and directives of the Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"), which require that we plan and perform the examination in order to obtain an acceptable level of assurance as to whether the financial statements are free of material misstatement. Accordingly, our examination included:
 - the verification, on a test basis, of evidence relevant to the accounts and disclosures in the financial statements and the assessment of the significant estimates and judgements made by the Board of Directors, used in the preparation of the financial statements;
 - the assessment of whether the accounting policies adopted and their disclosure are appropriate, under the circumstances;
 - the verification of the appropriateness of the going concern principle; and
 - the assessment of whether the overall presentation of the financial statements is adequate.
5. Our examination also included the verification of the consistency of the financial information included in the Management report with the the financial statements.
6. We believe that the examination carried out provides an acceptable basis for the expression of our opinion on the financial statements.

OPINION

7. In our opinion, the financial statements referred to above present a true and fair view, in all material respects, of the financial position of **GAMMA – SOCIEDADE DE TITULARIZAÇÃO DE CRÉDITOS, S.A.**, as at 31 December 2007, the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union.

Lisbon, 11 March 2008

ERNST & YOUNG AUDIT & ASSOCIADOS – SROC, S.A.

Sociedade de Revisores Oficiais de Contas (Nº 178)

Represented by:

(Signed)

João Carlos Miguel Alves (ROC nº 896)

(Non-certified translation of the report originally issued in Portuguese)

2007 RESTATED FINANCIAL STATEMENTS

**Issued for the purpose of inclusion in the application for the negotiation of
securitized bonds to be issued by the Company**

GAMMA-Sociedade de Titularização de Créditos, S.A.

Balance Sheet as of 31 December 2007

(Amounts expressed in euros)

Assets	Notes	2007												2006														
		Total			General			Via Norte			Azor			Ecuador			Total	General	Via Norte	Azor								
		G A	A A	Year	G A	A A	Year	G A	A A	Year	G A	A A	Year	G A	A A	Year	Year	Year	Year	Year								
Current																												
Other Financial Assets	10 and 12	139.301.677	-	139.301.677	-	-	-	-	-	-	-	-	135.342.215	-	135.342.215	3.959.462	-	3.959.462	203.182.971	-	-	203.182.971						
Other Accounts Receivable	34	671.451	-	671.451	438	-	438	-	-	-	-	-	671.014	-	671.014	-	-	-	408.575	630	-	407.945						
State and Other Public Entities		16.436	-	16.436	16.436	-	16.436	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Deferred Assets	34	1.148.400	-	1.148.400	39.748	-	39.748	-	-	-	-	-	1.108.652	-	1.108.652	-	-	-	1.666.885	-	-	1.666.886						
Cash on Hand and Bank Deposits	3	5.365.380	-	5.365.380	549.810	-	549.810	-	-	-	-	-	4.763.754	-	4.763.754	51.816	-	51.816	22.559.943	297.709	18.720.551	3.541.682						
		<u>146.503.344</u>	-	<u>146.503.344</u>	<u>606.432</u>	-	<u>606.432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141.885.634</u>	-	<u>141.885.634</u>	<u>4.011.278</u>	-	<u>4.011.278</u>	<u>227.818.375</u>	<u>298.339</u>	<u>18.720.551</u>	<u>208.799.484</u>						
Total Amortizations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Total Provisions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
Total Assets		<u>146.503.344</u>	-	<u>146.503.344</u>	<u>606.432</u>	-	<u>606.432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141.885.634</u>	-	<u>141.885.634</u>	<u>4.011.278</u>	-	<u>4.011.278</u>	<u>227.818.375</u>	<u>298.339</u>	<u>18.720.551</u>	<u>208.799.484</u>						
Shareholders' Equity and Liabilities				Total			General			Via Norte			Azor			Azor			Total			General			Via Norte			Azor
Shareholders' Equity																												
Realized	30			250.000			250.000			-			-						250.000		250.000			-		-		
Additional Paid In Capital	30			300.000			300.000			-			-						-		-			-		-		
Legal Reserves	30			2.136			2.136			-			-						-		-			-		-		
Other Reserves	30			40.583			40.583			-			-						-		-			-		-		
Retained Earnings	30			-13.661			-13.661			-			-						-		-			-		-		
Subtotal				<u>579.058</u>			<u>579.058</u>			<u>-</u>			<u>-</u>						<u>250.000</u>		<u>250.000</u>			<u>-</u>		<u>-</u>		
Net Results For The Year	30			17.240			17.240			-			-						29.058		29.058			-		-		
Total Shareholders' Equity				<u>596.298</u>			<u>596.298</u>			<u>-</u>			<u>-</u>						<u>279.058</u>		<u>279.058</u>			<u>-</u>		<u>-</u>		
Liabilities																												
Current																												
Other Financial Liabilities	10 and 35			140.461.708			-			-			136.450.429					4.011.278	223.416.931		-			18.567.703		204.849.228		
State and Other Public Entities	35			10.134			10.134			-			-						15.627		15.627			-		-		
Other Accounts Payable	35			4.763.754			-			-			4.763.754						3.541.682		-			-		3.541.682		
Deferred Liabilities	34			671.451			-			-			671.451						565.078		3.655			152.848		408.575		
Total Liabilities				<u>145.907.046</u>			<u>10.134</u>			<u>-</u>			<u>141.885.634</u>					<u>4.011.278</u>	<u>227.539.317</u>		<u>19.281</u>			<u>18.720.551</u>		<u>208.799.484</u>		
Total Shareholders' Equity and Liabilities				<u>146.503.344</u>			<u>606.432</u>			<u>-</u>			<u>141.885.634</u>					<u>4.011.278</u>	<u>227.818.375</u>		<u>298.339</u>			<u>18.720.551</u>		<u>208.799.484</u>		

The Official Accountant

The Board of Directors

GAMMA-Sociedade de Titularização de Créditos, S.A.

Income Statement by Nature for the Year ended on 31 December 2007

(Amounts expressed in Euros)

Revenues and Expenses	Notes	2007					2006			
		Total	General	Via Norte	Azor	Ecuador	Total	General	Via Norte	Azor
Sales and Services Rendered	32	18.283	18.283	-	-	-	84.876	84.876	-	-
Purchased Services and Supplies	36	(36.805)	(15.969)	(2.553)	(18.283)	-	(394.091)	(42.523)	(350.938)	(630)
Fair Value Increases/Decreases	10	37.140	-	18.856	18.283	-	(2.613.194)	-	(2.497.703)	(115.491)
Other Revenues and Gains	33	-	-	-	-	-	116.121	-	-	116.121
Other Expenses and Losses	37	(100)	(100)	-	-	-	(130)	(130)	-	-
Earnings before interest, taxes, depreciation and amortization		<u>18.518</u>	<u>2.214</u>	<u>16.304</u>	<u>-</u>	<u>-</u>	<u>(2.806.418)</u>	<u>42.224</u>	<u>(2.848.641)</u>	<u>-</u>
Depreciation and Amortization Expenses/Reversals		-	-	-	-	-	-	-	-	-
Operating Results (Earnings before interest and taxes)		<u>18.518</u>	<u>2.214</u>	<u>16.304</u>	<u>-</u>	<u>-</u>	<u>(2.806.418)</u>	<u>42.224</u>	<u>(2.848.641)</u>	<u>-</u>
Interest and Similar Revenues Obtained	33	3.768.712	19.422	-	3.749.290	-	3.412.511	3.076	3.001.490	407.945
Interest and Similar Expenses Incurred	33	(3.765.594)	-	(16.304)	(3.749.290)	-	(560.793)	-	(152.848)	(407.945)
Earnings Before Taxes		<u>21.636</u>	<u>21.636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45.300</u>	<u>45.300</u>	<u>-</u>	<u>-</u>
Corporate Income Tax for the Period	25	(4.396)	(4.396)	-	-	-	(16.242)	(16.242)	-	-
Net Results For the Period		<u><u>17.240</u></u>	<u><u>17.240</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>29.058</u></u>	<u><u>29.058</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The Official Accountant

The Board of Directors

GAMMA-Sociedade de Titularização de Créditos, S.A.

Income Statement by Function for the Year Ended on 31 December 2007

(Amounts expressed in Euros)

Revenues and Expenses	Notes	2007					2006			
		Total	General	Via Norte	Azor	Ecuador	Total	General	Via Norte	Azor
Sales and Services Rendered	32	18.283	18.283	-	-	-	84.876	84.876	-	-
Cost of Sales and of the Services Rendered		-	-	-	-	-	(26.676)	(26.676)	-	-
Gross Margin		<u>18.283</u>	<u>18.283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58.200</u>	<u>58.200</u>	<u>-</u>	<u>-</u>
Other Revenues		37.140	-	18.856	18.283		630	-	-	630
Administrative Expenses	36	(36.805)	(15.969)	(2.553)	(18.283)	-	(367.415)	(15.847)	(350.938)	(630)
Other Expenses	37	(100)	(100)	-	-	-	(2.497.833)	(130)	(2.497.703)	-
Operating Results (Earnings before interest and Taxes)		<u>18.518</u>	<u>2.214</u>	<u>16.304</u>	<u>-</u>	<u>-</u>	<u>(2.806.418)</u>	<u>42.223</u>	<u>(2.848.642)</u>	<u>-</u>
Financial Expenses (Net)	33	3.118	19.422	(16.304)	-	-	2.851.718	3.076	2.848.642	-
Earnings Before Taxes		<u>21.636</u>	<u>21.636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45.300</u>	<u>45.300</u>	<u>-</u>	<u>-</u>
Corporate Income Tax for the Period	25	(4.396)	(4.396)	-	-	-	(16.242)	(16.242)	-	-
Net Results for the Period		<u>17.240</u>	<u>17.240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29.058</u>	<u>29.058</u>	<u>-</u>	<u>-</u>

The Official Accountant

The Board of Directors

GAMMA Sociedade de Titularização de Créditos, S.A.

Cash Flow Statement for the Year Ended on 31 December 2007

(Amounts expressed in Euros)

	2007					2006			
	Total	General	Via Norte	Azor	Ecuador	Total	General	Via Norte	Azor
OPERATING ACTIVITIES									
Net Results for the Year	17.240	17.240	-	-	-	29.058	29.058	-	-
Adjustments									
Accrued Corporate Income Taxes	4.396	4.396	-	-	-	15.626	15.627	-	-
Deferred Expenses	558.234			558.234		(1.666.886)	-	-	(1.666.886)
Deferred Income	262.876			262.876		-	-	-	-
Accrued Expenses	-	-	-		-	412.229	3.655	-	408.575
Accrued Income	-	-	-		-	(408.575)	(630)	-	(407.945)
Other Current Assets	(262.876)	192		(263.068)		152.848	-	152.848	-
Other Current Liabilities	999.496	(69.727)	(152.848)	1.222.072		3.541.682	-	-	3.541.682
Flows from Operating Activities	1.579.367	(47.899)	(152.848)	1.780.114	-	2.075.983	47.709	152.848	1.875.426
INVESTMENT ACTIVITIES									
Revenues pertaining to:									
Loans Obtained	71.852.034	-	-	67.840.756	4.011.278	223.416.931	-	18.567.703	204.849.228
Shares Issued / Share Capital Subscriptions	-	-	-	-	-	250.000	250.000	-	-
Additional Paid In Capital	300.000	300.000	-	-	-	-	-	-	-
Payments pertaining to:									
Loans Obtained	(86.966.501)		(18.567.703)	(68.398.798)		-	-	-	-
Financial Assets	(3.959.462)	-	-		(3.959.462)	(203.182.971)	-	-	(203.182.971)
Flows from Investment activities	(17.194.563)	252.101	(18.720.551)	1.222.072	51.816	22.559.943	297.709	18.720.551	3.541.684
Net increase in cash and cash equivalents	(17.194.563)	252.101	(18.720.551)	1.222.072	51.816	22.559.943	297.709	18.720.551	3.541.682
Cash and cash equivalents in the beginning of the period	22.559.943	297.709	18.720.551	3.541.682	-	-	-	-	-
Cash and cash equivalents at the end of the period	5.365.380	549.810	-	4.763.754	51.816	22.559.943	297.709	18.720.551	3.541.682

The Official Accountant

The Board of Directors

GAMMA-Sociedade de Titularização de Créditos, S.A.

Statement of Changes in the Shareholders' Equity During the Year Ended on 31 December 2007

(Amounts expressed in Euros)

Description	Notes	Capital Realized	Additional Paid In Capital	Net Results	Legal Reserves	Free Reserves	Retained Earnings	Total Shareholders' Equity
Position as of the Beginning of the Period		250.000		42.719				292.719
Changes During the Period								
Effect from the adoption of the new accounting treatment		-	-	-	-	-	(13.661)	(13.661)
		250.000	-	42.719	-	-	(13.661)	279.058
Net Results for the Year	30	-	-	17.240	-	-	-	17.240
Extensive Results		250.000	-	59.959	-	-	(13.661)	296.298
Extensive Results		-	-	(42.719)	40.583	2.136	-	(42.719)
Distributions		-	300.000	-	-	-	-	300.000
		250.000	300.000	17.240	40.583	2.136	(13.661)	596.298
Position at the End of the Period		250.000	300.000	17.240	40.583	2.136	(13.661)	596.298

The Official Accountant

The Board of Directors

6.2. Notes to the Financial Statements

1. GENERAL INFORMATION

Gamma, Sociedade de Titularização de Créditos, S.A. (the Company), is a corporation domiciled in Rua Tierno Galvan Torre 3 – 14th Floor, 1070-274 Lisbon, whose object is the engagement in the activities permitted by law to the credits' securitization companies. The company was set up on 17 July 2006 and is subject to the provisions set out in the Decree Law No. 453/99, of November 5, revised by the Decree Law No. 82/2002, of April 5. The said Decree Laws regulate the securitization activity and its share capital is represented by 50.000 ordinary shares.

The Company's share capital, amounting to Euros 250.000, is represented by 50.000 ordinary shares, which are fully owned by Banif -Banco de Investimento, S.A., a sub-holding company of the Banif Group, whose main holding company is Banif Comercial, SGPS, S.A..

The Financial Statements as of 31 December 2007 were approved for issuance by the Company's Board of Directors on 11 February 2008. Such Financial Statements can be amended by the Annual Shareholders' Meeting.

The Company was set up on 17 July 2006 and therefore the financial statements and respective attachments of that year pertain to period from the setting up date to the end of the 2006 fiscal year.

Despite the fact that the financial statements as of 31 December 2006, presented to and approved the Shareholders' Meeting held on 22 March 2007, were prepared in conformity with the Official Accounting Plan approved by the Decree-Law No. 410/89, with the adaptations foreseen in the Regulation No. 12/2000 of the Portuguese Stock Exchange and in accordance with its instructions, for the purpose of inclusion in the prospect of admission to the negotiation of the securitized bonds to be issued by the Company, the Company has also prepared financial statements prepared in accordance with the IFRS, as adopted by the European Union. The presentation of these financial statements comply with paragraph 2 of section 8.2 of the EC Regulation 809/2004 (CE), which sets out that, insofar as the accounting standards and legal policies applicable to the annual financial statements are concerned, the audited historical financial statements pertaining to the preceding financial year must be prepared and presented in a consistent manner with those that shall be adopted by the issuing Company in the forthcoming published annual financial statements,

When compared to the financial statements approved for the same period, the re-expressed financial statements reflect the following changes:

- The recognition in the results of the year of expenses which were previously capitalized;
- The inclusion of the Income Statement of Results by function of the expense and of the Statement of Changes on the Shareholders' Equity;
- The notes to the financial statements which follow the numerical sequence defined by the Portuguese Accounting Standards Board (*Comissão de Normalização Contabilística* - CNC) in its Accounting Standards System (*Sistema de Normalização Contabilística* - SNC) project

which, in its turn, adopts the guidelines released by the International Accounting Standards Board (IASB). The notes which numbers are omitted from these Notes to the Financial Statements are either not applicable to the Company, or their presentation would not be relevant for the understanding of the attached financial statements.

2. MAIN ACCOUNTING POLICIES

a) Basis for the presentation of the accounts

The Financial Statements were prepared in conformity with the International Accounting Standards which were adopted under the terms of the article 3 of the Regulation No. 1606/2002, of the Parliament and of the Council on July 19, in compliance with the Regulation No. 11/2005 and respective adaptations of the Regulation No. 12/2002 of the Stock Exchange Committee.

In accordance with the provisions of the Article 1 (C) of the Regulation 12/2000 of the Stock Exchange Committee, it is mandatory that a complete segregation of assets is disclosed so that to enable, for each issue of securitized bonds, the identification of which are the assets that are deployed to it as well as to segregate all the expenses and revenues for each category of assets and liabilities associated with each issue of securitized bonds. In view of this characteristic, it was considered that the accounting treatment defined by the IASB in the Standard IAS 39, pertaining to embedded derivatives would be the one applicable. This is due to the fact that the issues of securitized bonds fit that standard, once they have an embedded credit derivative which transfers the credit risk to their holders.

This principle enables that the assets are booked at their acquisition costs less their impairment losses and that the associated liabilities (the bonds) reflect, through the fair value of the respective derivative component, their actual values in each period.

Since 2006 is the first fiscal year of the Company's activity, there is no room to transitional adjustments.

The main valuation criteria used in the preparation of the financial statements, were the following:

Revenues and expenses are booked under accrual basis, that is, they are recognized in the accounts as they occur, regardless of the moment in which they are received, or paid. The differences between the amounts received and paid and the corresponding revenues and expenses generated / incurred are booked under accruals and deferrals.

c) Commissions for services rendered

The Company charges structuring, set-up and management commissions for the operations in which it intervenes.

The commissions collected for services rendered during a given period are recognized along the duration of the period in which the services are rendered. The commissions pertaining to the execution of a significant act are recognized in the moment in which that act occurs.

d) Impairment

On a periodic basis, the Company evaluates the impairment on past due and not past due portfolios. This is done based upon a pre-defined model which takes into consideration the types of credits granted, the existing collaterals, the ageing and behaviour of the past due assets. It also considers the estimated amounts of the advanced refunds and the credit recoveries of the assets' portfolio.

e) Financial instruments

In order to fairly reflect their market values, the Company periodically assesses its financial instruments. Because, in our opinion, the best method to assess the revaluations of the credits acquired is the fair value method, this is the method which is used and the respective effect is reflected in the Company's results. This means that, after the initial recognition of the values of the credits, these are revalued to reflect their fair values and any variance shall be directly reflected in the Company's results (note 10).

The embedded derivatives in other financial instruments are segregated from the host instrument, whenever the respective risks and characteristics are not closely related to the hosting agreement and the whole amount of the instrument is not designated as fair value through profit or loss (fair value option), on initial recognition.

3. CASH ON HAND AND BANK DEPOSITS

The breakdown of this caption is as follows:

<u>Centre/Operation</u>	<u>TOTAL</u>	<u>General</u>	<u>2007</u>		
			<u>Via Norte</u>	<u>Azor</u>	<u>Ecuador</u>
On Demand Deposits					
- In Portugal	601.626	549.810	-	-	51.816
- In Foreign Countries	4.763.754	-	-	4.763.754	-
Total	<u><u>5.365.380</u></u>	<u><u>549.810</u></u>	<u><u>-</u></u>	<u><u>4.763.754</u></u>	<u><u>51.816</u></u>

<u>Centre/Operation</u>	<u>TOTAL</u>	<u>General</u>	<u>2006</u>	
			<u>Via Norte</u>	<u>Azor</u>
On Demand Deposits				
- In Portugal	19.018.261	297.709	18.720.551	-
- In Foreign Countries	3.541.682	-	-	3.541.682
Total	<u><u>22.559.943</u></u>	<u><u>297.709</u></u>	<u><u>18.720.551</u></u>	<u><u>3.541.682</u></u>

6. INTANGIBLE FIXED ASSETS

In 2006 the intangible fixed assets included the amount of Euros 15.447 related to the Company's start up expenses. However, in accordance with the International Financial Reporting Standards this should not have been treated as an asset and consequently its net balance amounting to Euros 13.661 was expensed against Retained Earnings.

10. COST OF LOANS OBTAINED

As of 31 December 2007 and 3 December 2006, the securitization operations were the following:

a) The Via Norte operation

The Via Norte credit securitization operation was done in October 2006. It was an innovative operation involving, for the first time in Portugal, the securitization of future receivables, in this case of a future credit of the company Bento Pedroso Construções, SA receivable from the Portuguese Republic, with a nominal value of Euros 15.720.000. For the funding of this credit, Gamma STC issued the "Via Norte" Classes A, B and C bonds, with a total nominal value of Euros 16.000.070, which were fully underwritten in the act of their issuance. It comprised the tranche A with a nominal value of Euros 10.000.000 remunerated at a rate of 4,55%, the tranche B with a nominal value of Euros 5.720.000 remunerated at a rate of 5,05% and the tranche C with a nominal value of Euros 350.000, with a remuneration linked to the refund value less the remuneration of the other tranches. The refund of this operation's credit occurred on the 5th day of December 2006, for the amount of Euros 18.721.489,51, and the bonds were redeemed on 8 January 2007.

b) The Azor operation

Within the management operations' scope of the Banif Group, in December 2006, the management of Azor Mortgages was secured. This is a securitization operation of mortgage credits originated by Banco Banif e Comercial do Açores, S.A. (BBCA).

This operation, which was structured in 2004 by Banif – Banco de Investimento, S.A., in a joint venture with the Citigroup, involved initially the purchase, by Sagres STC, of a portfolio of about Euros 281 million on real estate credits, originated by BBCA. To fund the operation, Sagres STC issued the "Azor Notes" bonds, now transferred to the Company. Together with the transfer of the Azor Notes, the rights to receiving the credits from BBCA, as well as the responsibility to pay to the holders of the respective bonds issued by Sagres STC were also transferred to the Company

As of the date of the transfer of this operation's management, the amount of the credits outstanding amounted to Euros 203.359.942,26 and the value of the bonds issued by the Azor Notes amounted to Euros 206.078.256,74.. The amounts received from the assets acquired are paid to the bond holders, under the terms of the operation. Any excesses of the values generated by the assets shall be paid to the

bond holders and any shortfalls shall be borne by them at the cancellation date, that is, on 21 September 2047. Therefore, no results shall be reflected in the Company's accounts.

c) Operation Ecuador Receivables

On December 2007 the Company carried out the securitization operation Ecuador, which was an operation involving Hidroeléctrica Hidropastaza's credits, which pertained to the future generation of electric power. In order to fund the acquisition of these credits, the Company issued the Ecuador Receivables No. 1 Classes A and B bonds, with a face value of US\$5,905,000, which were fully underwritten at the time of their issue.

Other financial liabilities comprise the following:

Description	Total	General	2007 Via Norte	Azor	Ecuador
Other Financial Liabilities					
Bonds Issued	142.248.779	-	-	138.237.501	4.011.278
Fair Value Option	-295.601	-	-	-295.601	-
Adjustment of the Fair Value Option	-1.491.470	-	-	-1.491.470	-
Total Other Financial Liabilities	140.461.708	-	-	136.450.429	4.011.278
			2006		
Description	Total	General	Via Norte	Azor	
Other Financial Liabilities					
Bonds Issued	222.148.257	-	16.070.000	206.078.257	
Fair Value Option	2.382.212	-	2.497.703	-115.491	
Adjustment of the Fair Value Option	-1.113.538	-	-	-1.113.538	
Total Other Financial Liabilities	223.416.931	-	18.567.703	204.849.228	

12. IMPAIRMENT OF ASSETS

As of 31 December the caption "Other Financial Assets" comprised the following:

<u>Description</u>	<u>Total</u>	<u>General</u>	<u>2007</u> <u>Via Norte</u>	<u>Azor</u>	<u>Ecuador</u>
Other Financial Assets					
Issuance of Credits	139.478.648	-	-	135.519.186	3.959.462
Impairment	-176.971	-	-	-176.971	-
Total Other Financial Assets	<u>139.301.677</u>	<u>-</u>	<u>-</u>	<u>135.342.215</u>	<u>3.959.462</u>

<u>Description</u>	<u>Total</u>	<u>General</u>	<u>2006</u> <u>Via Norte</u>	<u>Azor</u>
Other Financial Assets				
Issuance of Credits	203.359.942	-	-	203.359.942
Impairment	-176.971	-	-	-176.971
Total Other Financial Assets	<u>203.182.971</u>	<u>-</u>	<u>-</u>	<u>203.182.971</u>

24. SUBSEQUENT EVENTS TO THE BALANCE SHEET DATE

As of the date in which the Board of Directors approved the present Financial Statements, there were not any subsequent events to 31 December 2007 (the date of reference of the said Financial Statements) requiring adjustments or changes in the amounts expressed to assets or to liabilities.

25. TAXES

Current tax is computed by reference to the tax rates prevailing in the jurisdiction where the Company operates. The accrued corporate income taxes are reflected in the results of the respective fiscal year.

In accordance with the prevailing laws, the tax returns may be subject to reviews and corrections by the Tax Authorities during a subsequent period of 4 years (five years for the Social Security). Except for the cases in which there were tax losses carry-forward, tax benefits granted, or there are inspections, claims or impugnations in progress, in which cases, depending in the circumstances the time frames may be extended or suspended. Accordingly, all tax returns of the Company since inception may be subject to tax inspection.

The Company's Board of Directors believes that the eventual corrections resulting from tax audits carried out by the Tax Authorities to those tax returns shall not have a significant effect in the Financial Statements as of 31 December 2007.

As of 31 December 2007, there were not assets or liabilities resulting from deferred taxes.

30. MOVEMENTS IN THE SHAREHOLDERS' EQUITY ACCOUNT

As mentioned in the introductory note, the Company was set up on 17 July 2006 and its share capital, is represented by 50.000 ordinary shares, amounting to Euros 250.000 and was fully subscribed by

Banif -Banco de Investimento, S.A. During the year of 2007, the sole shareholder added Euros 300.000 as Additional Paid In Capital.

As of 31 December 2007 the Company's share capital was fully subscribed and realized and was represented by 50.000 shares with a face value of 5 Euros.

Since the operations did not generate any results via the Fair Value Option adjustments, the Net Results for the Fiscal Year correspond to the "General" activity.

31. REMUNERATION OF THE GOVERNING BODIES

The Company's Governing Bodies do not earn any remuneration

32. SERVICES RENDERED

The services rendered, amounting to approximately 18 thousand Euros, correspond entirely to management fees.

33. STATEMENT OF FINANCIAL INCOME

Statement of Financial Income

<u>Costs and Losses</u>	<u>2007</u>	<u>2006</u>	<u>Revenues and Gains</u>	<u>2007</u>	<u>2006</u>
Interest paid	3.765.594	560.793	Interest received	3.768.712	3.412.510
Adjustments to Financial Applications		176.971			
Other Financial Costs and Losses		2.613.195	Other Financial Revenues and Gains		293.092
Financial Results	3.118	354.644	Financial Results		
Total	<u>3.768.712</u>	<u>3.705.602</u>	Total	<u>3.768.712</u>	<u>3.705.602</u>

Breakdown by Centre / Operation - 2007

<u>Centre / Operation</u>	<u>TOTAL</u>	<u>General</u>	<u>Via Norte</u>	<u>Azor</u>	<u>Ecuador</u>
Interest paid	3.765.594	-	16.304	3.749.290	-
Total Financial Costs	<u>3.765.594</u>	<u>-</u>	<u>16.304</u>	<u>3.749.290</u>	<u>-</u>
Interest received	3.768.712	19.422	-	3.749.290	-
Total Financial Revenues	<u>3.768.712</u>	<u>19.422</u>	<u>0</u>	<u>3.749.290</u>	<u>0</u>
Financial Results	<u>3.118</u>	<u>19.422</u>	<u>-16.304</u>	<u>0</u>	<u>-</u>

34. DEFERRALS

Centre / Operation	2007				
	TOTAL	General	Via Norte	Azor	Ecuador
Accrued income					
Interest receivable	671.014	-	-	671.014	-
Management commission	438	438	-	-	-
Total	671.451	-	-	671.014	-
Deferred expenses					
Monthly allocation of expenses	39.748	39.748	-	-	-
Credits	1.108.652	-	-	1.108.652	-
Total	1.148.400	-	-	1.108.652	-
Accrued expenses					
Interest payable	-671.014	-	-	-671.014	-
Other accrued expenses	-438	-	-	-438	-
Total	-671.452	-	-	-671.452	-

Centre / Operation	2006			
	TOTAL	General	Via Norte	Azor
Accrued Income				
Interest receivable	408.575	630	-	407.945
Management commission	-	-	-	-
Total	408.575	630	-	407.945
Deferred Expenses				
Credits	1.666.886	-	-	1.666.886
Total	1.666.886	-	-	1.666.886
Accrued expenses				
Interest payable	-560.793	-	-152.848	-407.945
Management commission	-3.655	-3.655	-	-
Other accrued expenses	-630	-	-	-630
Total	-565.078	-3.655	-152.848	-408.575

35. PAYABLES TO THIRD PARTIES

Centre / Operation	2007				
	TOTAL	General	Via Norte	Azor	Ecuador
Loans obtained					
Fair Value Option	-1.787.071	-	-	-1.787.071	-
Bonds issued	142.248.779	-	-	138.237.501	4.011.278
Sub-Total	140.461.708	-	-	136.450.429	4.011.278
State and other public entities					
Corporate Income Tax	4.396	4.396	-	-	-
VAT	5.738	5.738	-	-	-
Sub-Total	10.134	10.134	-	-	-
Other debtors and creditors					
Principal and interest paid	4.763.754	-	-	4.763.754	-
Sub-Total	4.763.754	-	-	4.763.754	-
Total payables to third parties	145.235.595	10.134	-	141.214.183	4.011.278

Centre / Operation	2006			
	TOTAL	General	Via Norte	Azor
Loans obtained				
Fair Value Option	1.268.674	-	2.497.703	-1.229.029
Bonds issued	222.148.257	-	16.070.000	206.078.257
Sub-Total	223.416.931	-	18.567.703	204.849.228
State and other public entities				
Corporate Income Tax	15.627	15.627	-	-
Sub-Total	15.627	15.627	-	-
Other payables				
Principal and interest paid	3.541.682	-	-	3.541.682
Sub-Total	3.541.682	-	-	3.541.682
Total payables to third parties	226.974.239	15.627	18.567.703	208.390.910

36. PURCHASED SERVICES AND SUPPLIES

Purchased services and supplies

Centre / Operation	2007					2006			
	TOTAL	General	Via Norte	Azor	Ecuador	TOTAL	General	Via Norte	Azor
Office supplies	175	175	-	-	-	242	242	-	-
Commissions	18.283	-	-	18.283	-	350.630	-	350.000	630
Legal and Notary	3.326	773	2.553	-	-	1.095	157	938	-
Professional fees	15.021	15.021	-	-	-	26.676	26.676	-	-
Start-up expenses						15.448	15.448		
Total PSS	36.805	15.969	2.553	18.283	0	394.091	42.524	350.938	630

37. STATEMENT OF OTHER OPERATING REVENUES AND COSTS

<u>Other operating revenues and costs</u>	<u>2007</u>	<u>2006</u>
Fines and penalties	-100	-130
Results from other operating revenues and costs	-100	-130

38. FINANCIAL INSTRUMENTS' RISKS

Considering the activity of Gamma – Sociedade de Titularização de Créditos, S.A., that is, the management of securitization operations, its overall risk exposure is either minimal or almost inexistent in the main categories of the financial risks, as outlined below. It must be noticed that the autonomous assets allocated to each one of the securitization bonds are the only collaterals guaranteeing their redemption.

Overall, one can consider that Gamma has a reduced risk profile, which derives from the limited risks concerning the activities which were carried out (also labelled as intrinsic risks) which, in addition, are mitigated by adequate internal control systems.

a) Credit Risk

The credit risk is defined as the probability of loss due to the inability of a counterparty to meet its financial commitments towards the institution, including the possible restrictions to transfer funds from abroad. In the case of securitized credit, this may also involve the variations of the economic value of a given instrument due to the deterioration of the credit rating of the issuing party.

Within the scope of the activity in which it is engaged, the Company acquires credit portfolios which are subsequently securitized. Accordingly, there is the effective and total transfer of the credit risk of those portfolios to the holders of the bonds issued within the scope of those operations. As of 31 December 2007, there were only two securitization operations being managed by the Company, namely the Azor Mortgages and the Ecuador Receivables No.1. The first one pertains to an operation which involves real estate credits originated by BBKA, an entity belonging to the Banif Financial Group, in which the right of receiving the respective credits was transferred to the holders of the “Azor Notes” bonds, who fully assumed the responsibility of the credit risk associated to this operation. The second one pertains to the securitization of the credits held by Banif – Banco de Inversión, S.A. in Hidroeléctrica Hidropastaza, S.A., which head Office is in Ecuador and for which were issued the bonds “Ecuador Receivables No.1”, in order to fund the acquisition of the said credits whose holders assumed all the credit risks pertaining to the collections.

When analysing the balance sheet structure, one ascertains that the “Other Financial Assets”, which pertains to the securitized credits, are accountable for the highest weight, representing 95% of the assets. However, despite this weight, it has no risk to the Company, because there is an effective and total transfer of the risks to the holders of the bonds issued. As a matter of fact, the Company’s credit risk is very limited and only applies to the “Cash on Hand and Bank Deposits”. As of 31 December 2007, the amount of the deposits totalled € 5.4 million, of which € 4.7 million were deposited in the Deutsche Bank, institution rating AA (the average rating of the international agencies Moody’s, S&P and Fitch), and the remaining portion was deposited in the Banif - Banco de Inversión, S.A..

Structure of the Company's Balance Sheet

	2007		2006	
	€ 000's	%	€ 000's	%
Cash on hand and Bank deposits	5.365	4%	22.560	10%
Other financial assets	139.302	95%	203.183	89%
Other accounts receivable	671	0%	409	0%
State and other public entities	16	0%	0	0%
Deferrals	1.148	1%	1.667	1%
Total Assets	146.503	100%	227.818	100%
Other financial liabilities	140.462	96%	223.417	98%
State and other public entities	10	0%	16	0%
Other accounts payable	4.764	3%	3.542	2%
Deferrals	671	0%	565	0%
Total liabilities	145.907	100%	227.539	100%
Total Shareholders' Equity	596	0%	279	0%
Total Liabilities and Shareholders' Equity	146.503	100%	227.818	100%

b) Market Risks

Market Risks comprise the probability of losses due to unfavourable changes in the market prices of the instruments of the portfolio, including fluctuations in the interest rates, exchange rates, shares and commodities' prices. Reflecting the characteristics of the business in which it operates, one ascertains that, as of 31 December 2007, the Company was not exposed to any aspect of this type of risk.

c) Foreign Exchange Risks

The Foreign Exchange Risk consists of the loss probability due to adverse changes in the Foreign Exchange Rates caused by changes in the prices of instruments corresponding to open positions in foreign currencies, or by the changes in the institution's competitive position due to significant variances in the Exchange rates.

Except for the securitization of the Ecuador Receivables No.1, which is denominated in USD, all the Company's assets and liabilities are denominated in Euros. However, taking into account that there is a natural protection based upon the compensation of the foreign exchange variances of the assets and liabilities denominated in USD, in overall, the global terms, the Company's exposure to the Exchange rate risk is nil.

d) Interest Rate Risk

The Interest Rate Risk regards the probability of losses occurring due to adverse movements in the interest rates affecting an institution's balance sheet structure. In our case, as outlined in

the table below, the Company's securitization operations represent about 97% of the interest bearing assets and all the interest bearing liabilities. The risk of the interest rate which results from these balance sheet exposures is nil, because:

- a. There is no indexing risk because the securitized credits and the bonds issued have the same indexation (Euribor 3 months);
- b. The mismatch risk coverage of the re-setting of the interest rates between assets and liabilities is done based upon IRS (Interest Rate Swaps)

The remaining interest bearing assets comprise bank deposits amounting to Euros 5,4 million and the interest rates are re-negotiated every month. Therefore, Gamma's overall interest rate risk exposure is either very low, or almost inexistent.

Breakdown of the Company's Remunerated Balance Sheet

	2007		2006	
	€ 000's	%	€ 000's	%
Remunerated Assets	144.667	99%	225.743	99%
<i>Of which securitized credits amount to:</i>	<i>139.302</i>	<i>95%</i>	<i>203.183</i>	<i>89%</i>
Not Remunerated Assets	1.836	1%	2.075	1%
Total Assets	146.503	100%	227.818	100%
Remunerated Liabilities	140.462	96%	223.417	98%
<i>Of which securitized notes amount to:</i>	<i>140.462</i>	<i>96%</i>	<i>223.417</i>	<i>98%</i>
Not Remunerated Liabilities	5.445	4%	4.122	2%
Total Liabilities	145.907	100%	227.539	100%

e) Liquidity Risk

Liquidity Risk is defined as the probability of occurring losses due to the institution's inability of having liquid funds to meet its liabilities and if that happens under reasonable conditions.

Given the Company's balance sheet structure, in which there is a back-to-back relationship of the "Other financial assets" caption with the liabilities' caption "Other financial liabilities" under the realized securitization operations, one ascertains that the liquidity risk is minimal as the Company's liquidity levels are adequate to the amounts and timing of the responsibilities. As a matter of fact, excluding the securitization operations in which there is a back-to-back relationship between assets and liabilities, there are no other financial liabilities. On the assets' side, the remaining remunerated assets comprise bank deposits which can be withdrawn without loss in value.

f) Operational Risk

Operational Risk is defined as the risk of losses resulting from the inadequacy or procedural shortcomings of the personal, of the internal systems or external events, including the juridical risks. This loss probability may derive from analytical failures, from the processing or settlement of operations, from internal or external frauds, from the fact that the activity is affected due to the use of outsourcing resources, from insufficient or inadequate human resources or infra-structures’.

Being well aware of the importance of an effective monitoring and control of the operational risks, the Banif Financial Group started in 2007 a project which, in its first stage, focused on the identification and record of events with potential operational risk. This project shall be implemented in the Company in the first quarter of 2008 and there is already a person responsible for the management of the operational risk who is integrated in the Global Risk Department.

It is scheduled for 2008, the launch of an ambitious Project, according to which, in each of the Company’s critical areas, there will be an Operational Risk Manager, that is, a person who shall be accountable for recording the operational risks’ events or shortcomings detected in a specific SAS software, envisaging the monitoring and measuring then operational risk inherent to the Company’s activity, detailed by the various intervening processes and areas, which shall lead to an effective and dynamic evaluation of the present internal control systems.

In addition to the legal, statutory and deontological requirements applicable to the financial brokerage activity, the Company’s Board of Directors has been concerned with the diffusion of Manuals, Regulations, Circular Letters and other internal directives to ensure the compliance with the standards applicable to each one of the activities which are carried out. All the information is duly divulged to all the Company’s staff members and is available for consultation in the respective Intranet system. At the same time, the Compliance and Internal Audit Department action envisage to complement and strengthen the adopted measures.

The Official Accountant

the Board of Directors

DESCRIPTION OF THE ORIGINATOR

OVERVIEW OF BANIF FINANCIAL GROUP

History and Organisation

Banif S.G.P.S., S.A. ("**Banif SGPS**"), formerly known as Banif – Banco Internacional do Funchal, S.A., was established in Funchal, Madeira Islands, Portugal, in January, 1988, incorporating the assets and liabilities of the savings bank Caixa Económica do Funchal (founded in 1879).

During its first three years, Banif SGPS focused on consolidating its predominant position in the Madeira Islands and improving its financial condition.

In 1989 a Pension Fund Management Company (SGM) was created in association with some Madeira and insurance partners.

In 1990, together with Crédito Predial Português and Banco Bilbao Vizcaya, Banif created a leasing company (Mundileasing), and in 1991, a consumer credit company (Mundicre) was established. These companies are now fully owned by Banif Financial Group and merged, creating a new company - Banif Go.

In addition, the Banif Financial Group established two asset management subsidiaries, Banifundos (a Mutual Fund Management Company) and Banifólio (a Portfolio Management Company) and acquired a brokerage company (Ascor Dealer) in 1994.

In November 1992, the shares of Banif were listed on the official market, the Lisbon Stock Exchange (now called Euronext Lisbon).

In 1993 Banif (Cayman) Ltd. was incorporated in the Cayman Islands as a bank, and a physical presence was set up therein in 1997.

In 1994, Banif SGPS established its Lisbon headquarters.

In 1996, Banif SGPS acquired a controlling shareholding (56%) in Banco Comercial dos Açores, S.A. (currently, BBCA), the largest bank in the Azores Islands and the last Portuguese Bank to be privatised, and, indirectly, in the insurance company Companhia de Seguros Açoreana, S.A. ("**CSA**"), obtaining a leading position in the Azores Islands. BBCA is now 100% owned by the Banif Financial Group.

In July 1999, Banif Financial Group acquired 51% of Banco Primus, a small Brazilian bank specialising in investment banking, later on re-named Banco Banif Primus. In 2005, Banco Banif Primus was restructured in order to separate its commercial banking operations from the investment banking operations. Following this, Banif Primus changed its name to Banif - Banco Internacional do Funchal (Brasil), SA, and started operating as a commercial bank. The Brazilian brokerage company named Banif Primus Corretora (which is 100% owned by Banif Financial Group), changed its name to Banif Primus Banco de Investimento, SA and started carrying on business as an investment bank.

In November 2000, Banif SGPS set up Banif Financial Services Inc, Miami, with the aim of supporting Banif's customers in Latin America.

In December 2000, with the spin-off of the brokerage company Ascor Dealer, Banif - Banco de Investimento S.A. was established as the investment bank of the Banif Group.

In 2001, a broker-dealer, Banif Securities Inc., was incorporated in New York, to intermediate transactions involving entities of the Banif Financial Group on the capital and stock markets. In 2002, Banif Securities acquired Indusval USA Corp, a broker-dealer with a seat on the NYSE. That entity was subsequently merged into Banif Securities Inc., which, in May 2005, extended its activities by establishing a branch in Miami, Florida.

In September 2001, Banif SGPS launched its internet portal - Banif@st - dedicated to both internal and external users, which currently serves 54% of Banif's customer base. Banif SGPS also controls a Brazilian portal called Banifinvest, that is currently the sixth largest on line broker in Brazil.

In February, 2002 Banif Mortgage Company was incorporated in Miami, aiming to provide mortgage financing in the State of Florida, for residential and commercial mortgages. The target customers are non-residents in the USA and high net worth individual clients of the Banif Financial Group who wish to buy properties in the USA.

In March 2002, the Banif Financial Group was restructured to focus more closely on the various business activities of the Group, improving reporting lines and decision-making, maximising the use of the Group's capital and funding, and concentrating the Group companies according to their business activities: commercial banking, under the sub-holding Banif Comercial - SGPS, S.A.; insurance, under CSA; and investment banking and international activities, under Banif Investimentos SGPS, S.A..

In January 2003, ratings were assigned to Banif by Moody's (Baa1/P-2) and by Fitch Ratings (BBB+/F2).

In June 2005, a new bank, Banif International Bank Ltd, was incorporated in the Bahamas.

In June 2006 Banif SGPS's share capital was increased from €200 to €250 million, of which €25 million were obtained by incorporation of reserves and the remaining €25 million through a public offer reserved to the shareholders.

In April 2007, using the net assessment method for financial institutions, Moody's upgraded Banif SGPS 's long-term rating from Baa1 to A2 and short-term rating from P-2 to P-1. On the basis of information from 2005 and the first half of 2006, Fitch maintained Banif SGPS 's long term rating of BBB+ and its short term rating of F-2.

Standard & Poor's included the Banif Financial Group in its ranking of 300 companies in the "S&P Global Challengers Class of 2007", featuring medium sized companies with the greatest potential for growth. This class includes companies from 37 countries, with Banif ranked in tenth position amongst European financial companies, as well as being the only Portuguese company included in this class.

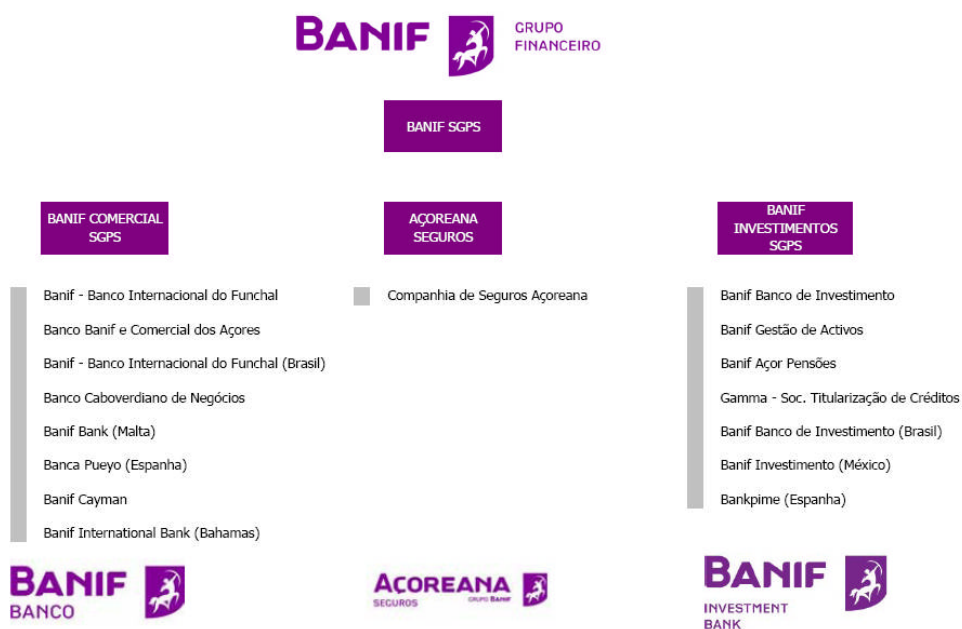
During the first half of 2007, the Banif Financial Group finalised the acquisition of holdings in Banca Pueyo in Spain (33.32%) and in Banco Caboverdiano de Negócios, in Cape Verde (46%). Additionally, Banif SGPS acquired 33.33% of Inmobiliaria Vegas Altas (Spain), representing a total investment of €2.1 million.

In the second half of 2007, as part of its strategy of international expansion, the Banif Financial Group acquired a 27.5% holding in Bankpime, based in Barcelona. In November 2007, the Banif Group established a retail bank in Malta – Banif Bank (Malta), plc.

In May 2008, Banif SGPS increased its position in Banif – Banco de Investimento (Brasil), S.A., from 75% to 100%, representing a total investment of €35,5 million.

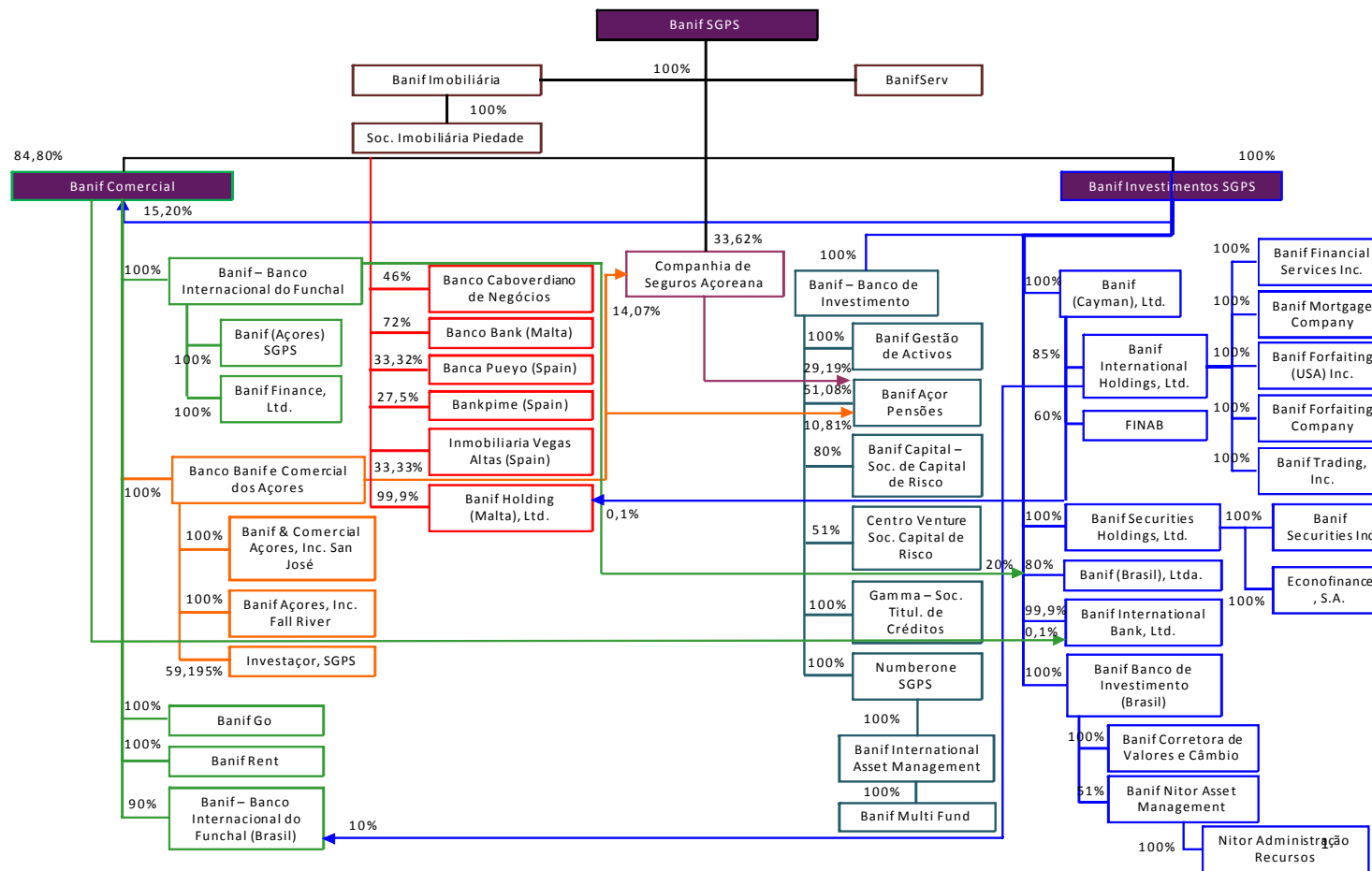
In June 2008, Banif SGPS increased its share capital from €250 to €350 million, of which €50 million obtained by incorporation of reserves and the remaining €50 million by a public offer reserved to the shareholders.

As set out in the diagram below, Banif Financial Group operates in 3 major areas: commercial banking, investment banking and insurance.



(as of March 2008)

The organisational structure of the Banif Financial Group is set out below (as of June 2008):



Banif Financial Group has nearly 4,500 employees and a total of 459 points of sale, with more than 1.2 million customers. The bank's average market share is around 4%, although local market shares in the Madeira Autonomous Region and in the Azores Autonomous Region amount to around 26% and 34%, respectively.

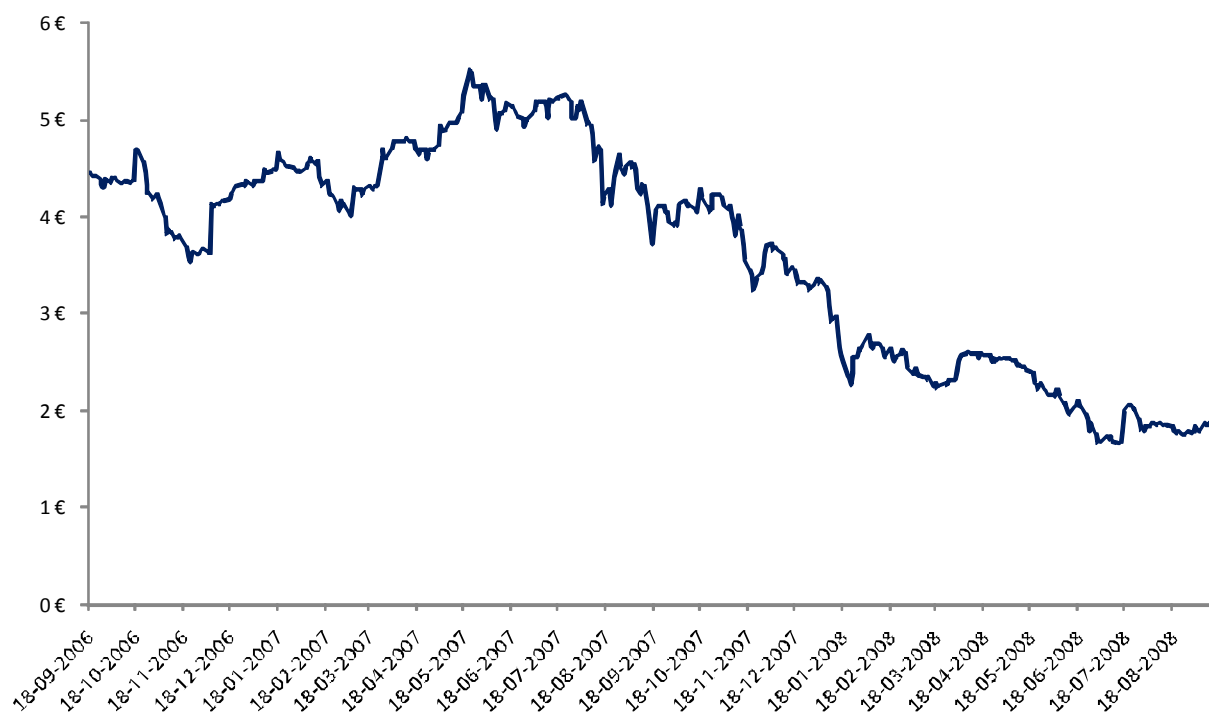
Shareholder Structure of Banif

1 share = 1 Euro

SHAREHOLDERS	TOTAL SHARES	% PARTICIPATION
Horácio da Silva Roque	229,047,363	65.44%
Instituto de Seguros de Portugal	8,906,095	2.54%
Jorge de Sá	8,299,000	2.37%
Joaquim Ferreira de Amorim	7,712,324	2.20%
Other Shareholders	96,035,218	27.44%
TOTAL CAPITAL	350,000,000	100.00%

Mr. Horácio Roque is the controlling shareholder of the Banif Financial Group, holding directly and indirectly, 65.44% of Banif SGPS 's share capital.

Stock Market Performance (Unit: Euros)



Banif SGPS 's market capitalisation as of October, 2nd, 2008 was approximately €588 million. There are currently 350 million of Banif shares listed on the Euronext Lisbon.

Main Financial Consolidated Indicators of Banif Financial Group

Main Financial Consolidated Indicators of Banif Financial Group for 2008 First Semester

In the first semester 2008, Banif SGPS, the holding company of Banif Financial Group, recorded net consolidated profits of €44.4 million, representing a decrease of 5.9% compared to the same period of 2007.

The return on equity decreased from 19.10%, as of June, 2007, to 15.5%, as of June, 2008, as the return on assets (ROA) fell to 0.78%, when compared to the 0.83% of June, 2007.

The total amount of Banif SGPS' net assets, as of 30 of June, 2008, was €12,062.5 million, a 20.4% increase as compared to the same period of 2007.

Net customer lending amounted to €9,636.5 million during the first semester of 2008, which represents an increase of 24.4% against 2007 first semester.

Customer deposits increased 27.7%, when compared to the same period of 2007, mainly explained by a rise in the number of points of sales, from 418 to 459.

The Banif Financial Group's operating income stood at €248.0 million, as of June, 2008, increasing 26.4% in relation to the same period of the previous year.

The solvency ratio, according to Basel II, was 8.70% by the end of the first semester of 2008.

Figures in euro thousand

MAIN FINANCIALS – BANIF FINANCIAL GROUP	30-06-2007	30-06-2008	%
Balance Sheet			
Net assets	10,014,905	12,062,475	20.4%
Gross Lending	7,927,246	9,860,103	24.4%
Customer Deposits (balance sheet)	7,001,375	8,072,063	15.3%
Shareholder's funds ¹⁾	512,897	664,655	29.6%
Income Statement			
Financial margin	123,050	132,901	8.0%
Operating revenues	196,214	247,955	26.4%
Personnel costs	63,083	78,836	25.0%
Overheads	48,303	59,376	22.9%
Cash-Flow	84,828	109,743	29.4%
Provisions and impairment (net)	12,206	30,436	149.4%
Minority Interests	3,378	3,451	2.2%
Consolidated profits for the period	47,195	44,419	-5.9%
Other Indicators			
Credit impairment / Overdue credit	2.29%	2.27%	-
ROE	19.1%	15.5%	-
ROA	0.83%	0.78%	-
Core Tier 1	4.90%	5.10%	-
Tier 1	5.90%	6.10%	-
Total Capital Ratio	10.50%	9.00%	-
Profit before taxes / Average net assets	1.38%	1.20%	-
Operating revenues / Average net assets	4.11%	4.36%	-
Profit before taxes / Average net assets	21.6%	18.7%	-
Cost-to-Income ²⁾	60.8%	59.9%	-
Personnel costs / Operating revenue ²⁾	29.1%	31.6%	-

¹⁾ Less minority interests

²⁾ These ratios exclude non-financial and auxiliary activities. Operating revenues include earnings on investment in associates not included in the consolidated accounts.

Main Financial Consolidated Indicators of Banif Financial Group for 2007

Banif SGPS recorded net consolidated profits of €101.1 million as of 31 December 2007, which represents an increase of 29.4% when compared to the previous year.

The net assets of the Banif SGPS, as of 31 December 2007, stood at €10,761 million, reflecting a growth of 17.6% over 2006.

Customer lending (gross) totalled €8,816.2 million, up by 22.3% on the same period in the previous year. The ratio of overdue credit to total lending decreased from 2.28% to 2.23%.

Customer deposits on balance grew by 16.0% in relation to 2006, standing at €7,411.6 million. Off-balance deposits revealed significant growth, which rose in "assets under management" from €1,794 million, in 2006, to €2,127 million, in 2007. The growth in customer deposits was achieved through the increase in the number of points of sales, which grew by 422, reaching 423 at the end of 2007. The number of branches in Portugal rose from 235 to 270. There was also substantial growth in the number of the Group's banking clients, due to marketing campaigns with the aim of attracting new customers, and consequently increase and diversify distribution networks.

The Banif Financial Group's operating income stood at €443.8 million at the end of 2007, representing an increase of 29.4% in relation to the same period in the previous year.

During the first half of 2007, the Banif Financial Group finalised the acquisition of participations in Banca Pueyo in Spain (33.32%) and in Banco Caboverdiano de Negócios, in Cape Verde, (46%), which are now included in the Banif Financial Group's consolidated accounts by the equity method and the full consolidation method, respectively.

Breakdown of Banif SGPS 's 2007 net profit per affiliate company (IAS basis, figures in € millions):

• Banif – Banco Internacional do Funchal, S.A.:	41.6
• Banco Banif e Comercial dos Açores, S.A.:	13.4
• Banif – Banco Internacional do Funchal (Cayman), Ltd:	2.9
• Companhia de Seguros Açoreana, S.A.:	7.7
• Banif – Banco de Investimento, S.A.:	32.9
• Banif – Banco Internacional do Funchal (Brasil), S.A.:	5.1
• Banca Pueyo	3.1

Figures in euro thousand

MAIN FINANCIALS – BANIF FINANCIAL GROUP	31-12-2006	31-12-2007	%
Balance Sheet			
Net assets	9,151,014	10,760,960	17.6%
Gross Lending	7,210,480	8,816,168	22.3%
Customer Deposits (balance sheet)	6,388,204	7,411,614	16.0%
Shareholder's funds ¹⁾	485,641	615,065	26.7%
Income Statement			
Financial margin	216,368	241,864	11.8%
Operating revenues	343,011	443,768	29.4%
Personnel costs	112,644	136,323	21.0%
Overheads	83,869	105,470	25.8%
Cash-Flow	146,498	201,975	37.9%
Provisions and impairment (net)	33,779	32,108	-4.9%
Minority Interests	2,955	15,720	432%
Consolidated profits for the period	78,096	101,084	29.4%
Other Indicators			
Credit impairment / Overdue credit	2.28%	2.23%	-
ROE	19.1%	19.3%	-
ROA	0.90%	1.02%	-
Core Tier 1	5.83%	4.93%	-
Tier 1	7.00%	5.92%	-
Total Capital Ratio	11.33%	9.95%	-
Profit before taxes / Average net assets	1.15%	1.57%	-
Operating revenues / Average net assets	3.97%	4.48%	-
Profit before taxes / Average net assets	19.5%	23.9%	-
Cost-to-Income ²⁾	60.4%	57.5%	-
Personnel costs / Operating revenue ²⁾	31.6%	30.3%	-

¹⁾ Less minority interests

²⁾ These ratios exclude non-financial and auxiliary activities. Operating revenues include earnings on investment in associates not included in the consolidated accounts.

OVERVIEW OF BANIF BANCO INTERNACIONAL DO FUNCHAL, S.A. – (“BANIF” AND “THE ORIGINATOR”)

Incorporated on 1 April 2002, Banif is today a well established bank in the Portuguese financial sector, with a nationwide network of branches, organised in accordance with the concept of modern points of sale, and an e-banking system which is increasingly being taken up by customers and potential customers. The bank offers a comprehensive range of products and services, for both personal and corporate clients, which is constantly adjusted to market needs. Firmly committed to a financial partnership with its customers, the bank is currently the market leader in Madeira and is established with Portuguese residents in Venezuela, South Africa and Brazil, providing a personalised service of increasing quality and a full range of products.

Banif is wholly owned by Banif Comercial SGPS, S.A., a subsidiary of the Banif Financial Group, whose parent company is Banif SGPS.

Banif operates in Mainland Portugal and in the Madeira Autonomous Region.

The business activity of the Madeira commercial department is focused on pursuing the strategic aim of maintaining business growth and consolidating the Banif’s leadership in the regional market. In Madeira, Banif has approximately 26 per cent. market share of the local commercial and retail banking market, operates through a distribution network of 35 branches (13 of which in Funchal) and concentrates on relationship banking through three commercial divisions:

- (i) retail Banking;
- (ii) corporate and small and medium sized corporations;
- (iii) high net worth individuals and institutional clients.

In Madeira, Banif offers a wide range of products and services, such as mortgage loans, consumer loans, debit and credit cards, CGT (treasury accounts for small business), deposit and savings products, bancassurance, corporate lending and project lending. Banif’s customer base in Madeira accounts for approximately 125,000 clients.

On Mainland Portugal, Banif also supports two main market segments:

- (i) retail banking for individuals and small businesses; and
- (ii) corporate banking, which provides services to small and medium sized corporations (turnover greater than €1 million p.a. with an average turnover of 4 million p.a.).

The retail banking division was created in 1998 and it currently serves 345,000 clients. Its 185 branches in Mainland Portugal have been organised into “Sales Centres” aimed at marketing the Banif Financial Group’s products and services. Front and back office operations within the branches are

limited to the provision of basic cash transaction services, thereby releasing approximately 80 per cent. of staff to support marketing and customer service.

Alongside with these “Sales Centres”, the distribution channels of the retail banking of Banif in Mainland Portugal also incorporate:

- a private banking unit named “Banif Privado” specialised in providing services to high net worth individuals and institutional investors (12 high net worth individuals centres);
- a call centre located in Oporto (35 call centre operators);
- a promoter’s network (1,004 individuals); and
- online banking (internet banking).

The corporate banking division was created in 1993 and it currently serves 7,185 customers from a network of 13 corporate centres and 11 extensions. The unit has 59 customer support teams (comprised of 1 account manager and 1 account officer). Credit analysts are centralized and report to the global risk management division and integrate credit committees.

Main Financial Indicators of Banif

Main Financial Indicators of Banif for 2008 First Semester

Net profits totalled €11.6 million in June 2008, with net assets standing at €9,222 million and shareholders’ funds at €372.8 million.

The financial margin, including earnings on capital instruments, stood at €80.2 million in 2008, corresponding to a growth of 1.8% when compared to the first semester of the previous year.

The bank’s total solvency ratio stood at 9.24% by the end of 2008 first semester (versus 8.93% in 2007 first semester), with Tier I ratio at 5.64% (versus 5.15% in 2007).

Return on equity was 6.56%, as of June, 2008 (versus 15.67% in June, 2007) and return on assets, 0.29% (versus 0.70% in June, 2007).

Figures in euro thousand

MAIN FINANCIALS – BANIF	30-06-2007	30-06-2008	%
Balance Sheet			
Net assets	7,256,804	9,222,219	27.1%
Loans and advances to customers (gross)	5,935,030	7,311,538	23.2%
Customer Deposits (on balance sheet)	3,392,485	4,343,268	28.0%
Shareholder's Funds	312,488	372,758	19.3%
Other Financials			
Financial margin ¹⁾	78,791	80,179	1.8%
Operating revenues	108,247	113,861	5.2%
Provisions and impairment (net)	(9,760)	(19,500)	99.8%
Net Profit for the period	23,321	11,603	-50.2%
Credit Impairment/ Total lending	2.54%	2.46%	-
ROE	15.67%	6.56%	-
ROA	0.70%	0.29%	-
Solvency Ratio	8.93%	9.24%	-
Tier 1 (Basle core criteria)	5.15%	5.64%	-
No. Employees	1,944	2,061	6.0%
No. branches	220	255	15.9%

¹⁾ Includes earnings from capital holdings

Main Financial Indicators of Banif for 2007

Figures in euro thousand

MAIN FINANCIALS – BANIF	31-12-2006	31-12-2007	%
Balance Sheet			
Net assets	6,665,599	7,776,292	16.7%
Loans and advances to customers (gross)	5,386,386	6,493,937	20.6%
Customer Deposits (on balance sheet)	3,247,279	3,779,078	16.4%
Shareholder's Funds	303,368	376,107	24.0%
Other Financials			
Financial margin ¹⁾	137,035	157,070	14.6%
Operating revenues	194,882	230,416	18.2%
Provisions and impairment (net)	(23,803)	(23,030)	-3.2%
Net Profit for the period	36,792	47,568	29.3%
Credit Impairment/ Total lending	2.56%	2.48%	-
ROE	12.31%	14.00%	-
ROA	0.56%	0.66%	-
Solvency Ratio	10.41%	13.29%	-
Tier 1 (Basle core criteria)	6.83%	7.70%	-
No. Employees	1,661	1,996	20.2%
No. branches	193	228	18.1%

¹⁾ Includes earnings from capital holdings

DESCRIPTION OF THE ACCOUNTS BANK AND CAP COUNTERPARTY

HSBC Bank plc and its subsidiaries form a UK-based group providing a comprehensive range of banking and related financial services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name Midland Bank Limited which it held until 1982 when it re-registered and changed its name to Midland Bank plc.

During the year ended 31 December, 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in the year ended 31 December, 1999.

The HSBC Group is one of the largest banking and financial services organisations in the world, with over 9,500 offices in 85 countries and territories in five geographical regions: Europe; the Asia-Pacific region; the Americas; the Middle East and Africa. Its total assets at 30 June 2008 were 2,547 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

The short term senior unsecured and unguaranteed obligations of HSBC Bank plc are currently rated P-1 by Moody's, "A-1+" by S&P and "F1+" by Fitch and the long term senior, unsecured and unguaranteed obligations of HSBC Bank plc are currently rated "Aa1" by Moody's, "AA" by S&P and "AA" by Fitch.

HSBC is regulated pursuant to the Financial Services and Markets Act 2000 and is an authorised institution supervised by the Financial Services Authority. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London E14 5HQ.

HSBC Bank plc has securities admitted to listing on the Official List of the Financial Services Authority of the United Kingdom (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000) and to trading on the gilt edged and fixed interest markets of the London Stock Exchange plc (which is a regulated market for the purposes of Directive 2004/39/EC), on the Luxembourg Stock Exchange and on the main segment of the SWX Swiss Exchange.

DESCRIPTION OF THE SWAP COUNTERPARTY

ABN AMRO Holding N.V. ("**Holding**") is incorporated as a limited liability company under Dutch law by deed of 30 May 1990 as the holding company of ABN AMRO Bank, N.V.. Holding's main purpose is to own ABN AMRO Bank, N.V. and its subsidiaries. Holding owns 100 per cent. of the shares of ABN AMRO Bank, N.V. and is jointly and severally liable for all liabilities of ABN AMRO Bank, N.V.. ABN AMRO Bank, N.V. is registered in the Commercial Register of Amsterdam under number 33002587. The registered office of ABN AMRO Bank, N.V. is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands.

The ABN AMRO group ("**ABN AMRO Group**"), which consists of Holding and its subsidiaries (including ABN AMRO Bank N.V.), is a prominent international banking group offering a wide range of banking products and financial services on a global basis through its network of more than 4,500 offices and branches in 53 countries as of year-end 2006.

ABN AMRO Group is one of the largest banking groups in the world, with total consolidated assets of €1,120 billion as at 30 June 2007. ABN AMRO Bank N.V. is listed on Euronext and the New York Stock Exchange.

The long-term, unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank N.V. are currently rated "AA-" by S&P, "Aa2" by Moody's and "AA-" by Fitch. The short-term, unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank N.V. are currently rated "A-1+" by S&P, "P-1" by Moody's and "F1+" by Fitch.

As per 2 November 2007, approximately 98.8% of Holding's ordinary shares are owned by the consortium of banks (constituted by Royal Bank of Scotland, Fortis and Banco Santander) through the Dutch vehicle RFS Holdings B.V., which is consolidated as part of the RBS Group. Further details of the most recent developments in respect of ABN AMRO can be obtained from the ABN AMRO website at <http://www.abnamro.com>.

The information in the preceding five paragraphs has been provided solely by ABN AMRO Bank, N.V. for use in this Prospectus and ABN AMRO Bank, N.V. is solely responsible for the accuracy of the preceding five paragraphs. Except for the foregoing five paragraphs, ABN AMRO Bank, N.V. and its affiliates do not accept responsibility for this Prospectus.

SELECTED ASPECTS OF PORTUGUESE LAW RELEVANT TO THE MORTGAGE ASSETS AND THE TRANSFER OF THE MORTGAGE ASSETS

Securitisation Legal Framework

Securitisation Law

The Securitisation Law has implemented a specific securitisation legal framework in Portugal, which contains a simplified process for the assignment of credits. The Securitisation Law regulates, amongst other things; (i) the establishment and activity of Portuguese securitisation vehicles; (ii) the type of credits that may be securitised; and (iii) the entities which may assign credits for securitisation purposes. Some of the most important aspects of this legal framework include:

- (a) the establishment of special rules facilitating the assignment of credits (including mortgage loans) in the context of securitisation transactions;
- (b) the types of originators/assignors which may assign their credits pursuant to the Securitisation Law;
- (c) the types of credits that may be securitised and the legal eligibility criteria such credits have to comply with; and
- (d) the creation of two different types of securitisation vehicles: (i) Credit Securitisation Funds (*Fundos de Titularização de Créditos* – "FTC"), and (ii) Credit Securitisation Companies (*Sociedades de Titularização de Créditos* – "STC").

Securitisation Tax Law

The Securitisation Tax Law has established the tax regime applicable to the securitisation of credits implemented under the Securitisation Law. The Securitisation Tax Law allows for a neutral fiscal treatment of securitisation vehicles as well as tax exemptions regarding the amounts paid by the securitisation vehicles to non-resident entities without a permanent establishment in Portuguese territory. However, where a Portuguese resident entity holds more than 25 per cent. of such non-resident entity, a 20 per cent. withholding tax applies regarding the amounts paid by the company to such non-resident entity, unless a tax treaty that might be applicable to the situation establishes a reduced withholding tax rate. Withholding tax also becomes due in the event that such non-resident entity is located in a country or territory included in the list of countries determined by the Portuguese Ministry of Finance pursuant to Regulation (*Portaria*) no. 150/2004 of 13 February 2004.

STC Securitisation Companies

STCs are established for the exclusive purpose of carrying out securitisation transactions in accordance with the Securitisation Law. The following is a description of the main features of an STC.

Corporate Structure

STCs are commercial companies (*sociedades anónimas*) incorporated with limited liability, having a minimum share capital of €250,000. The shares in STCs can be held by one or more shareholders. STCs are subject to the supervision of the CMVM and their incorporation is subject to the prior authorisation by the CMVM. STCs are subject to ownership requirements. A prospective shareholder must obtain approval from the CMVM in order to establish or acquire shares in a STC. Such approval is granted when the prospective shareholder shows that it is capable of providing the company with a sound and prudent management.

If the shares in a STC are to be transferred to another shareholder or shareholders, prior authorisation of the CMVM of the prospective shareholder has to be obtained. The interest of the new shareholder in the STC has to be registered within fifteen days of the purchase.

Regulatory Compliance

In order to ensure the sound and prudent management of STCs, the Securitisation Law provides that the members of the board of directors and the members of the board of auditors meet high standards of professional qualification and personal reputation.

The members of the board of directors and the members of the board of auditors must be registered with the CMVM.

Corporate Object

STCs can only be incorporated for the purpose of carrying out one or more securitisation transactions by means of the acquisition, management and transfer of receivables and the issue of securitisation notes for payment of the purchase price for the acquired receivables.

An STC may primarily finance its activities with its own funds and by issuing notes.

Without prejudice to the above, pursuant to the Securitisation Law, STCs are permitted to carry out certain financial activities, but only to the extent that such financial activities are (i) ancillary to the issuance of the securitisation notes, and (ii) aimed at ensuring that the appropriate levels of liquidity funds are available to the STC.

Types of credits which may be securitised and types of assignors

The Securitisation Law sets out details of the types of credits that may be securitised and the specific requirements which are to be met in order for such credits to be securitised.

The Securitisation Law allows a wide range of originators to assign their credits for securitisation purposes including the Republic of Portugal, public entities, credit institutions, financial companies, insurance companies, pension funds, pension fund management companies and other corporate entities whose accounts have been audited for the last three years by an auditor registered with the CMVM.

Assignment of credits

Under the Securitisation Law, the sale of credits for securitisation is effected by way of assignment of credits. In this context the following should be noted:

Notice to Debtors

In general, an assignment of credits is effective against the relevant debtor after notification of assignment is made to such debtor.

Notification to the debtor is required to be made by means of a registered letter (to be sent to the debtor's address included in the relevant receivables contract) and such notification will be deemed to have occurred on the third business day following the date of posting of the registered letter.

An exception to this requirement applies when the assignment of credits is made under the Securitisation Law by, *inter alia*, credit institutions or financial companies, and such entities are the servicers of the credits in which case there is no requirement to notify the relevant debtor since such

assignment is deemed to be effective in relation to such debtor when it is effective between assignor and assignee.

Accordingly, in the situation set out above, any payments made by the debtor to its original creditor after an assignment of credits has been made will effectively belong to the assignee who may, at any time and even in the context of the insolvency of the assignor, claim such payments from the assignor.

Assignment Formalities

There are no specific formality requirements for an assignment of credits under the Securitisation Law. A simple contract between the parties is sufficient for a valid assignment to occur (including an assignment of mortgage loans). Transfer by means of a notarial deed is not required. In the case of an assignment of mortgage loans, the signatures to the assignment contract must be certified by a notary or the company secretary of each party (when the parties have appointed such a person).

In order to perfect an assignment of mortgage loans against third parties, the assignment must be followed by the corresponding registration (as described in the paragraph below) of the transfer of the mortgage loans in the relevant Real Estate Registry Office.

Application for registration of the transfer of a pool of mortgage loans may, from a practical point of view, be a cumbersome procedure. In fact, even if only one application for registration is made (with a list of the assigned mortgage loans, and therefore amounting to a multiple title in respect of the mortgage loans over the relevant properties located in the area of jurisdiction of each given Real Estate Registry Office) with each relevant Real Estate Registry Office, there will have to be, at least, as many applications for registration as Real Estate Registry Offices involved, depending on the location of the relevant mortgaged properties. The registration of the transfer of the mortgage loans will require the payment of a fee for each mortgage loan of approximately €200.

The Securitisation Law provides for the assignment of credits to be effective between the parties upon execution of the relevant assignment agreement. This means that in the event of insolvency of the assignor prior to registration of the assignment of credits, the credits will not form part of the insolvency estate of the assignor even if the assignee may have to claim its entitlement to the assigned credits before a competent court.

However, the assignment of the security is only effective against third parties acting in good faith further to registration of such assignment with the competent registry by or on behalf of the assignee. The Issuer is entitled under the Securitisation Law to effect such registration.

Assignment and Insolvency

Unless an assignment of credits is effected in bad faith, such assignment under the Securitisation Law cannot be challenged for the benefit of the assignor's insolvency estate and any payments made to the assignor in respect of credits assigned prior to a declaration of insolvency will not form part of the assignor's insolvency estate even when the term of the credits falls after the date of declaration of insolvency of the assignor. In addition any amounts held by the servicer as a result of its collection of payments in respect of the credits assigned under the Securitisation Law will not form part of the servicer's insolvency estate.

Mortgages charging real estate under Portuguese law

Concept

A mortgage entitles the mortgagee, in the event of default of the relevant obligations, to be paid in preference to non-secured creditors from the proceeds of the sale of the relevant property, the subject of the mortgage.

Legal Form, Registry and Priority Rights

Mortgages are created by means of a notarial deed, which is a contract prepared and testified by, and executed before, a notary and must comply with certain formalities as to its creation (in some cases banks may have special template forms, pursuant to applicable legislation).

The notarial deed for the creation of a mortgage is not sufficient for the full validity and enforceability of this type of security, and registration with the Real Estate Registry Office of the area where the property is located is required in order for a mortgage to be considered validly created.

Furthermore, registration also rules the ranking of creditors in the event that several mortgages are created over the same property. In this case, the ranking of rights among such creditors will correspond to the priority of mortgage registration (i.e., the creditor with a prior registered mortgage will rank ahead of the others).

Although mortgagees have priority over non-secured creditors, there are preferential rights which apply as a matter of law and which rank ahead of a mortgage, such as: (i) amounts due to the Portuguese Republic in respect of social security charges and taxes (except when insolvency of the obligor has been declared); and (ii) employees' credits in respect of unpaid salaries due by the mortgagor.

In accordance with the Portuguese Civil Code, the relevant originator as lender of a mortgage loan may require a borrower to provide additional security for a mortgage loan if the value of the property securing the mortgage loan is insufficient to cover the amount of the mortgage loan due to reasons which are not attributable to the lender.

Enforcement and court procedures

Enforcement of a mortgage over real property may only be made through a court procedure, whereby the mortgagee is entitled to demand the sale by a court of the property and be paid from the proceeds of such sale (after payment to the preferential creditors, if any).

The mortgagee may not take possession or become owner of the property (foreclosure) by virtue of enforcement of the mortgage, and is only entitled to be paid out of the proceeds of sale of the relevant property.

Should the mortgagee be willing to acquire the property, he may bid in the court sale along with (but with no preference) any other parties interested in the purchase of the property.

In the event that there are various creditors with mortgages over the same property, the proceeds of the sale of the property are distributed among the secured creditors in accordance with the registration priority and are allocated first to the payment of the first ranking secured creditor, with the remaining amount (if any) being allocated to the next ranking creditor.

Court procedures in relation to enforcement of mortgages over real property usually take two to four years on average for a final decision to be reached on the execution of a mortgage loan. Court fees

payable in relation to the enforcement process are calculated on the basis of a fixed percentage of the value of the property.

Risk of Set-Off by Borrowers

General

The Securitisation Law does not contain any specific provisions in respect of set-off. Accordingly, Articles 847 to 856 of the Portuguese Civil Code are applicable. The Securitisation Law has an impact on set-off risk to the extent that, by virtue of establishing that the assignment of credits by a credit institution, a financial company, an insurance company, pension funds and pension fund managers is effective against the debtor on the date of assignment of such credits without notification to the debtor being required (provided that the assignor is the servicer of the assigned credit), it effectively prevents a debtor from exercising any right of set-off against an assignee if such right did not exist against the assignor prior to the date of assignment.

Set-Off on Insolvency

Under Article 99 of the *Código de Insolvência e Recuperação de Empresas* (the Code for the Insolvency and Recovery of Companies), implemented by Decree-Law no. 53/2004 of 18 March 2004, applicable to insolvency proceedings commenced on or after 15 September 2004, a debtor will only be able to exercise any right of set-off against a creditor after a declaration of insolvency of such creditor provided that, prior to the declaration of insolvency, (i) such set-off right existed, and (ii) the circumstances allowing set-off, as described in Article 847 of the Portuguese Civil Code were met.

Data Protection Law

Law no. 67/98 of 26 October 1998, ("**Law 67/98**", which implemented Directive 95/46/EC, of 24 October 1995) provides for the protection of individuals regarding the processing and transfer of personal data.

Pursuant to Law no. 67/98, any processing of personal data requires express consent from the data subject, unless the processing is necessary in certain specific circumstances as provided under the relevant laws.

The entity collecting and processing personal data must obtain prior authorisation from the *Comissão Nacional de Protecção de Dados* (the "**CNPD**", the Portuguese data protection authority) before processing such data.

Transfer of personal data to an entity within a European Union Member State does not require to be authorised by the CNPD but must be notified to the relevant data subjects.

SUMMARY OF PROVISIONS RELATING TO NOTES IN GLOBAL FORM

Each Class of Notes will initially be in the form of a Temporary Global Note which will be delivered on or around the Closing Date to a common safekeeper for Euroclear and Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable in whole or in part for interests in the related Permanent Global Note not earlier than forty days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected until certification of non-U.S. beneficial ownership is received by the Principal Paying Agent. Details of any exchange of a Temporary Global Note for a Permanent Global Note will be entered in the records of Euroclear and Clearstream, Luxembourg.

The Permanent Global Notes will become exchangeable in whole, but not in part, for Notes in definitive form in the denomination of €100,000 each and additional increments of €1,000 in excess thereof, at the request of the bearer of a Permanent Global Note against presentation and surrender of the Permanent Global Note to the Principal Paying Agent if any of the following events (each, an "**Exchange Event**") occurs:

- (a) an Event of Default (as set out in Condition 12 (*Events of Default*)) has occurred and is continuing; or
- (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of fourteen 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
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form.

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Receipts, Coupons and Talons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Principal Paying Agent within thirty days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Notes and the Permanent Global Notes will contain provisions which modify the Conditions of the Notes as they apply to the Temporary Global Notes and the Permanent Global Notes. The following is a summary of certain of those provisions:

Nominal Amounts

The nominal amount of the Notes represented by each Global Note shall be the aggregate amount from time to time entered in the records of both Euroclear and Clearstream, Luxembourg (in their capacity as the "**ICSDs**"). The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of the Notes and, for these purposes, a statement issued by an ICSD stating the nominal amount of the Notes at any time (which statement shall be made available to the bearer upon request) shall be conclusive evidence of the records of such ICSD at that time.

Payments

All payments in respect of the Temporary Global Notes and the Permanent Global Notes will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon)

surrender of a Temporary Global Note or (as the case may be) a Permanent Global Note at the Specified Office of the Principal Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes.

A record of each payment made on a Global Note, distinguishing between any payment of interest and principal will be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the ICSDs and represented by the relevant Global Note shall be reduced by the aggregate nominal amount of such instalment so paid. Any failure to make the entries referred to above shall not affect the discharge of the corresponding liabilities of the Issuer in respect of the Notes.

Notices

Notwithstanding the Notices Condition, while all the Notes are represented by this Permanent Global Note (or by this Permanent Global Note and a Temporary Global Note) and this Permanent Global Note is (or this Permanent Global Note and a Temporary Global Note are) kept with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any such case, such notices shall be deemed to have been given to the Noteholders in accordance with the Notices Condition on the date of delivery to Euroclear and Clearstream, Luxembourg.

Meetings

The holder of each Global Note will be treated as being two persons for the purposes of any quorum requirement of, or the right to demand a poll at, a meeting of holders of the Class A Notes or the Class B Notes or the Class C Notes as the case may be, and, at any such meeting, as having one vote in respect of each €1,000 of principal amount of Notes of the Class for which the Global Note may be exchanged.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions which (subject to completion and amendment) will be attached to each Global Note in bearer form or endorsed on each Note in definitive bearer form.

1. **General**

- 1.1 The Issuer has agreed to issue the Notes subject to the terms of the Common Representative Appointment Agreement.
- 1.2 The Paying Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.3 Certain provisions of these Conditions are summaries of the Common Representative Appointment Agreement, the Security Deed, the Co-ordination Agreement and the Paying Agency Agreement and are subject to their detailed provisions.
- 1.4 The Instrumentholders are bound by the terms of the Common Representative Appointment Agreement and are deemed to have notice of all the provisions of the Transaction Documents.
- 1.5 Copies of the Transaction Documents are available for inspection, on reasonable notice, during normal business hours at the registered office for the time being of the Common Representative and at the Specified Office of the Paying Agent, the initial Specified Offices of which are set out below.

2. **Definitions**

In these Conditions the defined terms have the meanings set out in Condition 23 (*Definitions*).

3. **Form, Denomination and Title**

3.1 **Form and Denomination**

The Notes are in bearer form in the minimum denomination of €100,000 each and in integral multiples of €1,000 in excess thereof, with Receipts and Coupons attached at the time of issue. Title to the Notes, the Coupons and the Receipts will pass by delivery.

3.2 **Title**

The holder of any Note, Coupon or Receipt shall (except as otherwise required by law) be treated as its absolute owner for all purposes (including the making of any payment) whether or not any payment is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof and no person shall be liable for so treating such holder.

3.3 **Form of Notes and Exchange**

Each Class of Notes will initially be represented by a temporary global note in bearer form, without coupons, receipts or talons, which is expected to be delivered to the Common Safekeeper for Euroclear and Clearstream, Luxembourg on or about the Closing Date. Each such Temporary Global Note will be exchangeable forty days after the later of the Closing Date and the commencement of the offering of the Notes upon certification of non-U.S. beneficial ownership for interests in a permanent global note in bearer form, without coupons, receipts or talons for the relevant Class of Notes which will also be delivered to the Common Safekeeper

for Euroclear and Clearstream, Luxembourg. Each Global Note will be in the form of a new global note.

4. **Status, Ranking and Security**

4.1 **Status**

The Notes, the Coupons and the Receipts of each Class constitute limited recourse obligations of the Issuer and the Notes and the other Issuer Obligations have the benefit of the statutory segregation under the Securitisation Law.

4.2 **Ranking**

The Notes in each Class will at all times rank *pari passu* amongst themselves without preference or priority.

4.3 **Sole Obligations**

The Notes, the Receipts and the Coupons are obligations solely of the Issuer limited to the segregated Mortgage Asset Portfolio corresponding to this transaction (as identified by the corresponding asset code awarded by the CMVM pursuant to article 62 of the Securitisation Law) and the Transaction Assets and without recourse to any other assets of the Issuer pertaining to other issuances of securitisation notes by the Issuer or to the Issuer's own funds or to the Issuer's directors, managers or shareholders and are not obligations of, or guaranteed by, any of the other Transaction Parties.

4.4 **Priorities of Payments**

Prior to the delivery of an Enforcement Notice, the Issuer is required to apply the Available Interest Distribution Amount in accordance with the Pre-Enforcement Interest Payment Priorities and the Available Principal Distribution Amount in accordance with the Pre-Enforcement Principal Payment Priorities respectively and thereafter both in accordance with the Post-Enforcement Payment Priorities.

4.5 **Pre-Enforcement Interest Payment Priorities**

Prior to the delivery of an Enforcement Notice, the Available Interest Distribution Amount determined in respect of the Collection Period ending immediately preceding the relevant Interest Payment Date will be applied by the Transaction Manager on such Interest Payment Date in making the following payments or provisions in the following order of priority, but in each case only to the extent that all payments or provisions of a higher priority that fall due to be paid or provided for on such Interest Payment Date have been made in full:

- (a) *first*, in or towards payment of the Issuer's liability to Tax, in relation to this transaction, if any;
- (b) *second*, in or towards payment of the Common Representative's Fees and the Common Representative's Liabilities;
- (c) *third*, in or towards payment of the Issuer Expenses, excluding the Issuer's liability to tax, paid under item (a) above and the Common Representative's Fees and the Common Representative's Liabilities paid under item (b) above;

- (d) *fourth*, in or towards payment *pari passu* of amounts due to the Swap Counterparty and the Cap Counterparty under the Swap Agreement and the Cap Agreement, respectively (except for such amounts as are payable (i) in connection with an early termination of the Swap Agreement and the Cap Agreement in circumstances where the Swap Counterparty and the Cap Counterparty are the Defaulting Party (as defined in the 1992 ISDA Master Agreement (Multicurrency - Cross Border)) or (ii) in relation to any collateral, Excess Collateral Amount or Return Amount due to the Swap Counterparty and to the Cap Counterparty pursuant to the Swap Agreement and the Cap Agreement respectively);
- (e) *fifth*, in or towards payment *pari passu* on a *pro rata* basis of the Interest Amount in respect of the Class A Notes, but so that interest past due will be paid before current interest;
- (f) *sixth*, in or towards reduction of the debit balance on the Class A Principal Deficiency Ledger until such balance is equal to zero;
- (g) *seventh*, in or towards payment to the Cash Reserve Account up to the Cash Reserve Account Required Balance;
- (h) *eighth*, in or towards payment *pari passu* on a *pro rata* basis of the Interest Amount in respect of the Class B Notes, but so that interest past due will be paid before current interest;
- (i) *ninth*, in or towards reduction of the debit balance on the Class B Principal Deficiency Ledger to zero;
- (j) *tenth*, in or towards payment *pari passu* of amounts due by the Issuer to the Swap Counterparty and the Cap Counterparty under the Swap Agreement and the Cap Agreement, respectively, in connection with an early termination of the Swap Agreement and the Cap Agreement in circumstances where the Swap Counterparty and the Cap Counterparty are the Defaulting Party (as defined in the 1992 ISDA Master Agreement (Multicurrency - Cross Border)) (except for such amounts as are payable in relation to any collateral, Excess Collateral Amount or Return Amount due to the Swap Counterparty and the Cap Counterparty pursuant to the Swap Agreement and the Cap Agreement);
- (k) *eleventh*, in or towards payment of the Class C Distribution Amount due and payable in respect of the Class C Notes; and
- (l) *twelfth*, in release of any balance (if any) to the Issuer or to its order,

Provided that:

- (i) if on any Interest Payment Date the Gross Cumulative Default Ratio exceeds 15 per cent., then the Available Interest Distribution Amount shall be applied on that Interest Payment Date in accordance with the Post-Enforcement Payment Priorities; and
- (ii) any payment falling due to the Swap Counterparty and the Cap Counterparty in respect of the Return Amount or the Excess Collateral Amount under the Swap Agreement and the Cap Agreement shall be made in accordance with the terms of the Swap Agreement and the Cap Agreement and shall not otherwise be subject to the priority of payments set out above.

- (iii) if, on any Interest Payment Date the Cash Reserve Account Required Balance is reduced and there is a payment made under paragraph (g) above, such payment shall be applied in an amount up to the amount of such reduction in the Cash Reserve Account Required Balance (to the extent that the payment includes amounts attributable to the reduction in the Cash Reserve Account Required Balance) in reducing the Principal Amount Outstanding of the Class C Notes.

For the avoidance of any doubt, the event above in (i) will not be an Event of Default.

4.6 **Pre-Enforcement Principal Payment Priorities**

Prior to the delivery of an Enforcement Notice, the Available Principal Distribution Amount determined by the Transaction Manager in respect of the Collection Period immediately preceding each Interest Payment Date, together with such amount of the Available Interest Distribution Amount as is credited to the Payment Account and which is applied by the Transaction Manager on the relevant Interest Payment Date in reducing the debit balance on the Class A Principal Deficiency Ledger or the Class B Principal Deficiency Ledger will be applied by the Transaction Manager on each Interest Payment Date in making the following payments in the following order of priority but in each case only to the extent that all payments of a higher priority that fall due to be paid on such Interest Payment Date have been made in full:

- a) where the Pro-Rata Test has been satisfied on such Interest Payment Date:
 - i. *first*, in or towards payment on a *pari passu* and *pro rata* basis of the Principal Amount Outstanding of the Class A Notes and the Class B Notes; and
 - ii. *second*, after redemption in full of the Mortgage-Backed Floating Rate Notes, in or towards payment of the amount to be included in the Available Interest Distribution Amount from the Available Principal Distribution Amount; and
- b) where the Pro-Rata Test has not been satisfied on such Interest Payment Date:
 - i. *first*, in or towards payment *pari passu* on a pro rata basis of the Principal Amount Outstanding of the Class A Notes until all the Class A Notes have been redeemed in full;
 - ii. *second*, in or towards payment *pari passu* on a pro rata basis of the Principal Amount Outstanding of the Class B Notes until all the Class B Notes have been redeemed in full; and
 - iii. *third*, in release of the balance (if any) to the Issuer or to its order,

Provided that, if on any Interest Payment Date the Gross Cumulative Default Ratio exceeds 15 per cent., then the Available Principal Distribution Amount shall be applied on that Interest Payment Date in accordance with the Post-Enforcement Payment Priorities.

For the avoidance of any doubt, the event above will not be an Event of Default.

4.7 **Post-Enforcement Payment Priorities**

Following the delivery of an Enforcement Notice or if on any Interest Payment Date the Gross Cumulative Default Ratio exceeds 15 per cent., all amounts received or recovered by the Issuer and/or the Common Representative will be applied by the Transaction Manager or the

Common Representative in making the following payments in the following order of priority but in each case only to the extent that all payments of a higher priority have been made in full and with the exception that amounts standing to the credit of the Cash Reserve Account will only be used to pay amounts due to items (a) through (d), (f) and (h) of the following, except on the Final Legal Maturity Date or such time as the amount standing to the credit of the Cash Reserve Account is greater than or equal to the outstanding balance of all Mortgage-Backed Floating Rate Notes:

- (a) *first*, in or towards payment *pari passu* on a *pro rata* basis of (i) any remuneration then due and payable to any receiver of the Issuer and all costs, expenses and charges incurred by such receiver, in relation to this transaction, (ii) the Common Representative's Fees and the Common Representative's Liabilities, and (iii) the Issuer liability to Tax, in relation to this transaction, if any;
- (b) *second*, in or towards payment of the Issuer Expenses excluding those paid under item (a) above;
- (c) *third*, in or towards payment *pari passu* of amounts due to the Swap Counterparty and the Cap Counterparty under the Swap Agreement and the Cap Agreement, respectively (except for such amounts as are payable (i) in connection with an early termination of the Swap Agreement and the Cap Agreement in circumstances where the Swap Counterparty and the Cap Counterparty are the Defaulting Party (as defined in the 1992 ISDA Master Agreement (Multicurrency - Cross Border)) or (ii) in relation to any collateral, Excess Collateral Amount or Return Amount due to the Swap Counterparty and to the Cap Counterparty pursuant to the Swap Agreement and the Cap Agreement respectively);
- (d) *fourth*, in or towards payment *pari passu* on a *pro rata* basis of the Interest Amount in respect of the Class A Notes, but so that interest past due will be paid before current interest;
- (e) *fifth*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class A Notes until all Class A Notes have been redeemed in full;
- (f) *sixth*, in or towards payment *pari passu* on a *pro rata* basis of the Interest Amount in respect of the Class B Notes, but so that interest past due will be paid before current interest to the extent that, if the Class A Notes have not been redeemed in full, such payment cannot be made using amounts standing to the credit of the Cash Reserve Account;
- (g) *seventh*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding of the Class B Notes until all Class B Notes have been redeemed in full;
- (j) *eight*, in or towards payment *pari passu* of amounts due by the Issuer to the Swap Counterparty and the Cap Counterparty under the Swap Agreement and the Cap Agreement, respectively, in connection with an early termination of the Swap Agreement and the Cap Agreement in circumstances where the Swap Counterparty and the Cap Counterparty are the Defaulting Party (as defined in the 1992 ISDA Master Agreement (Multicurrency - Cross Border)) (except for such amounts as are payable in relation to any collateral, Excess Collateral Amount or Return Amount due to the Swap Counterparty and the Cap Counterparty pursuant to the Swap Agreement and the Cap Agreement);

- (k) *ninth*, in or towards payment of the Class C Distribution Amount due and payable in respect of the Class C Notes;
- (l) *tenth*, in or towards payment *pari passu* on a *pro rata* basis of principal amounts due under the Class C Notes; and
- (m) *eleventh*, in release of any balance (if any) to the Issuer or to its order,

provided that any payment falling due to the Swap Counterparty or to the Cap Counterparty in respect of the Return Amount or the Excess Collateral Amount under the Swap Agreement or the Cap Agreement, respectively, shall be made in accordance with the terms of the Swap Agreement or the Cap Agreement (as applicable) and shall not otherwise be subject to the priority of payments set out above.

4.8 **Security**

As continuing security for the payment or discharge of the Secured Amounts and subject always to the right of redemption of the Issuer, the Issuer will, in favour of the Common Representative, for itself and on trust for the Noteholders and the Transaction Creditors, in accordance with the terms of the Security Deed, create a first fixed charge over the benefit of the Transaction Accounts and any other bank or other accounts in which the Issuer may at any time have or acquire any benefit in respect of this transaction.

4.9 **Enforceability**

The Security will become enforceable upon delivery by the Common Representative of an Enforcement Notice in accordance with Condition 12 (*Events of Default*) and subject to the provisions of Condition 13 (*Proceedings*).

5. **Statutory Segregation of Transaction Assets**

5.1 **Segregation under the Securitisation Law**

The Notes and any Issuer Obligations have the benefit of the statutory segregation under the Securitisation Law.

5.2 **Restrictions on Disposal of Transaction Assets**

The Common Representative shall only be entitled to dispose of the Transaction Assets upon the delivery by the Common Representative of an Enforcement Notice in accordance with Condition 12 (*Events of Default*) and subject to the provisions of Condition 13 (*Proceedings*).

6. **Issuer Covenants**

6.1 **Issuer Covenants**

So long as any Note remains outstanding, the Issuer shall comply with all the covenants of the Issuer, as set out in the Transaction Documents, including but not limited to those covenants set out in Schedule 5 of the Master Framework Agreement.

6.2 **Transaction Manager Report**

The Issuer Covenants include an undertaking by the Issuer to provide to the Common Representative, the Rating Agency and the Paying Agent or to procure that the Common

Representative, the Rating Agency and the Paying Agent are provided with the Transaction Manager Report.

6.3 Transaction Manager Report available for inspection

The Transaction Manager Report will be made available for inspection at www.bloomberg.com.

7. Interest and Class C Distribution Amount

7.1 Accrual

Each Mortgage-Backed Floating Rate Note bears interest on its Principal Amount Outstanding from the Closing Date. The Class C Notes bear an entitlement to receive the Class C Distribution Amount.

7.2 Cessation of Interest

Each Mortgage-Backed Floating Rate Note of each Class shall cease to bear interest from its due date for final redemption unless, upon due presentation, payment of the principal is improperly withheld or refused, in which case, it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of:

- (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
- (B) the day which is seven days after the date on which the Principal Paying Agent or the Common Representative has notified the Noteholders of such Class that it has received all sums due in respect of the Notes of such Class up to such seventh day (except to the extent that there is any subsequent default in payment).

7.3 Calculation Period of less than one year

Whenever it is necessary to compute an amount of interest in respect of any Mortgage-Backed Floating Rate Note for a period of less than a full year, such interest shall be calculated on the basis of the applicable Day Count Fraction.

7.4 Interest Payments

Interest on each Mortgage-Backed Floating Rate Note is payable in euro in arrears on each Interest Payment Date commencing on the First Interest Payment Date, in an amount equal to the Interest Amount in respect of such Note for the Interest Period ending on the day immediately preceding such Interest Payment Date.

7.5 Class C Distribution Amount Payments

Payment of any Class C Distribution Amount in relation to the Class C Notes is payable in euro in arrears on each Interest Payment Date commencing on the First Interest Payment Date, in an amount equal to the Class C Distribution Amount calculated as at the Calculation Date immediately preceding such Interest Payment Date and notified to the Class C Noteholders in accordance with the Notices Condition.

7.6 Calculation of Interest Amount

Upon or as soon as practicable after each Interest Determination Date, the Issuer shall calculate (or shall cause the Agent Bank to calculate) the Interest Amount payable on each Mortgage-Backed Floating Rate Note for the related Interest Period.

7.7 Calculation of Class C Distribution Amount

Upon or as soon as practicable after each Calculation Date, the Issuer shall calculate (or shall cause the Transaction Manager to calculate) the Class C Distribution Amount payable on each Class C Note for the related Interest Period.

7.8 Notification of Note Rate, Interest Amount and Interest Payment Date

As soon as practicable after each Interest Determination Date, the Agent Bank will cause:

- (A) the Note Rate for the related Interest Period;
- (B) the Interest Amount for each Class of Mortgage-Backed Floating Rate Notes for the related Interest Period; and
- (C) the Interest Payment Date next following the related Interest Period,

to be notified to the Issuer, the Transaction Manager, the Common Representative, the Swap Counterparty, the Cap Counterparty, the Principal Paying Agent, each of Euroclear and Clearstream, Luxembourg (so long as the Notes are in global form) and the other Paying Agent and, for so long as the Notes are listed on any stock exchange, such stock exchange no later than the first day of the relevant Interest Period.

7.9 Notification of Class C Distribution Amount

As soon as practicable after each Calculation Date, the Transaction Manager will cause the Class C Distribution Amount to be notified to the Issuer, the Agent Bank, the Common Representative, the Principal Paying Agent and, for so long as the Notes are listed on the Stock Exchange, such Stock Exchange.

7.10 Publication of Note Rate, Interest Amount and Interest Payment Date:

As soon as practicable after receiving each notification of the Note Rate, the Interest Amount and the Interest Payment Date in accordance with Condition 7.8 (*Notification of Note Rate, Interest Amount and Interest Payment Date*) the Issuer will cause such Note Rate and Interest Amount for each Class of the Mortgage-Backed Floating Rate Notes and the next following Interest Payment Date to be published in accordance with the Notices Condition.

7.11 Amendments to Publications

The Note Rate and the Interest Amount for each Class of the Mortgage-Backed Floating Rate Notes and the Class C Distribution Amount for the Class C Notes and the Interest Payment Date so published or notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

7.12 Determination or Calculation by Common Representative

If the Agent Bank does not at any time for any reason determine the Note Rate or the Interest Amount for each Class of the Mortgage-Backed Floating Rate Notes in accordance with this Condition, or if the Transaction Manager does not at any time for any reason determine the Class C Distribution Amount for the Class C Notes in accordance with this Condition, the Common Representative may (but without any liability accruing to the Common Representative as a result):

- (A) determine the Note Rate at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or
- (B) calculate the Interest Amount for each Class of Notes in the manner specified in this Condition; and/or
- (C) calculate the Class C Distribution Amount for the Class C Notes in the manner specified in this Condition, and any such determination and/or calculation shall be deemed to have been made by the Transaction Manager.

7.13 Deferral of Interest Amounts in Arrears

If there are any Deferred Interest Amount Arrears in respect of any Class of Mortgage-Backed Floating Rate Notes other than the Most Senior Class on any Interest Payment Date (other than the Final Legal Maturity Date), such amounts shall not be regarded as due on such date and shall accrue interest during the Interest Period in which such Interest Payment Date falls in accordance with Condition 7.15 (*Default Interest*).

7.14 Notification of Deferred Interest Amount Arrears

If, on any Calculation Date, the Issuer shall determine that any Deferred Interest Amount Arrears will arise on the immediately succeeding Interest Payment Date, notice to this effect shall be given by the Issuer in accordance with the Notices Condition, specifying the amount of the Deferred Interest Amount Arrears in respect of the relevant Class of the Mortgage-Backed Floating Rate Notes to be deferred on such following Interest Payment Date in respect of each Class of the Mortgage-Backed Floating Rate Notes.

7.15 Default Interest

Any Deferred Interest Amount Arrears shall bear interest during the period from (and including) the Interest Payment Date upon which such Deferred Interest Amount Arrears is deferred to (and excluding) the date upon which the obligations of the Issuer to pay any Deferred Interest Amount Arrears is discharged. Interest on such Deferred Interest Amount Arrears shall accrue from day to day at the Note Rate from time to time applicable to the relevant Class of the Mortgage-Backed Floating Rate Notes and shall be due and payable in accordance with Condition 7.4 (*Interest Payments*) or on such other date or dates as the Common Representative may specify by written notice to the Issuer.

7.16 Notification of Availability for Payment

The Issuer shall cause notice of the availability for payment of any Deferred Interest Amount Arrears in respect of a Class of the Mortgage-Backed Floating Rate Notes and interest thereon (and any payment date thereof) to be published in accordance with the Notices Condition.

7.17. Priority of Payment of Interest and Deferred Interest

The Issuer shall pay the Interest Amount due and payable on any Interest Payment Date prior to any Deferred Interest Amount Arrears payable on such Interest Payment Date which shall, in turn, be paid prior to any default interest on any such Deferred Interest Amount Arrears arising under Condition 7.15 (*Default Interest*) which is payable on such Interest Payment Date.

8. Final Redemption, Mandatory Redemption in part and Optional Redemption

8.1 Final Redemption

Unless previously redeemed as provided in this Condition, the Issuer shall redeem the Notes in each Class at their Principal Amount Outstanding on the Final Legal Maturity Date.

On the Interest Payment Date when the Notes are redeemed in full if the funds available to the Issuer are not sufficient to redeem the Class C Notes at their Principal Amount Outstanding, the Class C Notes shall be redeemed in full and all the claims of the Class C Noteholders for any shortfall in the Principal Amount Outstanding of the Class C Notes shall be extinguished.

8.2 Pro-Rata Mandatory Redemption in part of Mortgage-Backed Floating Rate Notes

On each Interest Payment Date prior to the delivery of an Enforcement Notice on which the Pro-Rata Test has been satisfied, the Issuer will cause any Available Principal Distribution Amount available for this purpose on such Interest Payment Date to be applied in or towards payment on a *pari passu* and *pro rata* basis of the Principal Amount Outstanding of the Mortgage-Backed Floating Rate Notes in each case in an amount rounded down to the nearest 0.01 euro and as determined on the related Calculation Date.

8.3 Sequential Mandatory Redemption in part of Mortgage-Backed Floating Rate Notes

On each Interest Payment Date after the delivery of an Enforcement Notice or on which the Pro-Rata Test has not been satisfied, the Issuer will cause any Available Principal Distribution Amount available for this purpose on such Interest Payment Date to be applied in the redemption in part of the Principal Amount Outstanding of each Class of the Mortgage-Backed Floating Rate Notes determined as at the related Calculation Date in the following amounts and in the following sequential order of priority, in each case the relevant amount being applied to each Class divided by the number of Notes outstanding in such Class:

8.3.1 in the case of each Class A Note, in an amount equal to the lesser of the Available Principal Distribution Amount and the Principal Amount Outstanding of the Class A Notes; and

8.3.2 in the case of each Class B Note, in an amount equal to the lesser of the Available Principal Distribution Amount (minus the amount to be applied in redemption of any Higher Class Notes (if any) on such Interest Payment Date) and the Principal Amount Outstanding of the Class B Notes,

in each case in an amount rounded down to the nearest 0.01 euro.

8.4 Mandatory Redemption in part of the Class C Notes

On each Interest Payment Date, the Issuer will cause the Class C Notes to be redeemed in an amount which is equal to the lesser of:

(A) the Available Interest Distribution Amount calculated as at the related Calculation Date less the aggregate of the amounts to be paid by the Issuer in respect of items (a)

to (j) of the Pre-Enforcement Interest Payment Priorities on such Interest Payment Date; and

(B) the Principal Amount Outstanding of the Class C Notes,

in each case and rounded down to the nearest Minimum Denomination and in accordance with the Pre-Enforcement Interest Payment Priorities.

8.5 Mandatory Redemption in whole of the Class C Notes

On the last Interest Payment Date (after redemption in full of all of the Mortgage-Backed Floating Rate Notes) if any Class C Distribution Amount is to be paid by the Issuer in accordance with Condition 7.5 (*Class C Distribution Amount Payments*), the Issuer will cause the Class C Notes to be redeemed in full from such Class C Distribution Amount.

8.6 Calculation of Note Principal Payments and Principal Amount Outstanding

On (or as soon as practicable after) each Calculation Date, the Issuer shall calculate (or cause the Transaction Manager to calculate):

8.6.1 the aggregate of any Note Principal Payments due in relation to each Class on the Interest Payment Date immediately succeeding such Calculation Date;

8.6.2 the Principal Amount Outstanding of each Note in each Class on the Interest Payment Date immediately succeeding such Calculation Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date in relation to such Class).

8.7 Calculations final and binding

Each calculation by or on behalf of the Issuer of any Note Principal Payment or the Principal Amount Outstanding of a Note of each Class shall in each case (in the absence of any Breach of Duty) be final and binding on all persons.

8.8 Common Representative to determine amounts in the case of a default by the Issuer

If the Issuer does not at any time for any reason calculate (or cause the Transaction Manager to calculate) any Note Principal Payment or the Principal Amount Outstanding in relation to each Class in accordance with this Condition, such amounts may be calculated by the Common Representative (without any liability accruing to the Common Representative as a result) in accordance with this Condition (based on information supplied to it by the Issuer or the Transaction Manager) and each such calculation shall be deemed to have been made by the Issuer.

8.9 Optional Redemption in whole

The Issuer may redeem all (but not some only) of the Notes in each Class at their Principal Amount Outstanding (together with accrued interest) on any Interest Payment Date:

8.9.1 when, on the related Calculation Date, the Aggregate Principal Outstanding Balance of the Mortgage Loans is equal to or less than 10 per cent. of the Aggregate Principal Outstanding Balance of all of the Mortgage Loans as at the Collateral Determination Date; or

8.9.2 falling on or after the Step-up Date; or

8.9.3 after the occurrence of a Regulatory Change with respect to the Originator;

subject to the following:

- (i) that the Issuer has given not more than sixty nor less than thirty days' notice to the Common Representative and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each Class;
- (ii) that prior to giving any such notice, the Issuer shall have provided to the Common Representative a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Mortgage-Backed Floating Rate Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Payment Priorities; and
- (iii) that the sale of the Mortgage Asset Portfolio has been agreed at then current market price. For such purposes, the Issuer shall request a firm quotation from at least three reputable entities acting in this type of business which are (A) authorised to purchase the Mortgage Asset Portfolio and (B) capable of providing firm quotations for the Mortgage Asset Portfolio at market prices. The Issuer shall obtain all valuation reports as it considers necessary in order to establish the market value of the Mortgage Asset Portfolio,

provided that if on such Interest Payment Date the funds available to the Issuer are not sufficient to redeem the Class C Notes at their Principal Amount Outstanding, the Class C Notes shall be redeemed in full and all the claims of the Class C Noteholders for any shortfall in the Principal Amount Outstanding of the Class C Notes shall be extinguished.

8.10 Optional Redemption in whole for taxation reasons

The Issuer may redeem all (but not some only) of the Notes in each Class at their Principal Amount Outstanding on any Interest Payment Date:

- 8.10.1 after the date on which, by virtue of a change in Tax law of the Issuer's Jurisdiction (or the application or official interpretation of such Tax law), the Issuer would be required to make a Tax Deduction from any payment in respect of the Notes (other than by reason of the relevant Noteholder having some connection with the Republic of Portugal, other than the holding of the Notes or related Coupons); or
- 8.10.2 after the date on which, by virtue of a change in Tax law of any applicable jurisdiction (or the application or official interpretation of such Tax law), either the Issuer, the Swap Counterparty or the Cap Counterparty would be required to make a Tax Deduction from any payment to be made by it in respect of the Swap Agreement or the Cap Agreement, respectively; or
- 8.10.3 after the date on which, by virtue of a change in the Tax law of the Issuer's Jurisdiction (or the application or official interpretation of such Tax law), the Issuer would not be entitled to relief for the purposes of such Tax law for any material amount which it is obliged to pay, or the Issuer would be treated as receiving for the purposes of such Tax law any material amount which it is not entitled to receive, under the Transaction Documents; or

8.10.4 after the date of a change in the Tax law of the Issuer's Jurisdiction (or the application or official interpretation of such Tax law) which would cause the total amount payable in respect of any Note to cease to be receivable by the Noteholders including as a result of any of the Borrowers being obliged to make a Tax Deduction in respect of any payment in relation to any Mortgage Asset or the Issuer being obliged to make a Tax Deduction in respect of any payment in relation to any Note,

subject to the following:

- (i) that the Issuer has given not more than sixty nor less than thirty days' notice to the Common Representative and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Mortgage-Backed Floating Rate Notes in each Class; and
- (ii) that the Issuer has provided to the Common Representative:
 - (a) a legal opinion (in form and substance satisfactory to the Common Representative) from a firm of lawyers in the Issuer's Jurisdiction (approved in writing by the Common Representative), opining on the relevant change in Tax law; and
 - (b) a certificate signed by two directors of the Issuer to the effect that the obligation to make a Tax Deduction cannot be avoided; and
 - (c) a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Payment Priorities;

provided that if on such Interest Payment Date the funds available to the Issuer are not sufficient to redeem the Class C Notes at their Principal Amount Outstanding, the Class C Notes shall be redeemed in full and all the claims of the Class C Noteholders for any shortfall in the Principal Amount Outstanding of the Class C Notes shall be extinguished.

8.11 Conclusiveness of certificates and legal opinions

Any certificate or legal opinion given by or on behalf of the Issuer pursuant to Condition 8.9 (*Optional Redemption in whole*) and Condition 8.10 (*Optional Redemption in whole for taxation reasons*) may be relied on by the Common Representative without further investigation and shall be conclusive and binding on the Noteholders and on the Transaction Creditors. All certificates required to be signed by the Issuer will be signed by the Issuer's directors without personal liability.

8.12 Notice of Calculation

The Issuer will cause the Transaction Manager to notify the Common Representative, the Swap Counterparty, the Cap Counterparty and the Agents of a Note Principal Payment and the Principal Amount Outstanding in relation to each Class of Notes immediately after calculation and, for so long as the Notes are listed on the Stock Exchange, the Stock Exchange and will immediately cause details of each calculation of a Note Principal Payment and a Principal Amount Outstanding in relation to each Class to be published in accordance with the Notices Condition by not later than three Business Days prior to each Interest Payment Date.

8.13. **Notice of no Note Principal Payment**

If no Note Principal Payment is due to be made on the Notes in relation to any Class on any Interest Payment Date, a notice to this effect will be given to the Noteholders in accordance with the Notices Condition by not later than three Business Days prior to such Interest Payment Date.

8.14. **Notice irrevocable**

Any such notice as is referred to in Condition 8.9 (*Optional Redemption in whole*) or Condition 8.10 (*Optional Redemption in whole for taxation reasons*) or Condition 8.12 (*Notice of Calculation*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes to which such notice relates at their Principal Amount Outstanding if effected pursuant to Condition 8.9 (*Optional Redemption in whole*) or Condition 8.10 (*Optional Redemption in whole for taxation reasons*) and in an amount equal to the Note Principal Payment calculated as at the related Calculation Date if effected pursuant to Condition 8.2 (*Pro-Rata Mandatory Redemption in part of Mortgage-Backed Floating Rate Notes*), Condition 8.3 (*Sequential Mandatory Redemption in part of Mortgage-Backed Floating Rate Notes*), Condition 8.4 (*Mandatory Redemption in part of Class C Notes*) and Condition 8.5 (*Mandatory Redemption in whole of Class C Notes*).

8.15. **No Purchase**

The Issuer may not at any time purchase any of the Notes.

9. **Limited Recourse**

Each of the Noteholders will be deemed to have agreed with the Issuer that notwithstanding any other provisions of these Conditions or the Transaction Documents, all obligations of the Issuer to the Noteholders, including, without limitation, the Issuer Obligations, are limited in recourse as set out below:

- (A) it will have a claim only in respect of the Transaction Assets and will not have any claim, by operation of law or otherwise, against, or recourse to, any of the Issuer's other assets or its contributed capital;
- (B) sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the Issuer in respect of the Transaction Assets (whether arising from an enforcement of the Security or otherwise), net of any sums which are payable by the Issuer in accordance with the Payment Priorities in priority to or *pari passu* with sums payable to such Noteholder; and
- (C) on the Final Legal Maturity Date or upon the Common Representative giving written notice to the Noteholders or any of the Transaction Creditors that it has determined in its sole opinion, and the Servicer having certified to the Common Representative, that there is no reasonable likelihood of there being any further realisations in respect of the Transaction Assets (other than the Transaction Accounts) and the Transaction Manager having certified to the Common Representative that there is no reasonable likelihood of there being any further realisations in respect of the Transaction Accounts which would be available to pay in full the amounts outstanding under the Transaction Documents and the Notes owing to such Transaction Creditors and

Noteholders, then such Transaction Creditors shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full.

10. **Payments**

10.1 **Principal**

Payments of principal shall be made only against:

- (A) (in the case of final redemption, provided that payment is made in full) presentation and surrender of the relevant Notes; and
- (B) in respect of any Note Principal Payment which becomes due on an Interest Payment Date, presentation and (in the case of payment in full) surrender of the appropriate Receipts,

at the Specified Office of any Paying Agent outside the United States, by cheque drawn in euro, or by transfer to an account in euro maintained by the payee with a bank in a city in which banks have access to the TARGET System.

10.2 **Interest on Coupons**

Payments of interest or any Class C Distribution Amount shall, subject to Condition 10.6 (*Payments on Business Days*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the specified office of any Paying Agent outside the United States in the manner described in Condition 10.1 (*Principal*).

10.3 **Payments subject to fiscal laws**

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 11 (*Taxation*), no commissions or expenses shall be charged to the holder of any Note, Coupon or Receipt in respect of such payments.

10.4 **Unmatured Receipts Void**

On the due date for final redemption of any Note pursuant to Condition 8.1 (*Final Redemption*) or early redemption of such Note pursuant to Condition 8.2 (*Pro-Rata Mandatory Redemption in part of Mortgage-Backed Floating Rate Notes*), Condition 8.3 (*Sequential Mandatory Redemption in part of Mortgage-Backed Floating Rate Notes*), Condition 8.4 (*Mandatory Redemption in part of Class C Notes*) and Condition 8.5 (*Mandatory Redemption in whole of Class C Notes*), Condition 8.9 (*Optional Redemption in whole*), Condition 8.10 (*Optional Redemption in whole for taxation reasons*) or Condition 12 (*Events of Default*), all unmaturing Receipts relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

10.5 **Unmatured Coupons Void**

On the due date for final redemption of any Note pursuant to Condition 8.2 (*Pro-Rata Mandatory Redemption in part of Mortgage-Backed Floating Rate Notes*), Condition 8.3 (*Sequential Mandatory Redemption in part of Mortgage-Backed Floating Rate Notes*), Condition 8.4 (*Mandatory Redemption in part of Class C Notes*), Condition 8.5 (*Mandatory Redemption in whole of Class C Notes*), Condition 8.9 (*Optional Redemption in whole*),

Condition 8.10 (*Optional Redemption in whole for taxation reasons*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

10.6 **Payments on Business Days**

If the due date for payment of any amount in respect of any Notes or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in the place of presentation on which banks are open for business in such place of presentation and shall not be entitled to any further interest or other payment in respect of any such delay.

10.7 **Business Days**

In this Condition 10, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in euro in such place of presentation and, in the case of payment by transfer to an account in euro, as referred to above, on which dealings in euro may be carried on both in London and in such place of presentation and in which the TARGET System is open.

10.8 **Payments other than in respect of matured Coupons**

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the specified office of any Paying Agent outside the United States.

10.9 **Endorsement of payments**

If a Paying Agent makes a payment in respect of any Instrument (otherwise than against presentation and surrender of a Coupon) or a partial payment in respect of any Coupon presented to it for payment, such Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make the appropriate entries in their records to reflect such payment.

10.10 **Exchange of Talons**

On or after the Interest Payment Date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Notes (each, a "**Coupon Sheet**"), the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 17 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

10.11 **Notifications to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them), the Paying Agent, the Agent Bank or the Common Representative shall (in the absence of any gross negligence, wilful default, fraud or manifest error) be binding on the Issuer and all Noteholders and Couponholders and Transaction Creditors and (in the absence of any gross negligence, wilful default or fraud) no liability to the Common Representative, the Noteholders or the Couponholders shall attach to the Reference Banks, the Agents, or the Common Representative in connection with the exercise or non exercise by them or any of them of their powers, duties and discretions under this Condition 10.

11. **Taxation**

11.1 **Payments free of Tax**

All payments of principal and interest in respect of the Instruments shall be made free and clear of, and without withholding or deduction for, any Taxes unless the Issuer, the Common Representative or any Paying Agent (as the case may be) is required by law to make any such payment subject to any such withholding or deduction. In that event, the Issuer, the Common Representative, or any Paying Agent (as the case may be) shall be entitled to withhold or deduct the required amount for or on account of Tax from such payment and shall account to the relevant Tax Authorities for the amount so withheld or deducted.

11.2 **No payment of additional amounts**

Neither the Issuer, the Common Representative, nor the Paying Agent will be obliged to pay any additional amounts to Instrumentholders in respect of any Tax Deduction made in accordance with Condition 11.1 (*Taxation - Payments Free of Tax*) above.

11.3 **Taxing Jurisdiction**

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Portugal, references in these Conditions to the Republic of Portugal shall be construed as references to the Republic of Portugal and/or such other jurisdiction.

11.4 **Tax Deduction not Event of Default**

Notwithstanding that the Common Representative, the Issuer or any Paying Agent is required to make a Tax Deduction in accordance with in Condition 11.1 (*Taxation - Payments Free of Tax*) above this shall not constitute an Event of Default.

12. **Events of Default**

12.1 **Events of Default**

Subject to the other provisions of this Condition, each of the following events shall be treated as an "**Event of Default**":

- (A) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes within five days of the due date for payment of such principal or, fails to pay any amount of interest in respect of the Class A Notes within ten days of the due date for payment of such interest; or
- (B) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Common Representative Appointment Agreement, the Security Deed or in respect of the Issuer Covenants and such default is (a) in the opinion of the Common Representative, incapable of remedy or (b) being a default which is, in the opinion of the Common Representative, capable of remedy, remains unremedied for thirty days or such longer period as the Common Representative may agree after the Common Representative has given written notice of such default to the Issuer; or
- (C) *Issuer Insolvency*: an Insolvency Event occurs with respect to the Issuer, or.

- (D) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Common Representative Appointment Agreement.

12.2 **Delivery of Enforcement Notice**

If an Event of Default occurs and is continuing, the Common Representative may at its absolute discretion and shall if so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of outstanding Notes or if so directed by a Resolution of the holders of the Most Senior Class of outstanding Notes deliver an Enforcement Notice to the Issuer.

12.3 **Conditions to delivery of Enforcement Notice**

Notwithstanding Condition 12.2 (*Delivery of an Enforcement Notice*) the Common Representative shall not be obliged to deliver an Enforcement Notice unless:

- (A) in the case of the occurrence of any of the events mentioned in Condition 12.1(B) (*Breach of other obligations*), the Common Representative shall have certified in writing that the occurrence of such event is in its opinion materially prejudicial to the interests of the Noteholders; and
- (B) in any case it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

12.4 **Consequences of delivery of Enforcement Notice**

Upon the delivery of an Enforcement Notice, the Notes of each Class shall become immediately due and payable without further action or formality at their Principal Amount Outstanding together with any accrued interest and any Deferred Interest Amount Arrears.

13. **Proceedings**

13.1 **Proceedings**

After the occurrence of an Event of Default, the Common Representative may at its absolute discretion, and without further notice, institute such proceedings as it thinks fit to enforce its rights under the Notes and the Common Representative Appointment Agreement in respect of the Notes of each Class and under the other Transaction Documents, in any case acting to serve the best interests of the Noteholders as a class, but it shall not be bound to do so unless:

- (A) so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of outstanding Notes; or
- (B) so directed by a Resolution of the Noteholders of the Most Senior Class of outstanding Notes;

and in any such case, only if it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13.2 **Directions to the Common Representative**

Without prejudice to Condition 13.1, the Common Representative shall not be bound to take any action described in Condition 13.1 (*Proceedings*) and may take such action without having regard to the effect of such action on individual Noteholders, Receiptholders or Couponholders

or any other Transaction Creditor. The Common Representative shall have regard to the Noteholders of each Class as a Class and, for the purposes of exercising its rights, powers, duties or discretions, the Common Representative shall have regard only to the Most Senior Class of Notes then outstanding, provided that so long as any of the Most Senior Class of Notes are outstanding, the Common Representative shall not, and shall not be bound to, act at the request or direction of the Noteholders of any other Class of Notes unless:

- (A) to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of all the Classes of Notes ranking senior to such other Class; or
- (B) (if the Common Representative is not of that opinion) such action of each Class is sanctioned by a Resolution of the Noteholders of the Class or Classes of the Notes ranking senior to such other Class.

13.3 **Restrictions on disposal of Transaction Assets**

If an Enforcement Notice has been delivered by the Common Representative, the Common Representative will only be entitled to dispose of the Mortgage Asset Portfolio to a Portuguese securitisation fund (FTC) or to another Portuguese securitisation company (STC) or to the Originator in accordance with the Securitisation Law.

14. **No action by Noteholders, Couponholders or any other Transaction Party**

14.1 The Noteholders may be restricted from proceeding individually against the Issuer and the Transaction Assets or to enforce the Security or otherwise seek to enforce the Issuer's Obligations, where such action or actions, taken on an individual basis, contravene a Resolution of the Noteholders.

14.2 Furthermore, and to the extent permitted by Portuguese Law, only the Common Representative may pursue the remedies available under the general law or under the Common Representative Appointment Agreement against the Issuer and the Transaction Assets and, other than as permitted in this Condition 14.2, no Transaction Creditor (other than the Common Representative) shall be entitled to proceed directly against the Issuer and the Transaction Assets or to enforce the Security or otherwise seek to enforce the Issuer's Obligations. In particular, each Transaction Creditor agrees with and acknowledges to each of the Issuer and the Common Representative, and the Common Representative agrees with and acknowledges to the Issuer that:

- (A) none of the Transaction Creditors other than the Common Representative (nor any person on their behalf) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Common Representative to take any proceedings against the Issuer or take any proceedings against the Issuer unless the Common Representative, having become bound to serve an Enforcement Notice or having been requested in writing or directed by a Resolution of the Noteholders in accordance with Condition 13.1 (*Proceedings*) to take any other action to enforce its rights under the Notes and the Common Representative Appointment Agreement and under the other Transaction Documents (such obligation a "**Common Representative Action**"), fails to do so within thirty days of becoming so bound or of having been so requested or directed and that failure is continuing (in which case each of the Noteholders and the Transaction Creditors shall (subject to Conditions 14.2(C) and 14.2(D)) be entitled to take any such steps and proceedings as it shall deem necessary in respect of the Issuer);

- (B) none of the Transaction Creditors other than the Common Representative (nor any person on their behalf) shall have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to any of such Transaction Parties unless the Common Representative, having become bound to take a Common Representative Action, fails to do so within thirty days of becoming so bound and that failure is continuing (in which case each of the Noteholders and the Transaction Creditors shall (subject to Conditions 14.2(C) and 14.2(D)) be entitled to take any such steps and proceedings as it shall deem necessary in respect of the Issuer);
- (C) until the date falling two years after the Final Discharge Date none of the Transaction Creditors nor any person on their behalf (including the Common Representative) shall initiate or join any person in initiating any Insolvency Event or the appointment of any insolvency official in relation to the Issuer; and
- (D) none of the Transaction Creditors shall be entitled to take or join in the taking of any steps or proceedings which would result in the Payment Priorities not being observed.

14.3 Common Representative and Agents

In the exercise of its powers and discretions under these Conditions and the Common Representative Appointment Agreement, the Common Representative will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of the Notes of any such Class of Notes as a result of such holders being connected in any way with a particular territory or taxing jurisdiction provided that:

- (A) so long as any of the Class A Notes are outstanding, if there is a conflict of interest between the interests of the holders of the Class A Notes and the interests of the holders of the Class B Notes and/or the Class C Notes, the Common Representative shall only have regard to the interests of the holders of the Class A Notes;
- (B) after the Class A Notes have been redeemed in full, if there is a conflict of interest between the interests of the holders of the Class B Notes and the interests of the holders of the Class C Notes, the Common Representative shall only have regard to the interests of the holders of the Class B Notes;

provided further that, while any Notes of a Class ranking senior to any other Class of Notes are then outstanding, the Common Representative shall not and shall not be bound to, act at the request or direction of the Noteholders of any other Class of Notes unless:

- (A) to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of all the Classes of Notes ranking senior to such other Class; or
- (B) (if the Common Representative is not of that opinion) such action of each Class is sanctioned by a Resolution of the Noteholders of the Class or Classes of the Notes ranking senior to such other Class.

In a number of circumstances set out in the Transaction Documents, the Common Representative is given a right to take any action or to omit to take any action where it determines that a particular matter is or is not materially prejudicial to the interests of Noteholders and/or the other Transaction Creditors. In determining whether any matter is or is not materially prejudicial to the interests of Noteholders and/or the other Transaction Creditors the Common Representative shall be entitled to assume that the matter will not be materially

prejudicial to the interests of Noteholders and/or the other Transaction Creditors if it does not adversely affect the Rating of the Most Senior Class of Notes.

- 14.4 In accordance with article 65.3 of the Securitisation Law the power of replacing the Common Representative and appointing a substitute common representative shall be vested in the Noteholders and no person shall be appointed to act as a substitute common representative without a previous Resolution for such purpose having been approved.

15. **Meetings of Noteholders**

15.1 **Convening**

The Common Representative Appointment Agreement contains Provisions for Meetings of Noteholders for convening separate or combined meetings of Noteholders of any Class to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Common Representative Appointment Agreement and the circumstances in which modifications may be made if sanctioned by a Resolution.

15.2 **Separate and combined meetings**

The Common Representative Appointment Agreement provides that (subject to Condition 15.6 (*Relationship between Classes*)):

- (A) a Resolution which in the opinion of the Common Representative affects the Notes of only one Class shall be transacted at a separate meeting of the Noteholders of that Class;
- (B) a Resolution which in the opinion of the Common Representative affects the Noteholders of more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the holders of another Class of Notes may be transacted either at separate meetings of the Noteholders of each such Class or at a single meeting of the Noteholders of all such Classes of Notes as the Common Representative shall determine in its absolute discretion; and
- (C) a Resolution which in the opinion of the Common Representative affects the Noteholders of more than one Class and gives rise to any actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate meetings of the Noteholders of each such Class.

15.3 **Request from Noteholders**

A meeting of Noteholders of a particular Class may be convened by the Common Representative or the Issuer at any time and must be convened by the Common Representative (subject to its being indemnified and/or secured to its satisfaction) upon the request in writing of Noteholders of a particular Class holding not less than five per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes of that Class.

15.4 **Quorum**

The quorum at any Meeting convened to vote on:

- (A) a Resolution not regarding a Reserved Matter, relating to a meeting of a particular Class or Classes of the Notes, will be any person or persons holding or representing such Class or Classes of Notes whatever the Principal Amount Outstanding of the Notes then outstanding held or represented at the Meeting; and
- (B) a Resolution regarding a Reserved Matter, relating to a Meeting of a particular Class or Classes of the Notes, will be any person or persons holding or representing at least 50 per cent. of the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes or, at any adjourned Meeting, any person holding or representing such Class or Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented.

15.5 Majorities

The majorities required to pass a Resolution at any meeting convened in accordance with these rules shall be:

- (A) if in respect to a Resolution not regarding a Reserved Matter, the majority of the votes cast at the relevant meeting; or
- (B) if in respect to a Resolution regarding a Reserved Matter (which must be proposed separately to each Class of Noteholders), at least 50 per cent. of the Principal Amount Outstanding of the Notes then outstanding in the relevant Class or Classes or, at any adjourned meeting two-thirds of the votes cast at the relevant meeting.

15.6 Relationship between Classes

In relation to each Class of Notes:

- (A) no Resolution involving a Reserved Matter that is passed by the holders of one Class of Notes shall be effective unless it is sanctioned by a Resolution of the holders of each of the other Classes of Notes (to the extent that there are outstanding Notes in each such other Classes);
- (B) no Resolution to approve any matter other than a Reserved Matter of any Class of Notes shall be effective unless it is sanctioned by a Resolution of the holders of each of the other Classes of Notes then outstanding ranking senior to such Class to the extent that there are Notes outstanding ranking senior to such Class unless the Common Representative considers that none of the holders of each of the other Classes of Notes ranking senior to such Class, would be materially prejudiced by the absence of such sanction; and
- (C) any Resolution passed at a Meeting of Noteholders of one or more Classes of Notes duly convened and held in accordance with the Common Representative Appointment Agreement shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not voting and upon all Couponholders of such Class or Classes and Receiptholders of such Class or Classes and, except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other Classes of Notes and the holders of the Coupons and Receipts relating thereto.

15.7 Resolutions in writing

A Written Resolution shall take effect as if it were a Resolution.

16. **Modification and Waiver**

16.1 **Modification**

The Common Representative may at any time and from time to time, without the consent or sanction of the Noteholders or any other Transaction Creditor, concur with the Issuer and any other relevant Transaction Creditor in making:

- (A) any modification to the Notes, these Conditions or any of the other Transaction Documents in relation to which the consent of the Common Representative is required (other than in respect of a Reserved Matter or any provision of the Notes, these Conditions or any of the Transaction Documents referred to in the definition of a Reserved Matter), which, in the opinion of the Common Representative will not be materially prejudicial to the interests of (i) the holders of the Most Senior Class of Notes then outstanding and (ii) any of the Transaction Creditors, unless in the case of (ii) such Transaction Creditors have given their prior written consent to any such modification; or
- (B) any modification, other than a modification in respect of a Reserved Matter, to the Notes, these Conditions or any of the Transaction Documents in relation to which the consent of the Common Representative is required, if, in the opinion of the Common Representative, such modification is of a formal, minor, administrative or technical nature, results from mandatory provisions of Portuguese law or is made to correct a manifest error or an error which, to the satisfaction of the Common Representative, is proven,

provided that the Rating Agency has confirmed in writing that the making of any such modification will not affect the Rating of the Notes and notice thereof has been delivered to the Noteholders in accordance with the Notices Condition only to the extent the Common Representative requires such notice to be given.

16.2 **Waiver**

In addition, the Common Representative may, at any time and from time to time, in its discretion, without prejudice to its rights in respect of any subsequent breach, condition, event or act, without the consent or sanction of the Noteholders or the Transaction Creditors, concur with the Issuer and any other relevant Transaction Creditor in authorising or waiving on such terms and subject to such conditions (if any) as it may decide, a proposed breach or breach by the Issuer of any of the covenants or provisions contained in the Common Representative Appointment Agreement, the Notes or the other Transaction Documents (other than in respect of a Reserved Matter or any provision of the Notes, the Common Representative Appointment Agreement or such other Transaction Document referred to in the definition of a Reserved Matter) which, in the opinion of the Common Representative will not be materially prejudicial to the interests of (i) the holders of the Most Senior Class of Notes then outstanding (which will be the case if any such authorisation or waiver does not result in an adverse effect on the Ratings of such Class of Notes) and (ii) any of the Transaction Creditors, unless such Transaction Creditors have given their prior written consent to any such authorisation or waiver, (provided that it may not and only the Noteholders may by Resolution determine that any Event of Default shall not be treated as such for the purposes of the Common

Representative Appointment Agreement, the Notes or any of the other Transaction Documents).

16.3 Restriction on power to waive

The Common Representative shall not exercise any powers conferred upon it by Condition 16.2 (*Waiver*) in contravention of any of the restrictions set out therein or any express direction by a Resolution of the holders of the Most Senior Class of Notes then outstanding or of a request or direction in writing made by the holders of not less than 50 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding, but no such direction or request (a) shall affect any authorisation or waiver previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the holders of each Class of Notes then outstanding has, by Resolution, so authorised such proposed breach or breach.

16.4 Notification

Unless the Common Representative otherwise agrees, the Issuer shall cause any such consent, authorisation, waiver, modification or determination to be notified to the Rating Agency and the other relevant Transaction Creditors in accordance with the Notices Condition and the Transaction Documents, as soon as practicable after it has been made.

16.5 Binding Nature

Any consent, authorisation, waiver, determination or modification referred to in Condition 16.1 (*Modification*) or Condition 16.2 (*Waiver*) shall be binding on the Instrumentholders and the other Transaction Creditors.

17. Prescription

17.1 Principal

Claims for principal in respect of the Notes shall become void unless the relevant Notes are presented for payment within twenty years of the appropriate Relevant Date.

17.2 Interest

Claims for interest in respect of the Notes and any Class C Distribution Amount, shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

18. Replacement of Notes and Coupons

If any Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

19. Common Representative and Agents

19.1 Common Representative's right to Indemnity

Under the Transaction Documents, the Common Representative is entitled to be indemnified by the Issuer and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders and the other Transaction Creditors. The Common Representative shall not be required to do anything which would require it to risk or expend its own funds. In addition, the Common Representative is entitled to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Charged Property and/or any of their subsidiary or associated companies and to act as common representative for the holders of any other securities issued by or relating to the Issuer without accounting for any profit and to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such role. For the avoidance of doubt, the Common Representative will not be obliged to enforce the provisions of the Common Representative Appointment Agreement unless it is directed to do so by the Noteholders and unless it is indemnified to its satisfaction.

19.2 Common Representative not responsible for loss or for monitoring

The Common Representative will not be responsible for any loss, expense or liability which may be suffered as a result of the Transaction Assets, the Charged Property or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Servicer or by any person on behalf of the Common Representative. The Common Representative shall not be responsible for monitoring the compliance by any of the other Transaction Parties (including the Issuer, the Transaction Manager and the Servicer) with their obligations under the Transaction Documents and the Common Representative shall assume, until it has actual knowledge to the contrary, that such persons are properly performing their duties.

The Common Representative shall have no responsibility (other than arising from its wilful default, gross negligence or fraud) in relation to the legality, validity, sufficiency, adequacy and enforceability of the Security or the Transaction Documents.

The Common Representative will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Charged Property, or any deeds or documents of title thereto, being uninsured or inadequately insured.

19.3 Regard to classes of Noteholders

In the exercise of its powers and discretions under these Conditions and the Common Representative Appointment Agreement and the other Transaction Documents, the Common Representative will have regard to the interests of each class of Noteholders as a class and will not be responsible for any consequence for individual Instrumentholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction.

19.4 Paying Agent solely agents of Issuer

In acting under the Paying Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Common Representative and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

19.5 Initial Paying Agent

The Issuer reserves the right (with the prior written approval of the Common Representative) to vary or terminate the appointment of any Agent and to appoint a successor paying agent or agent bank and additional or successor paying agents at any time, having given not less than thirty days notice to such Agent and the Common Representative.

19.6 **Maintenance of Agents**

The Issuer shall at all times maintain a Paying Agent in accordance with any requirements of any Stock Exchanges on which the Notes are or may from time to time be listed, a principal paying agent and an agent bank. The Issuer will maintain a paying agent in a EU Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with the Notices Condition.

20. **Notices**

20.1 **Valid Notices**

Any notice to Noteholders shall be validly given if such notice is either:

- (A) published in a newspaper of daily circulation in Ireland or, if any of such newspapers shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Common Representative shall approve having a general circulation in Europe; or
- (B) published on a page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Common Representative and as has been notified to the Noteholders in accordance with the Notices Condition (the "**Relevant Screen**")

provided that for so long as any of the Notes are listed on any stock exchange and the rules of such stock exchange so require, such notice will be published in a newspaper of daily circulation in accordance with the requirements of such stock exchange.

20.2 **Date of publication**

Any notices so published shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required or on the Relevant Screen.

20.3 **Other Methods**

The Common Representative shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the Stock Exchange (if any) on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Common Representative shall require.

20.4 **Couponholders deemed to have notice**

The Couponholders and Receiptholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

21. **Governing Law and Jurisdiction**

21.1 **Governing law**

The Common Representative Appointment Agreement and the Notes are governed by, and shall be construed in accordance with, Portuguese law.

21.2 **Jurisdiction**

The courts of Lisbon are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with the Notes may be brought in such courts.

22. **Issue of Other Series**

The Issuer will be entitled (but not obliged) at its sole option from time to time without the consent of the Noteholders and the other Transaction Creditors to raise funds in any currency by the creation and issue of notes of another series which will be collateralised by further assets acquired by the Issuer which do not form part of the Transaction Assets.

23. **Definitions**

"**Accounts Agreement**" means the account agreement relating to the Transaction Accounts dated on or about the Closing Date and made between the Issuer, the Accounts Bank and the Common Representative;

"**Accounts Bank**" means HSBC, in its capacity as the bank at which the Transaction Accounts are held in accordance with the terms of the Accounts Agreement acting through its office at 8 Canada Square, London E14 5HQ, United Kingdom;

"**Agent Bank**" means HSBC, in its capacity as the agent bank in respect of the Notes in accordance with the Paying Agency Agreement acting through its office at 8 Canada Square, London E14 5HQ, United Kingdom;

"**Agents**" means the Agent Bank and the Paying Agent and "**Agent**" means any one of them;

"**Aggregate Principal Outstanding Balance**" means, with respect to all Mortgage Assets at any time, the aggregate amount of the Principal Outstanding Balance of each Mortgage Loan;

"**Ancillary Mortgage Rights**" means, in respect of each Mortgage Loan and its Mortgage:

- (a) any advice, report, valuation, opinion, certificate, undertaking, or other statement of fact or of law or opinion given in connection with such Mortgage Loan or Mortgage to the extent transferable;
- (b) any related Insurance Policies;
- (c) all monies and proceeds other than principal payable or to become payable under, in respect of or pursuant to such Mortgage Loan and its related Mortgage;
- (d) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of the Originator contained in or relating to such Mortgage Loan or

Mortgage including, without limitation, those contained in the relevant Mortgage Asset Agreement; and

- (e) all causes and rights of action (present and future) against any person relating to such Mortgage Loan or Mortgage including, without limitation, such causes and rights of action arising under the relevant Mortgage Asset Agreement and including the benefit of all powers and remedies for enforcing or protecting the Originator's right, title, interest and benefit in respect of such Mortgage Loan or Mortgage,

but so that Ancillary Mortgage Rights shall not include any Excluded Rights;

"Arranger" means HSBC Bank plc;

"Assets" means the Assigned Mortgage Rights, the benefit of the Payment Account and the Cash Reserve Account and the benefit of the Transaction Documents;

"Assigned Mortgage Rights" means the Mortgage Asset Portfolio, including the Mortgage Assets and the Receivables assigned to the Issuer by the Originator in accordance with the terms of the Mortgage Sale Agreement;

"Auditor" means Ernst & Young;

"Authorised Investments" means any investment:

- (a) denominated in euro or other demand or time deposits and liquidity funds in respect of which a security interest can be created pursuant to the Security Deed;
- (b) which complies with Article 3 of CMVM Regulation no. 12/2002;
- (c) which has a rating of, or (in the case of a bank account or term deposit) is held at or made with an institution having a minimum rating by the Rating Agency equal to "A-1", or "A+" if no short term rating is available;
- (d) in any other obligation, which would not adversely affect the Ratings; or
- (e) which matures, or (in the case of a bank account) from which amounts deposited may be withdrawn at any time without penalty, before the next Interest Payment Date;

"Available Interest Distribution Amount" means, in respect of any Interest Payment Date, the amount calculated by the Transaction Manager on the Calculation Date immediately preceding such Interest Payment Date equal to the sum of:

- (a) any Interest Collection Proceeds and other interest amounts received by the Issuer as interest payments under the Mortgage Assets during the Collection Period immediately preceding such Interest Payment Date;
- (b) the payment (if any) (other than payment of collateral) received from the Swap Counterparty or the Cap Counterparty on such Interest Payment Date under the Swap Agreement or the Cap Agreement, respectively;
- (c) where the proceeds or estimated proceeds of disposal or, on maturity, the maturity proceeds of any Authorised Investment received in relation to the relevant Collection Period exceeds the original cost of such Authorised Investment, the amount of such excess together with interest thereon;

- (d) all amounts standing to the credit of the Cash Reserve Account except that such amounts cannot be used to make payments in regards to item (f) of the Pre-Enforcement Interest Payment Priorities;
- (e) the amount of any Principal Draw Amount to be made on such Interest Payment Date to cover any Payment Shortfall in respect of such Interest Payment Date;
- (f) interest accrued and credited to the Transaction Accounts during the relevant Collection Period;
- (g) any portion of the Available Principal Distribution Amount remaining after the redemption in full of the Mortgage-Backed Floating Rate Notes; less
- (h) any Withheld Amount;

"Available Principal Distribution Amount" means, in respect of any Interest Payment Date, the amount calculated by the Transaction Manager as at the Calculation Date immediately preceding such Interest Payment Date as being equal to:

- (a) the amount of any Principal Collection Proceeds to be received by the Issuer as principal payments under the Mortgage Assets during the Collection Period immediately preceding such Interest Payment Date; plus
- (b) such amount of the Available Interest Distribution Amount as is credited to the Payment Account and which is applied by the Transaction Manager on such Interest Payment Date in reducing the debit balance on the Class A Principal Deficiency Ledger or the Class B Principal Deficiency Ledger; less
- (c) the amount of any Principal Draw Amount to be made on such Interest Payment Date;

"Banif" means Banif - Banco Internacional do Funchal, S.A.;

"Banif Investimento" means Banif - Banco de Investimento, S.A.;

"Banif Group" means Banif Comercial SGPS, S.A. and its subsidiaries or affiliates for the time being;

"Borrower" means, in respect of any Mortgage Loan, the related borrower or borrowers or other person or persons who is or are under any obligation to repay that Mortgage Loan, including any guarantor of such borrower and "Borrowers" means all of them;

"Breach of Duty" means in relation to any person, a wilful default, fraud, illegal dealing, negligence or breach of any agreement or trust by such person;

"Business Day" means any day which is a TARGET Day, a Lisbon Business Day and a day on which banks are open for business in London;

"Calculation Date" means the last Lisbon Business Day of January, April, July and October in each year, the first Calculation Date being the last Lisbon Business Day of January 2009;

"Cap Agreement" means the Cap ISDA Master Agreement and the Cap Transaction;

"Cap Counterparty" means HSBC Bank plc, in its capacity as cap counterparty in accordance with the terms of the Cap Transaction or such other cap counterparty appointed in accordance with the terms of the Cap Transaction;

"**Cap CSA**" means the 1995 Credit Support Annex (Transfer - English Law) to be entered into by the Issuer and the Cap Counterparty as of the Closing Date;

"**Cap ISDA Master Agreement**" means the 1992 ISDA Master Agreement (multicurrency cross border), the schedule, to be entered into by the Issuer and the Cap Counterparty as of the Closing Date, and the Cap CSA;

"**Cap Transaction**" means the interest rate cap agreement to be documented by an interest rate cap confirmation pursuant to the Cap ISDA Master Agreement and to be entered into by the Issuer and the Cap Counterparty as of the Closing Date;

"**Cash Reserve Account**" means the account established with the Accounts Bank, or such other bank to which the Cash Reserve Account may be transferred, in the name of the Issuer, into which, on the Closing Date, an amount equal to the Initial Cash Reserve Amount will be credited;

"**Cash Reserve Account Required Balance**" means 3.95 per cent. of the Original Principal Amount Outstanding of the Mortgage-Backed Floating Rate Notes on the Closing Date and, thereafter, on each Interest Payment Date, the Cash Reserve Account Required Balance on the immediately preceding Interest Payment Date, provided that, on each Interest Payment Date falling on or after the First Interest Payment Date on which the balance of the Cash Reserve Account is equal to or greater than 7.90 per cent. of the Principal Amount Outstanding of the Mortgage-Backed Floating Rate Notes on such date and if the following conditions are satisfied:

- (a) at least three years have passed since the Closing Date;
- (b) there are no debits outstanding to any Principal Deficiency Ledger;
- (c) the amount standing to the credit of the Cash Reserve Account at the previous Interest Payment Date was equal to or greater than the Cash Reserve Account Required Balance as at such date;
- (d) the aggregate Principal Outstanding Balance of the Mortgage Loans included in the Mortgage Asset Portfolio which are ninety days or more in arrears does not exceed 10 per cent. of the aggregate Principal Outstanding Balance of all the Mortgage Loans included in the Mortgage Asset Portfolio; and
- (e) the Gross Cumulative Default Ratio Test is satisfied,

then the Cash Reserve Account Required Balance will mean an amount equal, on such Interest Payment Date, to the greater of 1.97 per cent. of the Original Principal Outstanding Balance of the Mortgage Loans and 7.90 per cent. of the Current Principal Outstanding Balance of the Mortgage Loans.

"**Charged Property**" means all the property of the Issuer which is subject to the Security;

"**Class**" or "**class**" means the Class A Notes, the Class B Notes, and the Class C Notes as the context may require, and "**Classes**" or "**classes**" shall be construed accordingly;

"**Class A Coupons**" means the interest coupons related to the Class A Definitive Notes in or substantially in the form set out in Part 2 of Schedule 3 to the Common Representative Appointment Agreement and for the time being outstanding or, as the context may require, a specific number of such coupons;

"Class A Definitive Notes" means any Class A Notes issued in definitive bearer form;

"Class A Notes" means the €558,600,000 Class A Mortgage-Backed Floating Rate Notes due 2061 issued by the Issuer on the Closing Date;

"Class A Permanent Global Note" means any permanent global note representing any Class A Notes in, or substantially in, the form set out in Schedule 2 to the Common Representative Appointment Agreement;

"Class A Principal Deficiency Ledger" means the principal deficiency ledger created and maintained by the Transaction Manager in accordance with the Transaction Management Agreement, so that the debit balance on such principal deficiency ledger is not greater than the aggregate Principal Amount Outstanding of the Class A Notes;

"Class A Receipts" means the principal receipts related to the Class A Definitive Notes;

"Class A Temporary Global Note" means any temporary global note representing any Class A Notes in, or substantially in, the form set out in Schedule 1 to the Common Representative Appointment Agreement;

"Class B Coupons" means the interest coupons related to the Class B Definitive Notes in or substantially in the form set out in Part 2 of Schedule 3 to the Common Representative Appointment Agreement and for the time being outstanding or, as the context may require, a specific number of such coupons;

"Class B Definitive Notes" means any Class B Notes issued in definitive bearer form;

"Class B Notes" means the €41,400,000 Class B Mortgage-Backed Floating Rate Notes due 2061 issued by the Issuer on the Closing Date;

"Class B Permanent Global Note" means any permanent global note representing any Class B Notes in, or substantially in, the form set out in Schedule 2 to the Common Representative Appointment Agreement;

"Class B Principal Deficiency Ledger" means the principal deficiency ledger created and maintained by the Transaction Manager in accordance with the Transaction Management Agreement, so that the debit balance on such principal deficiency ledger is not greater than the aggregate Principal Amount Outstanding of the Class B Notes;

"Class B Receipts" means the principal receipts related to the Class B Definitive Notes;

"Class B Temporary Global Note" means any temporary global note representing any Class B Notes in, or substantially in, the form set out in Schedule 1 to the Common Representative Appointment Agreement;

"Class C Coupons" means the Class C Distribution Amount coupons related to the Class C Definitive Notes in or substantially in the form set out in Part 2 of Schedule 3 to the Common Representative Appointment Agreement and for the time being outstanding or, as the context may require, a specific number of such coupons;

"Class C Definitive Notes" means any Class C Notes issued in definitive bearer form;

"Class C Distribution Amount" means in relation to an Interest Payment Date:

- (a) other than the last Interest Payment Date on which a Class C Distribution Amount is to be paid in respect of the Class C Notes, the Available Interest Distribution Amount calculated as at the related Calculation Date less the aggregate of the amounts to be paid by the Issuer in respect of Paragraphs (a) to (j) of the Pre-Enforcement Interest Payment Priorities on such Interest Payment Date; and
- (b) which is the last Interest Payment Date or such other date on which amounts are to be paid in respect of the Class C Notes:
 - (i) the Principal Amount Outstanding of the Class C Notes as at such Interest Payment Date or such other date as applicable; and
 - (ii) the Available Interest Distribution Amount calculated as at the related Calculation Date less (A) the aggregate of the amounts to be paid by the Issuer in respect of Paragraphs (a) to (j) of the Pre-Enforcement Interest Payment Priorities on such Interest Payment Date or, the aggregate of the amounts to be paid by the Issuer in respect of Clauses (a) to (h) of the Post-Enforcement Payment Priorities, as applicable and (B) the Principal Amount Outstanding of the Class C Notes as at such Interest Payment Date or such other date as applicable;

"Class C Notes" means the €23,700,000 Class C Notes due 2061 issued by the Issuer on the Closing Date;

"Class C Notes Purchase Agreement" means the agreement so named to be entered into on the Closing Date between the Issuer and the purchaser of the Class C Notes;

"Class C Notes Purchaser" means Banif;

"Class C Permanent Global Note" means any permanent global note representing any Class C Notes in, or substantially in, the form set out in Schedule 2 to the Common Representative Appointment Agreement;

"Class C Receipts" means the principal receipts related to the Class C Definitive Notes;

"Class C Temporary Global Note" means any temporary global note representing any Class C Notes in, or substantially in, the form set out in Schedule 1 of the Common Representative Appointment Agreement;

"Clean-up Call Date" means the Interest Payment Date on which the Aggregate Principal Outstanding Balance of the Mortgage Loans is equal to or less than 10 per cent. of the Aggregate Principal Outstanding Balance of all of the Mortgage Loans as at the Collateral Determination Date;

"Clearstream, Luxembourg" means Clearstream Banking Société Anonyme, Luxembourg;

"Closing Date" means 30 October 2008;

"CLTV" means, in respect of all Mortgage Loans relating to a Borrower and secured on the same property, the ratio calculated in respect of an Interest Payment Date, of the aggregate amount of the Principal Outstanding Balance of such Mortgage Loans on such Interest Payment Date to the most recent valuation of the relevant property, provided that the CLTV as at the Closing Date is calculated as the ratio of the aggregate amount of the Principal Outstanding

Balance of such Mortgage Loans on the Collateral Determination Date to the most recent valuation of the relevant property;

"**CMVM**" means "*Comissão do Mercado de Valores Mobiliários*", the Portuguese Securities Market Commission;

"**Collateral Determination Date**" means 31 August 2008;

"**Collection Account**" means the account in the name of the Originator at the Collection Account Bank, utilised for the time being by the Originator and/or the Servicer in relation to Collections on the Mortgage Assets or, with the prior written consent of the Issuer, such other account or accounts as may for the time being be in addition thereto or substituted therefor and designated as a Collection Account;

"**Collection Account Bank**" means Banif or, with the prior written consent of the Issuer, such other bank or banks as may for the time being be nominated by the Originator and/or the Servicer in addition thereto;

"**Collection Payment Date**" means each Lisbon Business Day of each month or, if Collections are received after 3:00 p.m., the next Lisbon Business Day;

"**Collection Period**" means the period commencing on (but excluding) a Calculation Date and ending (and including) on the next succeeding Calculation Date, and, in the case of the first Collection Period, commencing on (and including) the Collateral Determination Date and ending on (and including) the next Calculation Date;

"**Collection Proceeds**" means the Interest Collection Proceeds and the Principal Collection Proceeds.

"**Collections**" means, in relation to any Mortgage Asset, all cash collections, and other cash proceeds thereof including any and all (a) principal, interest, late payment, early payment or similar charges which the Originator, or where the Originator is no longer the Servicer, the Servicer applies in the ordinary course of its business to amounts owed in respect of such Mortgage Asset, (b) Liquidation Proceeds and (c) Repurchase Proceeds;

"**Common Representative**" means Deutsche Trustee Company Limited in its capacity as initial representative of the Noteholders pursuant to Article 65 of the Securitisation Law and in accordance with the terms and conditions of the Notes and the terms of the Common Representative Appointment Agreement and any replacement common representative or common representative appointed from time to time under the Common Representative Appointment Agreement;

"**Common Representative Appointment Agreement**" means the agreement so named to be entered into on the Closing Date between the Issuer and the Common Representative;

"**Common Representative's Fees**" means the fees payable by the Issuer to the Common Representative in accordance with the Common Representative Appointment Agreement;

"**Common Representative's Liabilities**" means any Liabilities due to the Common Representative in accordance with the terms of the Common Representative Appointment Agreement together with interest payable in accordance with the terms of the Common Representative Appointment Agreement;

"Common Safekeeper" means Euroclear Bank S.A./N.V., as common safekeeper for Euroclear and Clearstream, Luxembourg;

"Conditions" means the terms and conditions to be endorsed on the Notes, in or substantially in the form set out in Schedule 1 of the Common Representative Appointment Agreement, as any of them may from time to time be modified in accordance with the Common Representative Appointment Agreement and any reference to a particular numbered Condition shall be construed in relation to the Notes accordingly;

"Co-ordination Agreement" means the agreement so named to be entered into on the Closing Date between the Issuer, the Originator, the Servicer, the Transaction Manager, the Accounts Bank, the Principal Paying Agent, the Paying Agent, the Agent Bank, the Swap Counterparty, the Cap Counterparty and the Common Representative;

"Couponholders" means the persons who for the time being are holders of the Coupons;

"Coupons" means, the Class A Coupons, the Class B Coupons, and the Class C Coupons;

"Current Principal Outstanding Balance" means in relation to any Mortgage Loan the Principal Outstanding Balance of such Mortgage Loan on the relevant date;

"Day Count Fraction" means in respect of an Interest Period, the actual number of days in such period divided by three-hundred and sixty;

"Deemed Principal Loss" means (without double-counting a Mortgage Asset under (a) and (b) below), in relation to any Mortgage Asset on any Calculation Date:

- (a) in respect of which no Liquidation Proceeds have yet been realised and which is not a Written-off Mortgage Asset by reason of having been so classified by the Servicer:
 - (i) on the date on which twelve or more monthly instalments have not been paid when due and which remain outstanding, an amount equal to 25 per cent. of the Principal Outstanding Balance of such Mortgage Asset determined as at such Calculation Date; and
 - (ii) on the date on which twenty-four or more monthly instalments have not been paid when due and which remain outstanding, an amount equal to 50 per cent. of the Principal Outstanding Balance of such Mortgage Asset determined as at such Calculation Date; and
 - (iii) on the date on which thirty-six or more monthly instalments have not been paid when due and which remain outstanding, and amount equal to 100 per cent. of the Principal Outstanding Balance of such Mortgage Asset determined as at such Calculation Date;
- (b) in respect of which Liquidation Proceeds have been realised or which is a Written-off Mortgage Asset by reason of having been so classified by the Servicer, the Principal Outstanding Balance (which shall not be deemed to be zero) of such Mortgage Asset less the sum of all Collections, Repurchase Proceeds and other recoveries, if any, on such Mortgage Asset, which will be applied first to outstanding expenses incurred with respect to such Mortgage Asset, then to accrued and unpaid interest and, finally, to principal;

"Defaulted Mortgage Asset" means any Mortgage Asset which is not a Written-off Mortgage Asset in respect of which twelve or more monthly instalments, or four or more quarterly instalments, or two or more semi-annual instalments have not been paid when due and which remain outstanding;

"Deferred Interest Amount Arrears" means, in respect of each class (other than the Class A Notes) on any Interest Payment Date, any Interest Amount in respect of such class which is due but not paid as at such date;

"Definitive Notes" means any Notes issued in definitive bearer form;

"Deposited Notes" means Notes that are certified by the Paying Agent to have been deposited with the Paying Agent (or to its order at a bank or other depository) or blocked in an account with a clearing system;

"Encumbrance" means:

- (a) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person or granting any security to a third party; or
- (b) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

"Enforcement Notice" means a notice delivered by the Common Representative to the Issuer in accordance with the Condition 12 (*Events of Default*) which declares the Notes to be immediately due and payable;

"Enforcement Procedures" means the exercise, according to the Servicer's Operating Procedures, of rights and remedies against a Borrower in respect of such Borrower's obligations arising from any Mortgage Asset in respect of which such Borrower is in default;

"EURIBOR" means, as applicable, the Euro Screen Rate or the Euro Reference Rate;

"Euro", **"€"** or **"euro"** means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty;

"Euro Reference Rate" means, on any Interest Determination Date, the rate determined by the Agent Bank by reference to the Euro Screen Rate on such date, or if, on such date, the Euro Screen Rate is unavailable:

- (a) the Rounded Arithmetic Mean of the offered quotations, as at or about 11.00 a.m. (Brussels time) on that date, of the Reference Banks to leading banks for Euro-zone interbank market for euro deposits for three months in the Representative Amount (provided that, in relation to the Interest Determination Date for the first Interest Period, it shall be the result of the interpolation between the offered quotations for euro deposits for three and four months), determined by the Agent Bank after request of the principal Euro-zone office of each of the Reference Banks; or
- (b) if, on such date, two or three only of the Reference Banks provide such quotations, the rate determined in accordance with paragraph (a) above on the basis of the quotations of those Reference Banks providing such quotations; or
- (c) if, on such date, one only or none of the Reference Banks provide such a quotation, the Rounded Arithmetic Mean of the rates quoted, as at or about 11.00 a.m. (Brussels time)

on such Interest Determination Date, by leading banks in the Euro-zone for loans in euros for three months in the Representative Amount (provided that, in relation to the Interest Determination Date for the first Interest Period, it shall be the result of the interpolation between the offered quotations for three and four months) to leading European banks, determined by the Agent Bank after request of the principal office in the principal financial centre of the relevant Participating Member State of each such leading European bank;

"Euro Screen Rate" means, in relation to an Interest Determination Date, the offered quotations for euro deposits for three months by reference to the Screen as at or about 11.00 a.m. (Brussels time) on that date, provided that, in relation to the Interest Determination Date for the first Interest Period, it shall be the result of the interpolation between the offered quotations for euro deposits for three and four months by reference to the Screen as at or about 11.00 a.m. (Brussels time) on that date;

"Event of Default" means any one of the events specified in Condition 12 (*Events of Default*);

"Excess Collateral Amount" means an amount equal to the value of the collateral (or the applicable part of any collateral) provided by the Swap Counterparty or the Cap Counterparty to the Issuer in respect of the Swap Counterparty's or the Cap Counterparty's obligations to transfer collateral to the Issuer under the Swap Agreement (as a result of the ratings downgrade provisions in the Swap Agreement) or the Cap Agreement (as a result of the ratings downgrade provisions in the Cap Agreement), respectively, which is in excess of the Swap Counterparty's or the Cap Counterparty's liability to the Issuer under the Swap Agreement or the Cap Agreement, respectively, as at the date of termination of the transaction under the Swap Agreement or the Cap Agreement, or which the Swap Counterparty or the Cap Counterparty is otherwise entitled to have returned to it under the terms of the Swap Agreement or the Cap Agreement, respectively.

"Exchange Date" means, in relation to each Temporary Global Note, the first day following the expiry of forty days after the date of issue of such Note;

"Excluded Rights" means, in relation to any Receivable and related Mortgage Loan, any rights which relate to fees payable by a Borrower to the Originator in relation to such Receivable and the related Mortgage Loan in connection with any (i) late payment penalties and similar charges; (ii) early payment penalties and similar charges and/or (iii) fees due in connection with an amendment or variation of the relevant Mortgage Loan and which would, but for this exception, constitute Ancillary Mortgage Rights;

"Final Discharge Date" means the date on which the Common Representative is satisfied that all Secured Amounts and/or all other monies and other liabilities due or owing by the Issuer in connection with the Notes have been paid or discharged in full;

"Final Legal Maturity Date" means 20 August 2061;

"First Interest Payment Date" means 20 February 2009;

"GAMMA" means GAMMA - Sociedade de Titularização de Créditos, S.A., a limited liability company incorporated under the laws of Portugal, as a special purpose vehicle for the purposes of issuing asset-backed securities, with share capital of €250,000,00 and having its registered office at Rua Tierno Galvan, Torre 3, 14.º, in Lisbon, registered with the Commercial Registry of Lisbon under its tax number 507 599 292.

"Global Notes" means the Permanent Global Notes and the Temporary Global Notes, each in the form of a new global note;

"Gross Cumulative Default Ratio" means as at any Calculation Date, the Aggregate Principal Outstanding Balance of the Mortgage Assets which have become Defaulted Mortgage Assets since the Collateral Determination Date divided by the Aggregate Principal Outstanding Balance of the Mortgage Assets as at the Collateral Determination Date, calculated by the Servicer and reported in the Quarterly Servicer Report.

"Gross Cumulative Default Ratio Test" means that the Gross Cumulative Default Ratio is less than 3.5 per cent. when three years have passed since the Closing Date, 5.5 per cent. when five years have passed since the Closing Date and 7.5 per cent. when seven years have passed since the Closing Date.

"Hedging Agreements" means the Swap Agreement and the Cap Agreement;

"Hedging Transactions" means the Swap Transaction and the Cap Transaction;

"Higher Class Notes" means, in relation to a class of Notes (other than the Class A Notes), each class of Notes ranking ahead of such class of Notes in the Pre-Enforcement Interest Payment Priorities, the Pre-Enforcement Principal Payment Priorities or the Post-Enforcement Payment Priorities (as the case may be);

"Holder" means the bearer of a Note and the words **"holders"** and related expressions shall (where appropriate) be construed accordingly;

"HSBC" means HSBC Bank plc, having its registered office at 8 Canada Square, London E14 5HQ, United Kingdom;

"ICSDs" means each of Euroclear and Clearstream, Luxembourg;

"Incorrect Payments" means a payment incorrectly paid or transferred to the Payment Account, identified as such by the Servicer and confirmed by the Transaction Manager;

"Initial Cash Reserve Amount" means an amount equal to €23,700,000 to be paid on the Closing Date from the proceeds of the issue of the Class C Notes into the Cash Reserve Account;

"Insolvency Event" in respect of a natural person or entity means:

- (a) the initiation of, or consent to any Insolvency Proceedings by such person or entity;
- (b) the initiation of Insolvency Proceedings against such a person or entity and such proceeding is not contested in good faith on appropriate legal advice;
- (c) the application (and such application is not contested in good faith on appropriate legal advice) to any court for, or the making by any court of, a bankruptcy, an insolvency or an administration order against such person or entity;
- (d) the enforcement of, or any attempt to enforce (and such attempt is not contested in good faith on appropriate legal advice) any security over the whole or a material part of the assets and revenues of such a person or entity;
- (e) any distress, execution, attachment or similar process (and such process, if contestable, is not contested in good faith on appropriate legal advice) being levied or enforced or

imposed upon or against any material part of the assets or revenues of such a person or entity;

- (f) the appointment by any court of a liquidator, provisional liquidator, administrator, administrative receiver, receiver or manager, common representative, trustee or other similar official in respect of all (or substantially all) of the assets of such a person or entity generally; or
- (g) the making of an arrangement, composition or reorganisation with the creditors of such a person or entity;

"Insolvency Proceedings" means:

- (a) the presentation of any petition for the bankruptcy or insolvency of a natural person (whether such petition is presented by such person or another party); or
- (b) the winding-up, dissolution or administration of an entity,

and shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such person or entity is ordinarily resident or incorporated (as the case may be) or of any jurisdiction in which such person or entity may be liable to such proceedings;

"Instalment Due Date" means in relation to any Mortgage Asset the original date on which each monthly instalment, quarterly instalment or semi annual instalment (as the case may be) is due and payable under the relevant Mortgage Asset Agreement;

"Instruments" means the Temporary Global Notes, the Permanent Global Notes, the Definitive Notes, the Coupons, the Receipts and the Talons and **"Instrument"** means any of them;

"Instrumentholders" means the persons who for the time being are the holders of the Instruments;

"Insurance Policies" means the insurance policies taken out by Borrowers in respect of Mortgage Assets and the related Properties regarding which the Originator is also a beneficiary and any other insurance contracts of similar effect in replacement, addition or substitution therefore from time to time and **"Insurance Policy"** means any one of those insurance policies;

"Interest Amount" means, in respect of a Mortgage-Backed Floating Rate Note for any Interest Period, the aggregate of:

- (a) the amount of interest calculated on the related Interest Determination Date in respect of such Mortgage-Backed Floating Rate Note for such Interest Period by multiplying the Principal Amount Outstanding of such Mortgage-Backed Floating Rate Note on the Interest Payment Date next following such Interest Determination Date by the relevant Note Rate and multiplying the amount so calculated by the relevant Day Count Fraction and rounding the resultant figure to the nearest 0.01 euro; and
- (b) in the case of each Mortgage-Backed Floating Rate Note (other than the Class A Notes) the Deferred Interest Amount Arrears in respect of such Mortgage-Backed Floating Rate Note on the preceding Interest Payment Date, together with accrued interest on such arrears in accordance with Condition 7.15 (*Default Interest*); and

- (c) in relation to a Class of Mortgage-Backed Floating Rate Notes for any Interest Period, the aggregate amount in paragraph (a) above, of all notes in such Class of Mortgage-Backed Floating Rate Notes for such Interest Period;

"Interest Collection Proceeds" means, in respect of any Business Day, the portion of the aggregate amount that stands to the credit of the relevant Collection Account that relates to the Interest Component of the Mortgage Assets;

"Interest Component" means in respect of any Collections:

- (a) all interest collected and to be collected thereunder from and including the Collateral Determination Date which shall be determined, in respect of the Mortgage Assets, on the basis of the rate of interest specified in the relevant Mortgage Asset Agreement;
- (b) all Liquidation Proceeds in respect of the Mortgage Assets allocated to interest;
- (c) all Collections with respect to a Mortgage Asset that relate to principal where, and to the extent of, a debit balance recorded on the Principal Deficiency Ledger with respect to such Mortgage Asset;
- (d) all Collections in respect of Written-off Mortgage Assets;
- (e) all Repurchase Proceeds allocated to interest; and
- (f) all interest accrued and credited to the Payment Account in the Collection Period ending immediately prior to the related Calculation Date;

"Interest Determination Date" means each day which is two Business Days prior to an Interest Payment Date, and, in relation to an Interest Period, the **"related Interest Determination Date"** means, the Interest Determination Date immediately preceding the commencement of such Interest Period;

"Interest Payment Date" means the 20th day of February, May, August and November in each year commencing on the First Interest Payment Date until the Final Legal Maturity Date (inclusive), provided that if any such day is not a Business Day, it shall be the immediately succeeding Business Day unless it would as a result fall into the next calendar month, in which case it will be brought forward to the next preceding Business Day;

"Interest Period" means each period from (and including) an Interest Payment Date (or the Closing Date) to (but excluding) the next (or First) Interest Payment Date and, in relation to an Interest Determination Date, the "related Interest Period" means the Interest Period next commencing after such Interest Determination Date;

"Issue Price" means, in respect of the Mortgage-Backed Floating Rate Notes, an amount equal to 100 per cent. of the aggregate Principal Amount Outstanding of such Notes on the Closing Date and in respect of the Class C Notes, an amount equal to 102.616 per cent. of the aggregate Principal Amount Outstanding of such Notes on Closing Date;

"Issuer" means GAMMA;

"Issuer Covenants" has the meaning given to such term in Condition 6 (*Issuer Covenants*);

"Issuer Expenses" means any fees, liabilities and expenses, in relation to this transaction, payable by the Issuer to the Servicer (or any successor), the Transaction Manager (or any

successor), any Paying Agent (including the Principal Paying Agent), the Accounts Bank, the Agent Bank, the Swap Counterparty, the Cap Counterparty, the ICSDs, the Common Representative (or any appointee or delegate of the Common Representative), the Common Safekeeper, the Listing Agent, in respect of any director's fees or emoluments and any Third Party Expenses that would be paid or provided for by the Issuer on the next Interest Payment Date, including the Issuer Fixed Transaction Revenue;

"Issuer Fixed Transaction Revenue" means an amount equal to 0.015 per cent. per annum of the Principal Amount Outstanding of the Notes on the relevant Interest Payment Date payable in arrears on each Interest Payment Date, subject to a minimum amount of €10,000 per quarter;

"Issuer-ICSDs Agreement" means the agreement dated on or about the Closing Date between the Issuer and the ICSDs;

"Issuer Obligations" means the aggregate of all moneys and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Noteholders or the other Transaction Creditors under the Transaction Documents;

"Issuer's Jurisdiction" means the Republic of Portugal;

"Joint Lead Managers" means Banif Investimento and HSBC;

"Lending Criteria" means the lending criteria set out in the Operating Procedures;

"Liabilities" means in respect of any person, any losses, liabilities, damages, costs, awards, expenses (including properly incurred legal fees) and penalties incurred by that person together with any VAT thereon;

"Liquidation Proceeds" in relation to a Mortgage Asset means the net proceeds of realisation of such Mortgage Asset including those arising from the sale or other disposition of other collateral or property of the related Borrower or any other party directly or indirectly liable for payment of the Receivables related to such Mortgage Asset and available to be applied thereon;

"Lisbon Business Day" means any day on which banks are open for business in Lisbon;

"Main Market" means the main market of the Stock Exchange;

"Master Framework Agreement" means the Agreement so named dated on or about the Closing Date and initialled for the purpose of identification by each of the Transaction Parties;

"Material Adverse Effect" means, a material adverse effect on the validity or enforceability of any of the Transaction Documents or, in respect of a Transaction Party, a material adverse effect on:

- (a) the business, operations, property, condition (financial or otherwise) of such Transaction Party to the extent that such effect would, with the passage of time or the giving of notice, be likely to impair such Transaction Party's performance of its obligations under any of the Transaction Documents;
- (b) the Transaction Documents;
- (c) the rights or remedies of such Transaction Party under any of the Transaction Documents including the accuracy of the representations and warranties given by such party thereunder; or

- (d) in the context of the Assigned Mortgage Rights, a material adverse effect on the interests of the Issuer or the Common Representative in the Assets;

"Material Term" means, in respect of any Mortgage Asset Agreement, any provision thereof on the date on which the Mortgage Asset is assigned to the Issuer relating to (i) the maturity date of the Mortgage Asset, (ii) the ranking of the Mortgage provided by the relevant Borrower, (iii) the spread over the index used to determine the rate of interest thereunder, (iv) the Principal Outstanding Balance of such Mortgage Loan and (v) the amortisation profile of such Mortgage Asset.

"Meeting" means a meeting of Noteholders of any class or classes (whether originally convened or resumed following an adjournment);

"Minimum Short-Term Rating" means in respect of any entity, such person's short term unsecured, unsubordinated, unguaranteed debt obligations being rated at least "A-1" by S&P;

"Mortgage" means, in respect of any Mortgage Loan, the charge created over the relevant Property together with all other Encumbrances or guarantees the benefit of which is vested in the Originator as security for the repayment of that Mortgage Loan;

"Mortgage Asset" means any Mortgage Loan, its Mortgage and its Ancillary Mortgage Rights assigned by the Originator to the Issuer;

"Mortgage Asset Agreement" means, in respect of a Mortgage Asset, the public deed by which the Mortgage was granted and which includes the loan agreement and all other agreements or documentation relating to that Mortgage Asset;

"Mortgage Asset Portfolio" means the Mortgage Loans and the related Mortgages, Ancillary Mortgage Rights and Receivables specified in the information records identified in Schedule 6 of the Mortgage Sale Agreement as updated from time to time to reflect the additions of Substitute Mortgage Assets and the removal of Retired Mortgage Assets;

"Mortgage Asset Warranty" means any of the warranties given by the Originator in respect of the Mortgage Asset Portfolio in Schedule 2 of the Mortgage Sale Agreement;

"Mortgage-Backed Floating Rate Notes" means the Class A Notes and the Class B Notes;

"Mortgage Loan" means the aggregate advances made by the Originator to the relevant Borrower by way of a loan and from time to time outstanding;

"Mortgage Sale Agreement" means the agreement so named to be entered into on the Closing Date and made between the Originator and the Issuer;

"Mortgage Servicing Agreement" means an agreement so named to be entered into on the Closing Date between the Servicer, the Collection Account Bank and the Issuer;

"Most Senior Class" means, the Class A Notes whilst they remain outstanding and thereafter the Class B Notes whilst they remain outstanding and thereafter the Class C Notes whilst they remain outstanding;

"Note Principal Payment" means, any payment to be made or made by the Issuer in accordance with Condition 8.2 (*Pro-Rata Mandatory Redemption in part of Mortgage-Backed Floating Rate Notes*), Condition 8.3 (*Sequential Mandatory Redemption in part of Mortgage-*

Backed Floating Rate Notes), Condition 8.4 (*Mandatory Redemption in part of Class C Notes*) and Condition 8.5 (*Mandatory Redemption in whole of the Class C Notes*);

"**Note Rate**" means, in respect of each class of Mortgage-Backed Floating Rate Notes for each Interest Period, the Euro Reference Rate determined as at the related Interest Determination Date plus the Relevant Margin in respect of such class;

"**Notes**" means the Class A Notes, the Class B Notes, and the Class C Notes;

"**Noteholders**" means the persons who for the time being are the holders of the Notes;

"**Notices Condition**" means Condition 20 (*Notices*);

"**Notification Event**" means:

- (a) the delivery by the Common Representative of an Enforcement Notice to the Issuer in accordance with the Conditions;
- (b) the occurrence of an Insolvency Event in respect of the Originator;
- (c) the termination of the appointment of Banif as servicer in accordance with the terms of the Mortgage Servicing Agreement; and/ or
- (d) if the Originator is required to deliver a Notification Event Notice by the laws of the Portuguese Republic;

"**Notification Event Notice**" means a notice substantially in the form set out in Schedule 4 of the Mortgage Sale Agreement.

"**Operating Procedures**" means the operating procedures applicable to the Originator currently in force (as amended, varied or supplemented from time to time in accordance with the Mortgage Servicing Agreement);

"**Original Principal Amount Outstanding**" means the Principal Amount Outstanding on the Closing Date;

"**Original Principal Outstanding Balance**" means in relation to any Mortgage Loan the Principal Outstanding Balance of such Mortgage Loan on the Closing Date;

"**Originator**" means Banif;

"**Originator Warranty**" means each statement of the Originator contained in Schedule 2 to the Mortgage Sale Agreement and "**Originator's Warranties**" means all of those statements;

"**Outstanding**" means, in relation to the Instruments, all the Instruments other than:

- (a) those which have been redeemed and cancelled in full in accordance with their respective Conditions;
- (b) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Common Representative or the Principal Paying Agent in the manner provided for in the Paying Agency Agreement (and, where appropriate, notice to that effect has been given to the Instrumentholders in accordance with

the Notices Condition) and remain available for payment in accordance with the Conditions;

- (c) those which have become void under the Conditions;
- (d) those mutilated or defaced Instruments which have been surrendered or cancelled and those Instruments which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Instruments have been issued pursuant to the Conditions; and
- (e) any Temporary Global Note, to the extent that it shall have been exchanged for a Permanent Global Note of the same class or any Permanent Global Note, to the extent that it shall have been exchanged for the related Definitive Notes pursuant to the provisions contained therein and their respective Conditions;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of Instrumentholders;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 17 (*Waiver*), Clause 18 (*Modification*), Clause 20 (*Proceedings and Actions by the Common Representative*), Clause 28 (*Appointment of Common Representative*) and Clause 29 (*Notice of New Common Representative*) of the Common Representative Appointment Agreement and Condition 12 (*Event of Default*), Condition 13 (*Proceedings*) and Condition 15 (*Meetings of Noteholders*) and the Provisions for Meetings of Noteholders; and
- (iii) any discretion, power or authority, whether contained in the Common Representative Agreement or provided by law, which the Common Representative is required to exercise in or by reference to the interests of the Noteholders or any of them,

those Instruments (if any) which are for the time being held by or for the benefit of the Issuer, the Originator, the Servicer or the Transaction Manager shall (unless and ceasing to be so held) be deemed not to remain outstanding;

"Participating Member State" means at any time any member state of the European Union that has adopted the euro as its lawful currency in accordance with the Treaty;

"Paying Agency Agreement" means the agreement so named dated on or about the Closing Date between the Issuer, the Agents, and the Common Representative;

"Paying Agent" means the paying agent named in the Paying Agency Agreement together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Paying Agency Agreement;

"Payment Account" means the account in the name of the Issuer and maintained at the Accounts Bank (or such other bank to which the Payment Account may be transferred) and into which Collections are transferred by the Servicer;

"Payment Priorities" means the Pre-Enforcement Interest Payment Priorities, the Pre-Enforcement Principal Payment Priorities and the Post-Enforcement Payment Priorities, as the case may be;

"Payment Shortfall" means, as at any Interest Payment Date, an amount equal to the greater of:

- (a) zero; and
- (b) the aggregate of the amounts required to pay or provide in full on such Interest Payment Date for the items falling in (a) to (e) of the Pre-Enforcement Interest Payment Priorities less the amount of the Available Interest Distribution Amount calculated in respect of such Interest Period but before taking into account any Principal Draw Amount;

"Permanent Global Notes" means the Class A Permanent Global Note, the Class B Permanent Global Note, and the Class C Permanent Global Note;

"Post-Enforcement Payment Priorities" means the provisions relating to the order of payment priorities set out in Condition 4.7 (*Post-Enforcement Payment Priorities*) and in Clause 14 (*Post-Enforcement Payment Priorities*) of the Security Deed;

"Pre-Enforcement Interest Payment Priorities" means the provisions relating to the order of payment priorities set out in Condition 4.5 (*Pre-Enforcement Interest Payment Priorities*) and in Paragraph 22 (*Pre-Enforcement Interest Payment Priorities*) of Schedule 2 to the Transaction Management Agreement;

"Pre-Enforcement Payment Priorities" means the Pre-Enforcement Interest Payment Priorities and the Pre-Enforcement Principal Payment Priorities as the case may be;

"Pre-Enforcement Principal Payment Priorities" means the provisions relating to the order of payment priorities set out in Condition 4.6 (*Pre-Enforcement Principal Payment Priorities*) and in Paragraph 23 (*Pre-Enforcement Principal Payment Priorities*) of Schedule 2 to the Transaction Management Agreement;

"Principal Amount Outstanding" means, on any day:

- (a) in relation to a Note, the principal amount of that Note upon issue less the aggregate amount of any principal payments in respect of that Note which have become due and payable on or prior to that day;
- (b) in relation to a class, the aggregate of the amount in (a) in respect of all Notes outstanding in such class; and
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of class;

"Principal Collection Proceeds" means, in respect of any Business Day, the portion of the aggregate amount that stands to the credit of the relevant Collection Account that relates to the Principal Component of the Mortgage Assets;

"Principal Component" in respect of any Collections:

- (a) all cash collections and other cash proceeds of any Mortgage Asset in respect of principal collected or to be collected thereunder from the Collateral Determination Date including repayments and prepayments of principal thereunder and similar charges allocated to principal (other than such amounts as are referred to in item (d) of the definition of "Interest Component");

- (b) all Liquidation Proceeds in respect of such Mortgage Asset (other than Liquidation Proceeds arising after such Mortgage Asset becomes a Written-off Mortgage Asset) allocated to principal (other than such amounts as are referred to in item (d) of the definition of "Interest Component"); and
- (c) all Repurchase Proceeds allocated to principal;

"Principal Deficiency Ledgers" means the Class A Principal Deficiency Ledger and the Class B Principal Deficiency Ledger;

"Principal Draw Amount" means in relation to any Interest Payment Date the amount (if any) of the Available Principal Distribution Amount which is to be utilised by the Issuer to reduce or eliminate any Payment Shortfall on such Interest Payment Date being the aggregate amount determined on the related Calculation Date of the amount by which the Issuer would be unable to make payment in full of items (a) to (e) of the Pre-Enforcement Interest Priorities;

"Principal Outstanding Balance" means in relation to any Mortgage Loan and on any date, the aggregate of:

- (a) the original principal amount advanced to the Borrower; plus
- (b) any other disbursement, legal expense, fee or charge capitalised; plus
- (c) any further advance of principal to the Borrower; less
- (d) any repayments of the amounts in (a), (b) and (c) above,

provided that, in respect of any Written-off Mortgage Asset, the Principal Outstanding Balance will be deemed to be zero;

"Principal Paying Agent" means HSBC in its capacity as the principal paying agent in respect of the Notes;

"Pro-Rata Test" means that on a Calculation Date, falling after the date which is three years after the Closing Date, the Transaction Manager has determined that:

- (a) the Principal Amount Outstanding of the Class A Notes as at the immediately succeeding Interest Payment Date after payments of any principal in respect thereof have been made will be less than or equal to 75 per cent. of the Principal Amount Outstanding of the Class A Notes as at the Closing Date; and
- (b) the balance of the Cash Reserve Account as at the immediately succeeding Interest Payment Date after any replenishment thereof will be equal to the Cash Reserve Account Required Balance as at such Interest Payment Date; and
- (c) the Aggregate Principal Outstanding Balance of the Mortgage Loans in the Mortgage Asset Portfolio in arrears by not less than ninety days as at such Calculation Date is less than 10 per cent. of the Principal Outstanding Balance of the Mortgage Loans in the Mortgage Asset Portfolio as at the such date;
- (d) the aggregate Principal Amount Outstanding of the Mortgage-Backed Floating Rate Notes, as at the relevant date, is greater than 10 per cent. of the aggregate Principal Amount Outstanding at the Closing Date;
- (e) the Principal Deficiency Ledgers are equal to zero; and

(f) the Gross Cumulative Default Ratio Test is satisfied;

"**Property**" means, in relation to any Mortgage Loan, the property upon which the repayment of such Mortgage Loan is secured by the corresponding Mortgage and "**Properties**" means any of them;

"**Property Deeds**" means, in respect of a Property, the official land registry certificates or other documents evidencing definitive title to the Property and the Mortgage;

"**Prospectus**" means the Prospectus dated the Signing Date prepared in connection with the issue by the Issuer of the Notes;

"**Provisions for Meetings of Noteholders**" means the provisions contained in Schedule 9 of the Common Representative Appointment Agreement;

"**Purchase Price**" means the amount payable by the Issuer to the Originator pursuant to Clause 3.2 (*Consideration for Mortgage Asset Portfolio*) of the Mortgage Sale Agreement;

"**Quarterly Servicer Report**" means the report so named relating to the Mortgage Assets to be delivered by the Servicer to the Issuer, the Transaction Manager and the Joint Lead Managers pursuant to paragraph 22 of Schedule 1 to the Mortgage Servicing Agreement in the form set out in Schedule 5 thereto or as otherwise specified from time to time by the Transaction Manager.

"**Rating**" means the then current rating of the Class A Notes given by the Rating Agency and "**Ratings**" shall be construed accordingly;

"**Rating Agency**" means S&P or any successor entity thereto;

"**Receiptholders**" means the persons who for the time being are holders of the Receipts;

"**Receipts**" means the Class A Receipts, the Class B Receipts and the Class C Receipts;

"**Receivables**" means the Principal Component and the Interest Component;

"**Receiver**" means any receiver, manager, receiver and manager or administrative receiver appointed in respect of the Issuer by the Common Representative in accordance with Clause 17 (*Appointment and Removal of Administrator and Receiver*) of the Security Deed;

"**Reference Bank**" means the principal Euro-zone office of each of the four major banks selected by the Agent Bank from time to time;

"**Regulatory Change**" means a change published on or after the Closing Date in the Basle Capital Accord promulgated by the Basle Committee on Banking Supervision (the "**Basle Accord**") or in the international, European or Portuguese regulations, rules or instructions (including the solvency regulations and transfer of credit risk rules for securitisation transactions issued by the Bank of Portugal) (the "**Bank Regulations**") applicable to the Originator (including any change in the Bank Regulations enacted for purposes of implementing a change to the Basle Accord) or a change in the manner in which the Basle Accord or such Bank Regulations are interpreted or applied by the Basle Committee on Banking Supervision or by any relevant competent international, European or Portuguese body (including, but not limited to, the Bank of Portugal or any other competent regulatory or supervisory authority) which, in the reasonable opinion of the Originator, may adversely affect

the rate of return on its capital and/or increase the cost and/or reduce or negate the benefit of the transaction contemplated by the Notes with respect to the Originator;

"Relevant Date" means, in respect of any Notes, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after the date on which notice is duly given to the Noteholders in accordance with the Notices Condition that, upon further presentation of the Notes being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation;

"Relevant Margin" means:

- (a) in relation to the Class A Notes, 0.20 per cent. per annum prior to the Step-up Date and 0.20 per cent. per annum on the Step-up Date and thereafter; and
- (b) in relation to the Class B Notes, 0.50 per cent. per annum prior to the Step-up Date and 0.50 per cent. per annum on the Step-up Date and thereafter;

"Relevant Screen" means a page of the Reuters Service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Common Representative and as has been notified to the Noteholders in accordance with the Notices Condition;

"Representative Amount" means an amount that is representative for a single transaction in the relevant market at the relevant time;

"Repurchase Proceeds" means such amounts as are received by the Issuer pursuant to the sale of certain Mortgage Assets by the Issuer to the Originator pursuant to the Mortgage Sale Agreement;

"Reserved Matter" means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Notes of any Class, to reduce the amount of principal or interest due on any date in respect of the Notes of any Class or to alter the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;
- (b) to effect the exchange, conversion or substitution of the Notes, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (c) to change the currency in which amounts due in respect of the Notes are payable;
- (d) to alter the priority of payment of interest or principal in respect of the Notes; or
- (e) to amend this definition;

"Resolution" means, in respect of matters other than a Reserved Matter, a resolution passed at a Meeting duly convened and held in accordance with the quorums of the provisions for Meetings of Noteholders by a majority of the votes cast and, in respect of matters relating to a Reserved Matter, a resolution passed at a Meeting duly convened and held in accordance with the quorums of the provisions for Meetings of Noteholders by 50 per cent. of votes cast or by two-thirds of votes cast in any adjourned meeting;

"Retired Mortgage Asset" means a Mortgage Asset in respect of which (i) any amendment, variation or waiver of a Material Term of such Mortgage Asset was proposed and such Mortgage Asset is substituted by a Mortgage Asset in accordance with the Mortgage Sale Agreement and the Mortgage Servicing Agreement or (ii) any other Mortgage Asset which is substituted at the option of the Originator upon a breach of representation or warranty in accordance with the Mortgage Sale Agreement;

"Return Amount" means an amount as described in the Cap CSA or the Swap CSA, as applicable;

"Rounded Arithmetic Mean" means the arithmetic mean (rounded, if necessary, to the nearest 0.0001, 0.00005 being rounded upwards);

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc.;

"Screen" means, the display designated as EURIBOR 01 as quoted on the Reuters Screen; or

- (a) such other page as may replace EURIBOR 01 as quoted on the Reuters Screen on that service for the purpose of displaying such information; or
- (b) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Common Representative) as may replace such services;

"Secured Amounts" means the aggregate of all moneys and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each of the Transaction Creditors under the Notes or the Transaction Documents;

"Securitisation Law" means Decree-Law no. 453/99 of 5 November 1999 as amended by Decree-Law no. 82/2002 of 5 April 2002, Decree-Law no. 303/2003 of 5 December 2003 and Decree-Law no. 52/2006 of 15 March 2006;

"Security" means the security over the Charged Property created pursuant to the Security Deed;

"Security Deed" means the deed so named dated on or about the Closing Date between the Issuer and the Common Representative;

"Servicer" means Banif in its capacity as servicer under the Mortgage Servicing Agreement;

"Servicer Records" means the original and/or any copies of all documents and records, in whatever form or medium, relating to the Services including all information maintained in electronic form (including computer tapes, files and discs) relating to the Services;

"Services" means the services to be provided by the Servicer as set out in Schedule 1 to the Mortgage Servicing Agreement;

"Signing Date" means 29 October 2008;

"Specified Offices" means in relation to any Agent:

- (a) the office specified against its name in Schedule 7 to the Master Framework Agreement; or

(b) such other office as such Agent may specify in accordance with Clause 13.9 (*Changes in Specified Offices*) of the Paying Agency Agreement;

"Step-up Date" means the Interest Payment Date falling in November 2017;

"Stock Exchange" means the Irish Stock Exchange Limited;

"Subscription Agreement" means an agreement so named dated on or about the Signing Date between the Issuer, the Originator and HSBC and Banif Investimento, as Joint Lead Managers;

"Substitution Date" means any given date on which a Retired Mortgage Asset is substituted into the Mortgage Asset Portfolio in accordance with the terms of the Mortgage Sale Agreement and the Mortgage Servicing Agreement;

"Substitute Mortgage Asset" means, in respect of a Retired Mortgage Asset, a Mortgage Asset which is substituted into the Mortgage Asset Portfolio in accordance with the terms of the Mortgage Sale Agreement and the Mortgage Servicing Agreement;

"Swap Agreement" means the Swap ISDA Master Agreement and the Swap Transaction.

"Swap Counterparty" means ABN AMRO Bank N.V., in its capacity as swap counterparty in accordance with the terms of the Swap Agreement or such other swap counterparty appointed in accordance with the terms of the Swap Agreement;

"Swap CSA" means the 1995 Credit Support Annex (Transfer - English Law) to be entered into by the Issuer and the Swap Counterparty as of the Closing Date.

"Swap ISDA Master Agreement" means the 1992 ISDA Master Agreement (multicurrency cross border), the schedule, to be entered into by the Issuer and the Swap Counterparty as of the Closing Date, and the Swap CSA;

"Swap Transaction" means the interest rate exchange agreement to be documented by an interest rate swap confirmation pursuant to the Swap ISDA Master Agreement and to be entered into by the Issuer and the Swap Counterparty as of the Closing Date.

"Talon" and **"Talons"** means the talons for further Receipts and further Coupons attached to the Definitive Notes on issue;

"TARGET Day" means any day on which the TARGET System is open;

"TARGET System" means the Trans-European Automated Real-time Gross Settlement Express Transfer system;

"Tax" shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any Tax Authority and **"Taxes"**, **"taxation"**, **"taxable"** and comparable expressions shall be construed accordingly;

"Tax Authority" means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function, including H.M. Revenue and Customs;

"Tax Deduction" means any deduction or withholding on account of Tax;

"Temporary Global Notes" means the Class A Temporary Global Note, the Class B Temporary Global Note and the Class C Temporary Global Note;

"Third Party Expenses" means any amounts due and payable by the Issuer to third parties (not being Transaction Creditors) including any liabilities payable in connection with:

- (a) the purchase or disposal of any Authorised Investments;
- (b) any filing or registration of any Transaction Documents, including, for the avoidance of doubt, the re-registration of the Mortgages upon the occurrence of a Notification Event;
- (c) any provision for and payment of the Issuer's liability to tax (if any) in relation to the transaction contemplated by the Transaction Documents;
- (d) any law or any regulatory direction with whose directions the Issuer is accustomed to comply;
- (e) any legal or audit or other professional advisory fees (including Rating Agency fees);
- (f) any advertising, publication, communication and printing expenses including postage, telephone and telex charges;
- (g) the admission of the Notes to listing or to trading on the Stock Exchange; and
- (h) any other amounts then due and payable to third parties and incurred without breach by the Issuer of the provisions of the Transaction Documents;

"Transaction Accounts" means the Payment Account and the Cash Reserve Account opened in the name of the Issuer with the Accounts Bank or such other accounts as may, with the prior written consent of the Common Representative, be designated as such accounts;

"Transaction Assets" means the specific pool of assets of the Issuer which collateralises the Issuer Obligations including, the Mortgage Assets, Collections, the Transaction Accounts, the Issuer's rights in respect of the Transaction Documents and any other right and/or benefit either contractual or statutory relating thereto purchased or received by the Issuer in connection with the Notes;

"Transaction Creditors" means the Common Representative, the Agents, the Transaction Manager, the Accounts Bank, the Originator, the Servicer and the Swap Counterparty;

"Transaction Documents" means the Prospectus, the Master Framework Agreement, the Mortgage Sale Agreement, the Mortgage Servicing Agreement, the Subscription Agreement, the Common Representative Appointment Agreement, the Co-ordination Agreement, the Notes, the Coupons, the Transaction Management Agreement, the Paying Agency Agreement, the Security Deed, the Accounts Agreement, the Swap Agreement, the Cap Agreement, the Master Execution Deed, the Class C Notes Purchase Agreement, the Issuer-ICSDs Agreement, and any other agreement or document entered into from time to time by the Issuer pursuant thereto;

"Transaction Management Agreement" means the agreement so named to be entered into on the Closing Date between the Issuer, the Transaction Manager, the Accounts Bank and the Common Representative;

"Transaction Manager" means HSBC, in its capacity as transaction manager to the Issuer in accordance with the terms of the Transaction Management Agreement;

"Transaction Manager Report" means a report (which shall include information on the Mortgage Assets and the Notes) to be in substantially the same form set out in the Transaction Management Agreement, the Joint Lead Managers and the Common Representative to be delivered by the Transaction Manager to, *inter alios*, the Common Representative, the Joint Lead Managers, the Rating Agency and the Paying Agent not less than two Business Days prior to each Interest Payment Date;

"Transaction Party" means any person who is a party to a Transaction Document and **"Transaction Parties"** means some or all of them ;

"Treaty" means the treaty establishing the European Communities, as amended by the Treaty on European Union;

"value added tax" means the tax imposed in conformity with the Sixth Directive of the European Economic Communities (77/388/EEC) (including in relation to the United Kingdom, value added tax imposed by the Value Added Tax Act 1994 and legislation and regulations supplemental thereto) and any other tax of a similar fiscal nature substituted for, or levied in addition to, such tax whether imposed in a member state of the European Union or elsewhere;

"VAT" means value added tax provided for in the VAT Legislation and any other tax of a similar fiscal nature whether imposed in Portugal (instead of or in addition to value added tax) or elsewhere from time to time;

"VAT Legislation" means the Portuguese Value Added Tax Code approved by Decree-Law no. 394-B/84 of 26 December 1984 as amended from time to time;

"Withheld Amount" means an amount paid or to be paid (in respect of Tax imposed by the Republic of Portugal) by the Issuer which will not form part of the Available Interest Distribution Amount or the Available Principal Distribution Amount;

"Written-off Mortgage Asset" means on any day, any Receivables in respect of a Mortgage Asset in respect of which:

- (a) thirty-six or more monthly instalments have not been paid by the respective Instalment Due Dates relating thereto and are outstanding on such day of determination;
- (b) the Liquidation Proceeds have been realised;
- (c) proceedings have been commenced by or against the relevant Borrower for such Borrower's insolvency, in particular any proceedings against the relevant Borrower under the Insolvency and Company Recovery Code, enacted by Decree-Law no. 53/2004 of 18 March 2004 (as amended from time to time) and the Servicer is aware or has been notified of such proceedings; or
- (d) a classification as a Written-off Mortgage Asset has been made by the Originator, or where the Originator is no longer the Servicer, the Servicer; and

"Written Resolution" means, in relation to any Class, a resolution in writing signed by or on behalf of all holders of Notes of the relevant Class who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Noteholders, whether

contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

Any defined terms used in these Conditions which are not defined above shall bear the meanings given to them in the Transaction Documents.

TAXATION

The following is a general description of certain tax considerations in Portugal and the United Kingdom relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective Noteholders should consult their tax advisers as to the consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes under the tax laws of the country of which they are resident for tax purposes and the tax laws of Portugal and the United Kingdom. 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.

Portuguese Taxation

The following is a summary of the current Portuguese withholding tax treatment at the date hereof in relation to certain aspects of the Portuguese taxation of payments of principal and interest in respect of, and transfers of, the Notes. The statements do not deal with other Portuguese tax aspects regarding the Notes and relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Noteholders who may be liable to taxation in jurisdictions other than Portugal in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions). In particular, Noteholders should be aware that they may be liable to taxation under the laws of Portugal and of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Portugal.

The reference to "**interest**" and "**capital gains**" in the paragraphs below mean "**interest**" and "**capital gains**" as understood in Portuguese tax law. The statements below do not take any account of any different definitions of "**interest**" or "**capital gains**" which may prevail under any other law or which may be created by the Conditions or any related documentation.

The present transaction qualifies as a securitisation transaction (*operação de titularização de créditos*) for the purposes of the Securitisation Law. Portuguese tax-related issues for transactions which qualify as securitisation transactions under the Securitisation Law generally are governed by the Securitisation Tax Law.

Noteholder's Income Tax

Income generated by the holding (distributions) or transfer (capital gains) of the Notes is generally subject to the Portuguese tax regime for debt securities (*obrigações*). Any payments of interest made in respect of the Notes to Noteholders who are not Portuguese residents and do not have a permanent establishment in Portugal to which the income might be attributable will be exempt from Portuguese income tax implications. The exemption from income tax liability does not apply to non-resident entities if: (i) more than 25 per cent. of its share capital is held, either directly or indirectly, by Portuguese residents, or (ii) its country of residence is any of the jurisdictions listed as tax havens (any such jurisdiction, being a "**Tax Haven**") in Regulation (*Portaria*) no. 150/2004 of 13 February 2004 of the Ministry of Finance, as amended. If the above exemption does not apply, interest payments on the Notes made to non-resident entities are subject to withholding tax at the current definitive rate of 20 per cent., which may be reduced under the provisions of any applicable treaties relating to the avoidance of double taxation.

Under current Portuguese law, interest payments in respect of the Notes made to Portuguese tax resident companies are subject to withholding tax for corporate income tax purposes at the current rate of 20 per cent. on account of the final tax bill. Interest payments on the Notes to Portuguese tax resident individuals are subject to withholding tax for personal income tax purposes at the current definitive rate of 20 per cent., unless an option is made for the inclusion of such income within the individual's global taxable income, in which case the withholding tax will be treated as a payment on account of the final tax bill.

Capital gains obtained by non-resident entities on the transfer of the Notes are exempt from corporate income tax in the same terms referred above for interest payments, unless the said exemption does not apply. In such cases, capital gains are subject to taxation at a 25 per cent. flat rate. Capital gains obtained by non-resident individuals on the transfer of the Notes are excluded from taxation for personal income tax purposes.

Capital gains obtained by Portuguese tax resident companies with the transfer of the Notes are subject to corporate income tax in general terms, currently at a rate of 25 per cent. to which is added, in most municipalities, the maximum of 1.5 per cent. municipal surcharge (*derrama*) on the profits subject to tax, where applicable, resulting in a combined rate of 26.5 per cent. Capital gains obtained by Portuguese tax resident individuals with the transfer of the Notes are excluded from taxation for personal income tax purposes.

In order to comply with the Securitisation Tax Law an operating procedure has been instituted pursuant to which Euroclear and Clearstream, Luxembourg will obtain from participants, who are not resident in Portugal, a commitment not to render custody and settlement services to Portuguese tax residents and to non-exempt Noteholders in general. As a result of this limitation (i) Noteholders which are exempt from Portuguese income tax may be required to certify such status to the financial intermediary that holds and/or settles the Notes on his behalf, and (ii) Portuguese tax residents and non-exempt Noteholders in general may be prevented from using certain financial intermediaries to hold and/or make settlements in respect of the Notes.

United Kingdom Taxation

The following is a summary of the United Kingdom withholding tax treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. The statements do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Notes and relate only to the position of persons who are absolute beneficial owners of the Notes and may not apply to certain classes of Noteholders (such as dealers). The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposing of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions). In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

The reference to "**interest**" in the paragraphs below means "**interest**" as understood in United Kingdom tax law. The statements below do not take any account of any different definitions of "**interest**" or "**principal**" which may prevail under any other law or which may be created by the Conditions or any related documentation.

United Kingdom withholding tax on interest payments by the Issuer

Interest on the Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax except in circumstances where such interest has a United Kingdom source. Interest on Notes may have a United Kingdom source where, for example, the Notes are secured on assets situated in the United Kingdom or the interest is paid out of funds maintained in the United Kingdom.

Interest which has a United Kingdom source ("**UK interest**") may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid constitute "**Quoted Eurobonds**". Notes which carry a right to interest will constitute Quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange. On the basis of H.M. Revenue and Customs' published interpretation of the relevant legislation, Notes which are to be listed on a stock exchange in a country which is a member state of the European Union or which is part of the European Economic Area will satisfy this requirement if they are listed by a competent authority in that country and are admitted to trading on a recognised stock exchange in that country. The Stock Exchange is a recognised stock exchange for these purposes.

In all other cases, UK interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the lower rate (currently 20 per cent.), subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other exemption which may apply.

Provision of information

Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by any person in the United Kingdom acting on behalf of the Issuer (a "**paying agent**"), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a "**collecting agent**"), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to H.M. Revenue and Customs details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Noteholder is not so resident, the details provided to H.M. Revenue and Customs may, in certain cases, be passed by H.M. Revenue and Customs to the tax authorities of the jurisdiction in which the Noteholder is resident for taxation purposes.

With effect from 6 April 2006, the provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes where the amount payable on redemption is greater than the issue price of the Notes.

Other Rules Relating to United Kingdom Withholding Tax

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such person for, an individual resident in one of those territories.

SUBSCRIPTION AND SALE

General

Banif – Banco de Investimento, S.A. and HSBC Bank plc (together the Joint Lead Managers) have in the Subscription Agreement, upon the terms and subject to the conditions contained therein, agreed to subscribe for the Mortgage-Backed Floating Rate Notes at their issue price of 100 per cent. of their respective Principal Amount Outstanding less a structuring fee. The Issuer has also agreed to reimburse such Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Mortgage-Backed Floating Rate Notes. The Joint Lead Managers is entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Mortgage-Backed Floating Rate Notes. The Issuer and the Originator have agreed to indemnify such Joint Lead Managers against certain liabilities in connection with the issue of the Mortgage-Backed Floating Rate Notes.

It is likely that following such subscription all or a substantial portion of the Mortgage-Backed Floating Rate Notes will be acquired by the Originator or another member of the Banif Group.

The purchaser of the Class C Notes (the "**Class C Notes Purchaser**"), pursuant to the Class C Notes Purchase Agreement, has agreed to subscribe and pay €24,320,000.00 for the Class C Notes on the Closing Date at the issue price of 102.616 per cent. of the principal amount of the Class C Notes.

United States of America

The Notes have not been, and will not be, registered under the US Securities Act 1933, as amended (the "**Securities Act**") and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes and any coupons appertaining thereto (the "**Coupons**") will bear a legend to the following effect: "**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 in such legend provide that a United States person who holds a Note or Coupon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note or Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

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

Each Joint Lead Manager has represented to and agreed with the Issuer that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Mortgage-Backed Floating Rate Notes and the Class C Notes Purchaser and the Issuer have each represented to and agreed with each other that, except as permitted by the Class C Notes Purchase Agreement, it will not offer, sell or deliver the Class C Notes (a) as part of their distribution at any time or (b) otherwise, until forty days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Mortgage-

Backed Floating Rate Notes (or Class C Notes, as applicable) during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Mortgage-Backed Floating Rate Notes (or Class C Notes, as applicable) within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until forty days after commencement of the offering, an offer or sale of Mortgage-Backed Floating Rate Notes (or Class C Notes, as applicable) within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

In relation to the Mortgage-Backed Floating Rate Notes each Joint Lead Manager has represented to and agreed with the Issuer, and in relation to the Class C Notes, the Class C Notes Purchaser and the Issuer have each represented to and agreed with each other that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services Market Act 2000 (the "FSMA") received by it in connection with the issue or sale of any Mortgage-Backed Floating Rate Notes (or Class C Notes, as applicable) in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Ireland

The Notes may not lawfully be offered for sale to persons in Ireland except in circumstances which do not require the publication of a prospectus pursuant to Article 3 of Council Directive no. 2003/71/EC. The Notes will not, to the extent applicable, be underwritten or placed otherwise than in conformity with the provisions of the Irish Investment Intermediaries Act 1995 (as amended).

Portugal

In relation to the Mortgage-Backed Floating Rate Notes each Joint Lead Manager has agreed with the Issuer, and in relation to the Class C Notes, the Class C Notes Purchaser and the Issuer have each represented to and agreed with each other that (i) it has not directly or indirectly taken any action or offered, advertised or sold or delivered and will not directly or indirectly offer, advertise, sell, re-sell, re-offer or deliver any Mortgage-Backed Floating Rate Notes (or Class C Notes, as applicable) in circumstances which could qualify as a public offer pursuant to the *Código dos Valores Mobiliários* (the Portuguese Securities Code) and in circumstances which could qualify the issue of the Mortgage-Backed Floating Rate Notes (or Class C Notes, as applicable) as an issue in the Portuguese market otherwise than in accordance with all applicable laws and regulations and (ii) it has not directly or indirectly distributed and will not directly or indirectly distribute any document, circular, advertisements or any offering material except in accordance with all applicable laws and regulations.

Public Offers Generally

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") each of the Joint Lead Managers has represented and agreed 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 the Notes 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 Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those notes which has been approved by the competent authority in that Relevant Member State or, where appropriate approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is twelve months after the date of such publication;
- (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:
 - (i) an average of at least 250 employees during the last financial year;
 - (ii) a total balance sheet of more than €43,000,000; and
 - (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
 - (iv) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 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 for the Notes, as the same may be varied in the Relevant Member State by a measure implementing the Prospectus Directive in such Relevant Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Save for applying for admission of the Notes to trading on the Stock Exchange's regulated market, no action has been or will be taken in any jurisdiction by the Issuer or any Joint Lead Manager that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Investor Compliance

Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

1. The creation and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated October 3rd 2008.
2. It is expected that the Notes will be admitted to the Official List of the Irish Stock Exchange on the Closing Date subject only to the issue of the Temporary Global Notes of each class of Notes.
3. Save as disclosed in this Prospectus, there are no governmental, litigation or arbitration proceedings, including any which are pending or threatened of which the Issuer is aware, which may have, or have had during the twelve months prior to the date of this Prospectus, a significant effect on the financial position of the Issuer.
4. Save as disclosed in this Prospectus, since 31/12/2007 (the date of the most recent audited annual accounts of the Issuer) there has been (i) no significant change in the financial or trading position of the Issuer, and (ii) no material adverse change in the financial position or prospects of the Issuer.
5. Save as disclosed in this Prospectus, the Issuer has no outstanding or created but unissued loan capital, term loans, borrowings, indebtedness in the nature of borrowing or contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees.
6. The Transaction Manager shall produce a Transaction Manager Report no later than two Business Days prior to each Interest Payment Date. The Transaction Manager Report shall be available at the specified offices of the Common Representative.
7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN and the Common Codes for the Notes are as follows:

	Common Code	ISIN
Class A Notes	039587599	XS0395875999
Class B Notes	039587602	XS0395876021
Class C Notes	039587637	XS0395876377

8. The *Comissão do Mercado de Valores Mobiliários*, pursuant to Article 62 of the Securitisation Law, has assigned asset identification code 200810GMMBNFNXXN0028 to the Atlantes Mortgage No. 3 Notes.
9. Copies of the following documents will be available in physical and/ or electronic form at the Specified Office of the Paying Agent during usual business hours on any week day (Saturdays, Sundays and public holidays excepted) after the date of this document and for the life of the Notes:
 - (a) the *Estatutos or Contrato de Sociedade* (constitutional documents) of the Issuer;
 - (b) the following documents:
 - (1) Master Framework Agreement;

- (2) Mortgage Sale Agreement;
 - (3) Mortgage Servicing Agreement;
 - (4) Common Representative Appointment Agreement;
 - (5) Paying Agency Agreement;
 - (6) Transaction Management Agreement;
 - (7) Accounts Agreement;
 - (8) Swap Agreement;
 - (9) Cap Agreement
 - (10) Co-ordination Agreement;
 - (11) Security Deed;
 - (12) Class C Notes Purchase Agreement,
 - (13) Issuer - ICSDs Agreement; and
 - (14) Master Execution Deed.
10. The most recent publicly available financial statements for each of the last three accounting financial periods of the Issuer (which at the date hereof are only expected to be the audited annual financial statements) will be available for inspection for the life of the Notes at the following website: www.cmvm.pt.
 11. Ernst & Young Audit & Associados – SROC, S.A. have given, and have not withheld, their consent to the inclusion of their report in respect of the accounts of the Issuer in this Prospectus in the form and context in which it is included and have authorised the contents of that part of the Prospectus.
 12. The Notes of each class shall be freely transferable. No transaction made on the Stock Exchange after the Closing Date shall be cancelled.
 13. Any website (or the contents thereof) referred to in this Prospectus does not form part of this Prospectus as approved by the Financial Regulator.
 14. The Securitisation Law combined with the holding structure of the Issuer and the role of the Common Representative are together intended to prevent any abuse of control of the Issuer.

REGISTERED OFFICE OF THE ISSUER

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