

BKB-Index Certificates

SPI® Total Return

FINAL TERMSHEET, 20 August 2008

Issuer	Basler Kantonalbank, Basle
Rating of the Issuer	AA+ (Standard & Poor's)
Lead Manager	Basler Kantonalbank, Basle
Calculation and Paying Agent	Basler Kantonalbank, Basle

PRODUCT DETAILS

Product Category	Participation
Product Type	Tracker Certificate (SVSP Category 210)
Reference Asset	Swiss Performance Index SPI® Total Return (ISIN: CH0009987501)
Issue Size	1'500'000 Certificates (subject to further issues)
Issue Price per Certificate	CHF 59.69 (100.50% of the Initial Fixing Level/100)
Specified Currency	Swiss Franc (CHF)
Reference Asset at Fixing Ratio	5939.68 (100% of the Initial Fixing Level) 100 Certificates refer to 1 Reference Asset (100: 1)
General call option of the Issuer	The Issuer has the right to call all the Certificates on any Call Option Exercise Date with effect as per the Expiration Date.
Individual put option of an Investor	Each investor has the right to have its Certificates redeemed by the Issuer on any Put Option Exercise Date. Investors can exercise their individual put option for a minimum of 100 Certificates or multiples of 100 thereafter by giving the Issuer notice by no later than 10.00 a.m. local time (Zurich) on the relevant Put Option Exercise Day.
Redemption Amount at expiration due to exercise of the call option by the Issuer or due to exercise of the put option by an investor	The investor will receive as per the Redemption Date a cash amount in the Specified Currency per 100 Certificates calculated by the Calculation Agent in accordance with the following formula: $\frac{\text{Final Fixing Level}}{(1 + MF)^n}$
Description of Redemption	MF = 0.45% p.a. Management Fee n = the number of years passed since the Issue Date (actual/actual) The Certificates may be terminated by the Issuer by exercising its call option upon giving an Investor notice one year prior to redemption, as well as by an investor by exercising its put option per December 1 st of each year (Expiration Date). An investor will receive on the Redemption Date per 100 Certificates a cash amount in the Specified Currency in the amount of 100% of the Final Fixing Level of the Reference Asset less the annual Management Fee of 0.45%.
Management Fee	0.45% p.a.
Initial Fixing Level	5939.68 (level of the Reference Asset on the Initial Fixing Date)
Final Fixing Level	Official Closing level of the Reference Asset on the Final Fixing Date
Settlement	Cash settlement in Specified Currency
Security References for the Product	Valor-No.: 4507074 / ISIN: CH0045070742 / Symbol: BKSPI

DATES

Initial Fixing Date	20 August 2008
Issue Date	20 August 2008
First Trading Day	25 August 2008
Payment Date	28 August 2008 (value date)
Last Trading Day	In case of exercise of the call option by the Issuer: 2 business days before the Expiration Date
Call Option Exercise Date	Each December 1 st of each year, from and including December 1 st 2008. If this day is not a business day, the next following business day.
Put Option Exercise Date	Each December 1 st of each year, from and including December 1 st 2008. If this day is not a business day, the next following business day.
Expiration Date	In case of the Issuer exercising its call option: December 1 st of the year following the Call Option Exercise Date. If this day is not a business day, the next following business day. In case of an investor exercising its put option: The relevant Put Option Exercise Date.
Redemption Date	The day falling on the fifth business day after the Expiration Date (value date)
Term	Open-end

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This term sheet is a translation from the German original. In case of ambiguities, the German version shall prevail.
 Please note that calls made to the above-mentioned number may be recorded. Should you call this number, we shall assume that you consent to this business practice.



PRODUCT INFORMATION

Dates	Reference Asset	Event
	Old	New

ADDITIONAL INFORMATION

Trading	Daily on each trading day of Scoach Switzerland
Listing	Will be applied for on the main segment of the SWX Swiss Exchange
Minimum Trading Size	Trading: 1 Certificate / Exercise: 100 Certificates
Form of Instruments / Clearing	Book-entry securities; investors are not entitled to definitive certificates / SIS SegalInterSettle AG
Secondary Market	Without entering into any commitment, Basler Kantonalbank will endeavor to provide indicative prices for a limited number of Certificates. Spreads between the indicative bid and offer prices may vary.
Governing Law / Jurisdiction	Swiss Law / Basle-City
Documentation	The Certificates are issued under the Derivative Instrument Programme, which consists of the Offering Circular of Basler Kantonalbank / BKB Finance Ltd dated October 30, 2007, as supplemented from time to time, and the relevant Pricing Supplement of the Certificates (Offering Circular and Pricing Supplement together form the "Programme Documentation"), which contain the complete and legally binding terms of the Certificates.
Selling Restrictions	<p>The restrictions listed below must not be taken as definitive guidance as to whether this Product can be offered or sold in a given jurisdiction.</p> <p>Any offering or sale of the Certificates must be made in compliance with all applicable offering and selling restrictions in each jurisdiction in which the Certificates are offered or sold. Any Certificate purchased by any person for resale may not be offered in any jurisdiction or at terms which would cause an obligation of the Issuer to provide or register any additional prospectus or other documentation. Potential investors are advised to carefully review the detailed selling restrictions applicable to these Certificates as set forth in the Programme Documentation before taking any investment decision.</p> <p>European Economic Area – These Products may not be publicly offered in any country of the European Economic Area.</p> <p>United Kingdom – All applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") must be complied with in respect to any offer, sale or disposal of these Products.</p> <p>United States of America, US Persons – These Products may not be offered or sold in the United States of America or to any citizen of the United States of America.</p> <p>Guernsey – These Products may not be offered or sold to residents of the bailiwick of Guernsey.</p>
Taxation	<p>The following summary on Swiss Taxation and EU Savings Tax is valid at the time of the issuance of the Certificates. It is not exclusive and does not purport to address all tax consequences of the Certificates. The corresponding legislation and tax administration practices may change at any time, possibly with retroactive effect. Investors should consult their own tax advisors concerning the tax consequences of purchasing, holding and disposing of Products in light of their particular circumstances. Any liability for tax consequences in connection with the Products is excluded.</p> <p>The Product classifies as a classic index certificate. No Swiss withholding tax. No stamp duty at issuance (primary market) and on trading with Products (secondary market transactions). For Swiss resident private investors any return on the Product is a tax-free private capital gain. For Swiss paying agents, payments on the Product are not subject to EU Savings Tax (TK 9).</p>
Index Disclaimer	<p>"These securities are not in any way sponsored, endorsed, sold or promoted by the SWX Swiss Exchange and the SWX Swiss Exchange makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the SPI® index (the "Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. However, the SWX Swiss Exchange shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and the SWX Swiss Exchange shall not be under any obligation to advise any person of any error therein."</p> <p>® SWX®, SWX Swiss Exchange®, SPI®, Swiss Performance Index (SPI)®, SPI EXTRA®, SMI®, Swiss Market Index® (SMI)®, SMIM®, SMI MID (SMIM)®, SMI Expanded®, SXI®, SXI LIFE SCIENCES®, SXI Bio+Medtech®, SLI, Swiss Leader Index®, SBI®, SBI Swiss Bond Index®, VSMI®, SWX Immobilienfonds Index® and SWX Quotematch® are trademarks that have been registered in Switzerland and/or abroad by SWX Swiss Exchange. Their use is subject to a licence."</p>

RISK DISCLOSURE

Product Specific Risks

The Certificates are not capital-protected, and investors must be prepared to sustain a loss of their entire investment in the Certificates including transaction costs. The level of the Reference Asset may be very volatile and its performance depends on the (often heavily fluctuating) prices and the volatility of the shares contained in the Index, on interest rates and on other factors.

The risk of the investor associated with an investment into the Certificates is similar to that of a direct investment in the shares contained in the Index. Any increase or decrease of the Reference Asset's level may lead to a proportional change in the value of the Certificate. With an investment in the Certificates the investor is subjected to the risks typical for a shareholder directly and proportionally investing in the shares contained in the Index, while the diversification achieved by an indirect investment in the several index components has generally a risk-reducing effect compared to an investment in a single index component.

RISK DISCLOSURE

The Redemption Amount depends on the performance of the Reference Asset and of all its components respectively. In particular, the positive performance of one or more shares contained in the Index may be reduced by the negative performance of one or more of the other shares contained in the Index. Therefore a direct investment in individual shares contained in the Index may result in a bigger profit than an investment in the Certificate. Investors will not benefit from any positive development of the Reference Asset after the Expiration Date.

Certificates which are denominated in another currency than the Reference Asset are subject to the resulting currency risk.

The Certificates do not have a fixed term. The Issuer has the right to call and redeem the entire issue per the Expiration Date by giving one year prior notice and to repay the Certificates as per the Redemption Date. If the Issuer does not exercise its call option, an investor must exercise its put option in order to receive the Redemption Amount. Under certain limited circumstances set forth in the Programme Documentation, the Certificates may be redeemed early by the Issuer, which may adversely affect the economics of the Certificates for investors and cause additional transaction costs. Liquidity of the Certificates in the secondary market may be limited. Consequently, positions in the Certificates may not be liquidated at all times and the Certificates may have to be held until the Redemption Date.

Investors are not entitled to receive any dividends or similar distributions paid on the Index components, and in case of such payments the terms and conditions of the Certificates will only be adjusted by the Issuer under certain limited circumstances set forth in the Programme Documentation. Investors forego interest on their investments in the Certificates and will not receive any periodic payment on their investment in the Certificates. In addition to the product specific risks highlighted above, investors are exposed to the market risk and other risks related to the Index or Index components. Consequently, investors must independently inform themselves about and assess such risks and they have to form their own view on the expected price development of the Index.

Further risk information is contained in the Offering Circular, and potential investors should particularly consult the Section "Risk factors" therein.

Risks relating to the Issuer

Investors are exposed to the default risk of the Issuer. The value of the Certificates is not only subject to the performance of the Reference Asset, but, among others, also to the credit rating and solvency of the Issuer, which may be negatively affected during the term of the Certificates. The Certificates constitute direct unconditional and unsecured obligations of the Issuer, ranking pari passu with all other unsecured, unsubordinated obligations of the Issuer, save for obligations preferred by operation of law. The Issuer as a bank is supervised by the Swiss Federal Banking Commission.

IMPORTANT INFORMATION

This term sheet constitutes neither an issue prospectus pursuant to Art. 652a and 1156 of the Swiss Code of Obligations (CO) nor a simplified prospectus pursuant to Art. 5 of the Swiss Federal Act on Collective Investment Schemes (CISA). No action has been or will be taken in any jurisdiction that would permit a public offering of the Instruments, save as explicitly stated otherwise in the Programme Documentation. This term sheet may only be used for purposes of the distribution of the Instruments in Switzerland.

In Switzerland, these derivative instruments are considered structured products. They do not qualify as collective investment schemes within the meaning of CISA and are therefore not subject to approval or supervision of the Swiss Federal Banking Commission (SFBC).

Derivative instruments are complex and may involve a high risk of loss. This document is for information purposes only and should not be construed as an offer, recommendation or solicitation to enter into any transaction in the Instruments or the Reference Asset and does not constitute investment advice. Investors should only transact in this Product after having carefully read and considered the information contained in the Programme Documentation and after having informed themselves about the risks of an investment in this Product, having consulted with their own investment, tax, legal, accounting and regulatory advisors to the extent that they consider necessary. Investors must ensure based on their own independent review and advice from those advisers they consider necessary that the transaction is suitable, consistent and compliant with their financial objectives and conditions. Historical performance is not necessarily indicative of future performance.

The Issue Price may be more than the market value of the Instruments on the Issue Date and the price, if any, at which any person may be willing to purchase this Product in a secondary market transaction may be lower than the Issue Price. In particular, the Issue Price may take into account commissions in relation to the issue and sale of this Product as well as costs in relation to the hedging of the Issuer's obligations under this Product. In certain circumstances, BKB Finance Ltd or Basler Kantonalbank may appoint or engage financial institutions or other distributors with the offering and distribution of the Product or may grant commissions to or transfer the Product to such financial institutions or other distributors at a discount to the Issue Price. Further information is available from the relevant distributor on request.

There is no obligation of Basler Kantonalbank to make a market in the Product. There can be no assurance that a secondary market will develop for the Product or that it will subsist. The price at which the Product may be sold in the secondary market may be less than the intrinsic value of the Product and less than the amount originally invested. It may be possible that the Product cannot be sold at all in the secondary market. BKB Finance Ltd or Basler Kantonalbank may from time to time, as principal or agent, hold positions of the Reference Assets, or may buy or sell, or make a market in, the Reference Assets. Basler Kantonalbank's trading and/or hedging activities related to the Instruments may affect the price of the Reference Assets and may affect the likelihood that any relevant barrier is reached or crossed. Basler Kantonalbank may provide investment banking and other services to, and/or have officers who serve as directors of, the companies referred to in this term sheet. Basler Kantonalbank has policies and procedures in place designed to minimise the risk that officers and employees are unduly influenced by any conflicting interest or duty or that confidential information is improperly disclosed or made available.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources believed to be reliable. No representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein is made by Basler Kantonalbank. Neither Basler Kantonalbank nor BKB Finance Ltd nor any other person is obligated to update any information contained in this term sheet. Neither Basler Kantonalbank nor BKB Finance Ltd neither directly nor indirectly make any representation or warranty relating to the accuracy or the completeness of any information contained herein. Each of Basler Kantonalbank and BKB Finance Ltd reserve to change any opinion expressed herein at any time and without notice.

Definitions used in the term sheet, but not defined therein shall have the meaning given to them in the Offering Circular.

The terms of the Product may be subject to adjustments by the issuer during its lifetime. Detailed information on such adjustments and their notice is to be found in the Programme Documentation. Notices in connection with listed Products shall be given in accordance with the requirements of the relevant exchange. If the Product is traded on Scaoch Switzerland or listed on SWX Swiss Exchange, notices shall be given by publication on the online-information system of SWX Swiss Exchange (www.swx.com) in accordance to the requirements applicable. Valid notices in connection with unlisted Products shall be published on the internet at www.bkb.ch or as provided in the corresponding Pricing Supplement.

This term sheet shall not be copied or reproduced without Basler Kantonalbank's prior written permission.

IMPORTANT INFORMATION

The terms of this Product and of any investment in the Products will be exclusively governed by and subject to the detailed provisions, including risk considerations, contained in the Derivative Instrument Programme, which consists of the Offering Circular (Angebotszirkular) of Basler Kantonalbank / BKB Finance Ltd dated October 30, 2007, as supplemented from time to time, and the relevant Pricing Supplement (Konditionenblatt) of the Product (Offering Circular and Pricing Supplement together form the "Programme Documentation"). The Programme Documentation in English can be obtained free of charge at Basler Kantonalbank, H15, Postfach, CH-4002 Basle or via e-mail: derivatives@bkb.ch.