

## LISTING PARTICULARS

**Sherlock Limited**  
**(incorporated with limited liability in Jersey)**

**Series 243**  
**CNY50,000,000 Fixed Rate Secured The Royal Bank of Scotland plc**  
**Credit-linked Notes due 2018 (the "Notes")**  
**Issue Price 100 per cent.**

Under its USD 10,000,000,000 Secured Note Programme (the "**Programme**"), Sherlock Limited (the "**Company**") may from time to time issue notes on the terms set out in the programme memorandum dated 14 November 2003 (the "**Principal Memorandum**") replacing the Principal Memorandum dated 17 June 1998 relating to the Master Programme for the issue of notes by Specified Companies (the "**Programme Memorandum**"), as amended and supplemented by the Supplemental Programme relating to the Programme dated 14 November 2003 (the "**Supplemental Memorandum**").

These Listing Particulars are the Listing Particulars applicable to the issue by the Company of the Notes. This document has been approved by the Irish Stock Exchange as a listing particulars for purposes of the "*Listing and Admission to Trading Rules of the Global Exchange Market*" of the Irish Stock Exchange.

**The Notes are only intended for highly sophisticated and knowledgeable investors who are capable of understanding and evaluating the risks involved in investing in the Notes and who are required to read the "Investor Suitability" and the "Risk Factors". The Risk Factors, alone or collectively, may reduce the return on the Notes and could result in the loss of all or a proportion of a Noteholder's investment in the Notes.**

The obligations of the Company under the Trust Deed, the Notes, the Coupons and the Swap Agreement will be secured by, amongst others, the BOCOM CDs (as defined herein) as further described herein.

The Notes reference The Royal Bank of Scotland plc or its Successor (as defined in the Credit Default Swap Transaction) (the "**Reference Entity**") and are credit-linked to the obligations of the Reference Entity as further described herein. Following the occurrence or deemed occurrence of a Credit Event Date and a Credit Event Notice Date with respect to the Reference Entity, the Notes shall be redeemed on the Cash Settlement Date at an amount equal to the Credit Event Redemption Amount, subject to the terms and conditions herein.

Subject as provided below and further described herein, interest will accrue on the Principal Amount of the Notes at a rate per annum as set out in or determined in accordance with the terms and conditions of the Notes, payable annually in arrears on the Interest Payment Dates falling on or about 28 February in each year, commencing on 28 February 2014 and ending, subject as provided herein, on the Maturity Date (each term as defined herein).

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Principal Amount on the Maturity Date (expected to be on or about 28 February 2018). In addition the Notes may be redeemed at the Credit Event Redemption Amount or Early Redemption Amount (each term as defined herein) upon the occurrence of certain events as further described herein.

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its Global Exchange Market.

The Notes will not be rated by any rating agency.

The Notes will be represented upon issue by a Temporary Global Note to be deposited with a Common Depository for Euroclear and Clearstream, Luxembourg on or about 19 March 2013, exchangeable for a Permanent Global Note in accordance with its terms.

**Credit Suisse International**

The date of these Listing Particulars is 19 March 2013

The Company has taken all reasonable care to ensure that the information contained in these Listing Particulars is true and accurate in all material respects as at the date hereof and that, in the context of the issue of the Notes, there are no other material facts the omission of which would make misleading any statement herein or in the Programme Memorandum. The Company accepts responsibility for the information contained in these Listing Particulars (other than the section herein entitled "Description of the Counterparty", for which responsibility is accepted by the Counterparty as provided in these Listing Particulars) and to the best of the knowledge and belief of the Company the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information. Investors are required to make their own assessment of the Counterparty, the Securities Issuer, the Securities and the Reference Entity.

The delivery of these Listing Particulars at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

The Notes are issued on the terms set out in these Listing Particulars read together with the Conditions.

These Listing Particulars do not constitute an offer of Notes and may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of these Listing Particulars in any jurisdiction where such action is required.

In these Listing Particulars, references to "U.S.\$" and "USD" are to U.S. dollars and references to "CNY" and "RMB" are to Chinese renminbi.

## TABLE OF CONTENTS

	<b>Page</b>
INVESTOR SUITABILITY .....	4
RISK FACTORS .....	5
TERMS AND CONDITIONS OF THE NOTES .....	20
FORM OF SUBSTITUTION REQUEST .....	48
USE OF PROCEEDS .....	51
FORM OF THE NOTES.....	52
DESCRIPTION AND FORM OF THE SWAP AGREEMENT .....	53
FORM OF CREDIT DEFAULT SWAP CONFIRMATION .....	54
FORM OF CROSS CURRENCY SWAP CONFIRMATION.....	66
FORM OF CREDIT SUPPORT ANNEX (PARAGRAPH 11) .....	74
DESCRIPTION OF THE COMPANY .....	84
DESCRIPTION OF THE COUNTERPARTY .....	86
SUBSCRIPTION AND SALE.....	87
DESCRIPTION OF THE SECURITY AND CUSTODY ARRANGEMENTS .....	90
DESCRIPTION OF THE SECURITIES ISSUER.....	92
DESCRIPTION OF THE REFERENCE ENTITY .....	93
GENERAL INFORMATION .....	94
SCHEDULE 1 BASE TERMS AND CONDITIONS OF THE NOTES.....	95

## INVESTOR SUITABILITY

INVESTMENT IN THE NOTES INVOLVES POTENTIALLY SUBSTANTIAL RISKS. EACH PROSPECTIVE INVESTOR IN THE NOTES SHOULD BE FAMILIAR WITH INSTRUMENTS HAVING CHARACTERISTICS SIMILAR TO THE NOTES AND SHOULD FULLY UNDERSTAND THE TERMS OF THE NOTES AND THE NATURE AND EXTENT OF ITS EXPOSURE TO RISK OF LOSS.

Before making an investment decision, prospective investors in the Notes should conduct such independent investigation and analysis regarding the Company, the Notes, the Counterparty, the Reference Entity, the Securities Issuer, the Securities, the Custodian, Principal Paying Agent and all other relevant persons and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes. As part of such independent investigation and analysis, prospective investors in the Notes should consider carefully all the information set out in these Listing Particulars and the considerations set out below.

Investment in the Notes is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in these Listing Particulars and the merits and risks of an investment in the Notes in the context of the investor's own financial, tax and regulatory circumstances and investment objectives.

In particular, investment in the Notes is only suitable for investors who:

- (1) are capable of bearing the economic risk of an investment in the Notes for the period up until the maturity date of the Notes;
- (2) are acquiring an interest in the Notes for their own account for investment purposes, and not with a view to resale, distribution or other disposition of such interest (subject to any applicable law requiring that the disposition of the investor's property be within its control);
- (3) recognise that in case the Notes need to be sold prior to maturity, an investor may have to do so at a substantial discount from the initial price, and as a result may suffer substantial losses; and
- (4) recognise that it may not be possible to make any transfer of the Notes for a substantial period of time, if at all.

**By purchasing an interest in the Notes, each holder of the Notes will be deemed to have represented that it is an investor who fulfils the suitability considerations outlined in these Listing Particulars.**

The "Risk Factors" section of these Listing Particulars contains a summary of the main risk factors involved in an investment in the Notes and your particular attention is drawn to that section.

Credit Suisse International ("**CSI**" or the "**Arranger**") as Arranger of the issue of the Notes may, in its discretion, refuse to issue or sell Notes to any prospective investor even though that investor considers that it satisfies the foregoing suitability standards.

Further, each prospective investor should ensure that it fully understands the nature of the transaction into which it is entering and the nature and extent of its exposure to the risk of loss of all or a substantial part of its original investment.

## **RISK FACTORS**

The purchase of Notes involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of Notes should consider carefully, in the light of their own financial circumstances and investment objectives, the considerations set forth below together with any other considerations deemed appropriate by the prospective purchaser. Prospective purchasers of Notes should make such enquiries as they think appropriate about the Notes, the Securities, the Company, the Counterparty, the Securities Issuer, the Reference Entity, the Custodian, the Principal Paying Agent and any other relevant persons without relying on the Company or CSi or any affiliate of CSi. The following investment considerations, alone or collectively, may reduce the return on the Notes and could result in the loss of all or a portion of a Noteholder's investment in the Notes. Each prospective purchaser of Notes is solely responsible for making its own independent appraisal of all such matters and such other matters as the prospective purchaser deems appropriate, in determining whether to purchase Notes and that an investment in the Notes is suitable for its investment purposes. Capitalised terms used but not defined in this section shall have the respective meanings given to them in Schedule 1 to these Listing Particulars headed "Base Terms and Conditions of the Notes" as supplemented and varied by the provisions set forth in these Listing Particulars under the section headed "Terms and Conditions of the Notes".

### **Limitations on claims against the Company**

The Notes are solely obligations of the Company and none of CSi (or any of its affiliates), the Securities Issuer or the Reference Entity has any obligation to the Noteholders for payment of any amount due in respect of the Notes. The Company is a special purpose company established, *inter alia*, for the purpose of issuing the Notes. The Notes are limited in recourse, *inter alia*, to the Collateral held pursuant to the Custody Agreement and the Swap Agreement. Following enforcement of the Custody Agreement against the Custodian (including realisation of any Held Securities and Credit Support Assets in the form of securities issued by the Securities Issuer) and termination of the Swap Agreement and payment by the relevant party of any amounts due as a result, there will be no other assets of the Company available to meet any outstanding claims of the Noteholders, who will bear such shortfall *pro rata* to their holdings of Notes.

The Noteholders' recourse for payment of principal and interest on this Series of Notes is limited to the proceeds of realisation of the Collateral and other Mortgaged Property and their claims are subordinate to those of the Trustee for its expenses and remuneration and those of the Counterparty under the Swap Agreement.

If the security in respect of this Series of Notes becomes enforceable, the Collateral and other Mortgaged Property securing such Notes will be sold or realised. Not only may there be a substantial delay involved but also the Noteholders' claims under such Notes will only be payable out of those proceeds of realisation once received after the expenses and remuneration of the Trustee have been satisfied and any amounts payable to the Counterparty under the Swap Agreement (which will include any early termination payment which the Counterparty is entitled to be paid on termination of the Swap Agreement) have been paid in full. Accordingly, Noteholders may not receive all the principal or interest they are due with respect to the Notes they hold and cannot make any claim against the Company or any of its other assets or against any other person to recover any such shortfall. Noteholders may therefore suffer a significant loss.

## **Credit risk**

The Notes are subject, *inter alia*, to the credit risk of the Reference Entity, the Securities Issuer, the Counterparty, the Custodian and the Principal Paying Agent. Any prospective purchaser should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in the Notes. Neither the Company nor CSi (nor any of its affiliates) purports to be a source of information and credit analysis with respect to either the Reference Entity, the Securities Issuer or the Counterparty.

The ability of the Company to meet its obligations under the Notes will be dependent upon (i) the Counterparty performing its obligations and making its payments under the Swap Agreement; and (ii) the Securities Issuer performing its obligations and making its payments under the Securities. If the Securities Issuer does not make any payment when and where due by it and/or if the Counterparty does not make any payment (or, following the effective date of the Credit Support Annex, does not return any Securities transferred to it under the Credit Support Annex) when and where due from it under the Swap Agreement, this may affect the Company's ability to pay the Noteholders amounts owing to them on a timely basis or at all.

Consequently, payments due to the Noteholders may not be paid by the Company or payment may be delayed and the Noteholders will have no recourse to the Counterparty, any of its affiliates or any other entity, other than to the Counterparty through the Trustee acting on their behalf as unsecured creditors of the Counterparty.

If the Counterparty becomes insolvent, or is otherwise unable to pay its debts, the Company will have the right to terminate the Swap Agreement. If it does so, the Notes will fall due for redemption. If the Counterparty is unable to pay amounts due from it under the Swap Agreement (if any), it may be possible that the amount that the Company will be able to pay to the Noteholders will be substantially less than the face amount of the Notes and may be zero.

## **Provision of information**

Neither the Company nor CSi (nor any of its affiliates) (i) has provided or will provide prospective purchasers of Notes with any information or advice with respect to either the Reference Entity, the Securities Issuer or the Counterparty, or (ii) makes any representation as to the credit quality of either the Reference Entity, the Securities Issuer or the Counterparty. The Company and CSi (and its affiliates) may have acquired, or during the term of the Notes may acquire, non-public information with respect to either the Reference Entity, the Securities Issuer or the Counterparty which will not be disclosed to holders of Notes.

The timing and limited scope of the information provided to Noteholders regarding the Reference Entity and/or the occurrence of a Credit Event may affect the liquidity of the Notes and the ability of Noteholders to value the Notes accordingly.

## **Investors in the Notes should make their own investigations into the Securities Issuer.**

THE COMPANY AND CREDIT SUISSE INTERNATIONAL AS ARRANGER (I) HAVE NOT PROVIDED AND WILL NOT PROVIDE INVESTORS WITH ANY INFORMATION OR ADVICE WITH RESPECT TO THE SECURITIES (OTHER THAN AS SET OUT IN THESE LISTING PARTICULARS), AND (II) MAKE NO REPRESENTATION AS TO THE CREDITWORTHINESS OF THE SECURITIES ISSUER. IN PARTICULAR, THESE LISTING PARTICULARS DO NOT CONSTITUTE INVESTMENT ADVICE AND INVESTORS SHOULD CARRY OUT THEIR OWN ANALYSIS IN THIS REGARD.

Neither the Company nor the Arranger nor any of their respective affiliates assumes any responsibility for the adequacy or accuracy of any information about the Securities Issuer

contained in any publicly available filings of the Securities Issuer. The Company and the Arranger and their respective affiliates may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Securities which will not be disclosed to Noteholders.

### **Business relationships**

CSi (and its affiliates) may have existing or future business relationships with the Securities Issuer and/or the Reference Entity (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for a Noteholder.

The Arranger and its affiliates may deal in the Securities and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, the Securities Issuer or any other person or entity having obligations relating to the Securities and may act with respect to such business in the same manner as each of them would had the Notes not been in issue, regardless of whether any such action might have an adverse effect on the Securities or the position of a Noteholder or otherwise.

Neither the Arranger nor any of its affiliates is committed to make any market in the Securities or offer to buy or be required to buy them back. The Securities are also subject to certain transfer and selling restrictions. In theory other dealers may make a secondary market for the securities comprising of the Securities but, if such a secondary market develops, there can be no assurance that it will continue or that it will be sufficiently liquid for the Securities to be resold.

Therefore if the Securities are realised prior to their stated maturity, realisation may have to be done at a substantial discount from the par value of the Securities, and as a result you may suffer substantial losses.

### **No claim against the Securities Issuer or the Reference Entity**

The Notes will not represent a claim against the Securities Issuer or the Reference Entity and, in the event of any loss, a Noteholder will not have recourse under the Notes to the Securities Issuer or the Reference Entity.

### **Determinations**

The determination as to whether a Credit Event has occurred in respect of the Reference Entity may be made by the Counterparty or the Credit Event Determination Committee under the Credit Default Swap Transaction without regard to any related determination by any other person or any action taken, omitted to be taken or suffered to be taken by any other person including, without limitation, any creditor of the Reference Entity.

### **Two-Way Credit Support Annex**

Prospective investors should note that the Company and the Counterparty have entered into a two-way title transfer Credit Support Annex ("**CSA**"). Accordingly, in the event that the mark-to-market valuation of the Swap Agreement determined by the Counterparty acting as the valuation agent under the CSA (the "**Valuation Agent**") is in the Company's favour, the Counterparty is obliged to post collateral to the Company. However, conversely, in the event that the mark-to-market valuation of the Swap Agreement as determined by the Valuation Agent is in the Counterparty's favour, the Company is obliged to post Eligible Credit Support to the

Counterparty, thereby taking unsecured credit risk of the Counterparty in respect of the return of such Eligible Credit Support.

### **Valuation Agent**

The Valuation Agent will have discretion in making various determinations that affect the Notes, including (but not limited to) the determination of Delivery Amounts (as defined in the CSA) and Return Amounts (as defined in the CSA) under the CSA. Investors should note that the Valuation Agent has the discretion under the CSA to determine when the first Valuation Date (as defined in the CSA) will occur and the discretion to either increase or decrease the frequency of Valuation Dates (as defined in the CSA) from time to time. The exercise of this discretion by the Valuation Agent could adversely affect the amounts available for distribution in respect of the Notes upon early redemption following a termination of the Swap Agreement.

### **Considerations in relation to the CSA**

In accordance with the CSA, collateral will be transferred on, potentially, a daily, weekly or monthly basis from the first Valuation Date (as defined in the CSA) as determined by the Valuation Agent in its sole and absolute discretion. It should be noted that following the first Valuation Date (as defined in the CSA), the Valuation Agent may, from time to time, change the frequency of Valuation Dates (as defined in the CSA) to a daily, weekly or monthly occurrence by giving notice to the Company and Counterparty. Collateral will not be transferred if the Delivery Amount or Return Amount is less than the Minimum Transfer Amount (each as defined in the CSA). It should be noted that the Counterparty as the Valuation Agent will determine the Exposure (as defined in the CSA) and will make determinations in relation to demands of delivery/redelivery of the collateral in accordance with the CSA. The Valuation Agent may pursue such actions and take such steps as it deems necessary or appropriate in its sole and absolute discretion to protect its interests, and in the same manner as if the Notes did not exist and, without regard as to whether such actions or steps might have an adverse effect on the Notes or the Noteholders.

### **No reliance**

Each prospective purchaser of the Notes should make its own evaluation of the interest and principal payments that it expects to receive on the Notes, and may not rely on the transaction participants in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to herein.

### **Taxation**

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. The Company will not pay any additional amounts to Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes. The Notes may redeem if certain tax events occur and you may suffer a significant loss as a result.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), Member States are required, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and

Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date in substantially the same circumstances as envisaged by the Directive. Investors who are individuals should note that should any payment in respect of the Notes be subject to withholding imposed as a consequence of the Directive or under equivalent measures, no additional amounts would be payable by the Company.

### **Withholding on the Notes**

In the event that withholding or deduction of any taxes from payments of principal or interest in respect of the Notes is required by law in any jurisdiction, the Company is not under any obligation to make additional payments to the holders of any Notes in respect of such withholding or deduction.

### **U.S. Dividend Equivalent Payments**

Payments made (i) pursuant to a securities lending transaction, a sale-repurchase transaction or a specified notional principal contract (as defined under Section 871(m) of the U.S. Internal Revenue Code) that directly or indirectly are contingent upon, or determined by reference to, the payment of U.S. source dividend or (ii) otherwise are determined to be substantially similar to a payment described in clause (i) above ("**Dividend Equivalent Payments**"), may be treated as U.S. source dividends and subject to withholding.

**There can be no assurance that a payment on a Note will not be subject to U.S. withholding tax as a Dividend Equivalent Payment. Accordingly, non-U.S. holders of Notes should consult their own tax advisors about whether any payments on the Notes may be treated as a U.S. source dividend subject to withholding.**

### **Foreign Account Tax Compliance Act**

Under Sections 1471 through 1474 of the U.S. Internal Revenue Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the U.S. Internal Revenue Code, or any U.S. or non-U.S. fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with either the implementation of such Sections of the U.S. Internal Revenue Code or analogous provisions of non-U.S. law ("**FATCA**"), a payor may be required to withhold 30 per cent. from certain payments made on or after 1 January 2014 to certain non-U.S. persons, such as the Company. However, this withholding tax (which may not be refundable) does not apply (i) to certain U.S. obligations outstanding on or prior to 31 December 2013 and certain non-U.S. obligations outstanding on or prior to the later of 31 December 2013 and the date that is six months after the date on which U.S. Treasury regulations addressing "foreign passthru payments" are issued or (ii) if the Company (and each foreign withholding agent (if any) in the chain of custody of payments made to the Company) meets certain reporting requirements regarding its account holders. For this purpose, obligations that are treated for U.S. federal income tax purposes as equity or that lack a definitive maturity date are not eligible for this grandfathering exemption.

If the Company decides to enter into an agreement with the U.S. Internal Revenue Service (the "**IRS**") to comply with the new reporting requirements, the Company will be required to, among other things, to withhold 30 per cent. on payments (including principal) made to holders that fail to comply with reasonable requests for information that will help enable the Company to comply with its reporting requirements (or that fail to provide a waiver of laws that prohibit the

disclosure of such information to a taxing authority) or to holders that are treated as "financial institutions" and that are not in compliance with any requirements under FATCA. If the Company is unable to satisfy its reporting requirements under FATCA due to the failure of a Noteholder to provide the requested information or a waiver of law, the Company may, at its option, redeem or terminate some or all Notes, including Notes held by compliant Noteholders. No additional amounts will be payable by the Company in respect of any amounts withheld under FATCA or for any loss suffered on the sale of an interest in the Notes.

If the Company is required to enter into an agreement with the IRS in order to receive payments free of FATCA withholding but fails to do so or fails to comply with its obligations under the agreement, the Company may be subject to a 30 per cent. withholding tax on payments in respect of its assets. Failure to comply with FATCA may materially impair the Company's ability to make payments on the Notes. Further, failure to comply with the new reporting requirements may preclude certain of its affiliates from complying with FATCA. Alternatively, failure by certain of the Company's affiliates to comply with FATCA may preclude the Company from being FATCA compliant. For this purpose affiliates are generally persons or entities that possess (directly or indirectly) 50 per cent. or more common ownership. Prospective investors in the Notes should consult with their own tax advisors with respect to whether they may be deemed (for U.S. federal income tax purposes) to own more than 50 per cent. of both the Company and other non-U.S. financial entities.

**FATCA is particularly complex and its application is uncertain. Each holder and beneficial owner of Notes should consult its own tax advisor to determine how FATCA may affect such holder or beneficial owner in its particular circumstances.**

#### **Legality of purchase**

Neither the Company nor CSi (nor any of its affiliates) has or assumes responsibility for the lawfulness of a prospective purchaser's acquisition of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different) or the compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it. A prospective purchaser of Notes may not rely on the Company or CSi (or any of its affiliates) in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

#### **Conflict of interest**

Various conflicts of interest may arise from the overall investment, advisory and other activities of Credit Suisse and its subsidiaries and affiliates (the "**Credit Suisse Entities**" and each a "**Credit Suisse Entity**") and clients. The following briefly summarises some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

The Company, Arranger, the Dealer, the Counterparty, the Calculation Agent under the Notes and under the Swap Agreement and the Securities Issuer may be Credit Suisse or a subsidiary or an affiliate of Credit Suisse, although performing different functions in respect of the Notes and the structure underlying them. Prospective purchasers of Notes should ensure that they understand and accept the identities of the parties and the roles that they play in relation to the Notes.

There may be various actual or potential conflicts of interest between any Credit Suisse Entity and a Noteholder, as a result of the various investment, advisory and other activities of the Credit Suisse Entity, such as, without limitation, (i) holding of positions (long and/or short); (ii) active trading or the making of markets; (iii) undertaking hedging transactions; (iv) accessing information; and (v) holding directorships, or any other involvement. Any Credit Suisse Entity may pay or receive brokerage or retrocession fees in connection with the Notes. The hedging

activities of the Company and/or the Counterparty related to the Notes may have an impact on the value and/or payments under the Notes. The Credit Suisse Entities may, from time to time, have long or short proprietary positions and/or actively trade, by making markets to their clients, in financial products identical to or economically related to the Notes. The Credit Suisse Entities may have an investment banking or other commercial relationship with and access to information from the issuer(s) of securities, financial products, or other interests underlying the Notes, and there is no obligation to disclose this to the Noteholders. Investors in the Notes shall be deemed to accept, on purchasing the Notes, that any such conflict may exist and may be prejudicial to an investment in the Notes.

### **Legal Opinions**

Whilst legal opinions relating to the issue of the Notes and the security taken in respect thereof have been or will be obtained with respect to the laws of England and Jersey, no such opinions have been or will be obtained with respect to any other applicable laws, any of which, depending upon the circumstances, may affect, inter alia, the value, validity, legal and binding effect of the security over the Collateral and the effectiveness and ranking of the security for the Notes.

### **No duty to act in Noteholders' interests**

Neither the Securities Issuer nor the Reference Entity is involved in the offer of the Notes in any way and neither the Securities Issuer nor the Reference Entity has an obligation to consider the investors' interests as Noteholders in taking any corporate actions that might affect the value of the Notes. Each of the Securities Issuer and the Reference Entity may, and is entitled to, take actions that will adversely affect the value of the Notes.

Please note that the money investors pay for the Notes is paid to the Company and not to the Securities Issuer or the Reference Entity.

### **Independent review and advice**

Each prospective purchaser of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes: (i) is fully consistent with its (or, if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition; (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or, if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

### **Liquidity of investment**

There can be no assurance that a secondary market in the Notes will develop or, if it does develop, that it will provide holders of the Notes with any liquidity of investment or that it will continue for the life of the Notes.

Neither the Arranger nor any of its affiliates will commit to make any market in the Notes or offer to buy or be required to buy them back. The Notes are also subject to certain transfer and selling restrictions. Therefore, investors should be willing and able, in the light of their circumstances and financial resources, to hold the Notes until the Maturity Date. In theory other dealers may make a secondary market for the Notes but, if such a secondary market develops, there can be no assurance that it will continue or that it will be sufficiently liquid to allow investors to resell the Notes.

Therefore if investors need to sell the Notes prior to the Maturity Date, investors may have to do so at a substantial discount from the initial price at which they purchased the Notes, and as a result investors may suffer substantial losses.

### **Arm's-length contractual counterparty**

The Counterparty is merely an arm's-length counterparty to the Company and is not its financial adviser or fiduciary.

### **Pricing of the Notes prior to the Maturity Date**

If you need to sell your Notes prior to the Maturity Date, the Company may but is not obliged to buy the Notes from you. However, the price, if any, at which the Company will be willing to purchase the Notes from you, if at all, may be lower than the initial price at which you purchased the Notes. Accordingly, any sale of the Notes to the Company prior to the Maturity Date may result in a substantial loss to the Noteholder.

### **Currency risk**

An investment in Notes denominated and payable in a foreign currency entails significant risks to a Noteholder that would not be involved if a similar investment were made in Notes denominated and payable in such Noteholder's home currency. These risks include, without limitation, the possibility of significant changes in rates of exchange between the foreign currency and such Noteholder's home currency and generally depend on economic and political events over which the Company has no control.

### **CNY related risks**

All payments to Noteholders in respect of the Notes will be made in CNY (unless payment is otherwise made in a substitute currency in the event of a CNY Disruption Event) by transfer to a CNY bank account maintained in Hong Kong or another jurisdiction (for this purpose, excluding the People's Republic of China ("**PRC**")) acceptable to the Calculation Agent in accordance with prevailing rules and regulations and in accordance with the terms and conditions of the Notes. The Company cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

The Notes and the Securities are denominated in CNY. Prospective investors in the Notes should be aware that CNY is not freely convertible at present. The PRC government continues to regulate conversion between CNY and foreign currencies despite the significant reduction over the years by the PRC government of control over routine current account foreign exchange transactions. As a result of the restrictions by the PRC government on cross-border CNY fund flows, the availability of CNY outside the PRC is limited.

The current size of CNY-denominated financial assets outside the PRC is limited. Although it is expected that the offshore CNY market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. The limited availability of CNY outside the PRC may affect the liquidity of the Notes. To the extent the Company is required to source CNY in the offshore market to service the Notes, there is no assurance that the Company will be able to source such CNY on satisfactory terms, if at all possible. The Securities Issuer may also face similar risks with respect to its obligations under the Securities. A failure by the Securities Issuer to pay in CNY under the Securities may have an adverse impact on the Company's ability to pay in CNY under the Notes.

There can be no assurance that access to CNY funds for the purposes of making payments under the Notes and the Securities by the Company and the Securities Issuer respectively will remain

available or will not become restricted. The value of CNY against foreign currencies fluctuates and is affected by changes in the PRC's and international political and economic conditions and by many other factors. As a result, foreign exchange fluctuations between an investor's home currency and CNY may affect investors who intend to convert gains or losses from the sale or redemption of the Notes into their home currency.

The PRC government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. As the Notes carry a fixed interest rate, the value of the Notes will vary with the fluctuations in the CNY interest rates. If a Noteholder tries to sell the Notes before their maturity, he may receive an offer that is less than the amount he has invested.

### **CNY Disruption Event**

If the Calculation Agent determines that a CNY Disruption Event has occurred, the payment date for the Notes may be postponed to a later date or the company's payment obligations under the Notes may be replaced with the obligation to pay the Substitute Payment Amount for such Notes. If the Company's payment obligations under the Notes are replaced with the obligation to pay the relevant Substitute Payment Amount on the Non-Deliverable Substitute Settlement Date, the relevant Substitute Payment Amount payable will be dependent on the value of the USD against the offshore CNY. No accrued interest will be payable in respect of any such postponement and no Event of Default, Early Redemption Event or breach of other Conditions in respect of the Notes will result from such postponement.

### **Credit Event**

The Notes are credit linked notes linked to the creditworthiness of the Reference Entity and obligations of the Reference Entity. Investors should note that the Reference Entity may change if a Succession Event occurs with respect to the Reference Entity.

The Notes will be redeemable following the occurrence of a Credit Event by payment of the Credit Event Redemption Amount.

Following the occurrence of a Credit Event Notice Date, no interest will be payable from and including the Interest Period Date immediately preceding the date of the Credit Event Date or, if none, from and including the Interest Commencement Date.

The Credit Event Redemption Amount payable upon early redemption following the occurrence of a Credit Event may be significantly affected by, among others, the market value of the Securities. The Cash Settlement Amount under the Credit Default Swap Transaction and the Close-out Amount of the Cross Currency Swap Transaction, where payable to the Counterparty, will be deducted from the market value of the Securities in arriving at the Credit Event Redemption Amount. There is therefore a possibility that the Credit Event Redemption Amount payable upon early redemption following the occurrence of a Credit Event will be less than or significantly less than the principal amount of the Notes. The Credit Event Redemption Amount may even be zero, resulting in a total loss of the Noteholder's initial principal investment.

### **You may suffer a loss if there is an early redemption of the Notes**

The occurrence of Events of Default and Early Redemption Events may result in an early redemption of the Notes.

### **Events of Default with respect to the Company**

It will constitute an Event of Default with respect to the Company if:

- (i) there is a default by the Company in making a payment of the Redemption Amount or Early Redemption Amount due on the Notes;
- (ii) there is a default by the Company for fourteen days or more in making any payment due on the Notes other than the Redemption Amount or Early Redemption Amount;
- (iii) the Company fails to perform any of its other obligations in relation to the Notes and if such failure is remediable, such failure continues for a period of 30 days (or longer if the Trustee permits) after notice of failure is given by the Trustee to the Company requiring the same to be remedied; and/or
- (iv) certain bankruptcy and insolvency events occur with respect to the Company.

These events will only trigger an early redemption if the Trustee (in each case subject to it having been indemnified to its satisfaction) (i) is requested to do so by at least 20 per cent in principal amount of Noteholders; (ii) is directed by an Extraordinary Resolution of Noteholders; (iii) is directed in writing by any secured party to whom sums are due; or (iv) exercises his discretion to call the Notes due.

### **Payment upon enforcement of security**

Upon enforcement of the security pursuant to the Supplemental Trust Deed (which will only arise if the Trustee exercises his discretion to call the Notes due or is told to do so by at least 20 per cent in principal amount of Noteholders or by an Extraordinary Resolution of Noteholders), the Notes will be redeemable in an amount equal to the amount available for redemption of such Notes by applying the portion available to the Noteholders pursuant to Condition 4(b) (Security – Application of Proceeds) from the net proceeds of enforcement in accordance with Condition 4 (Security) *pari passu* and rateably to the Notes. Investors should note that Condition 4 (Security) has been amended by the Terms and Conditions of the Notes which are set out in the Supplemental Trust Deed.

Further, upon enforcement of the security granted by the Company in favour of the Trustee, the rights of the Noteholders to be paid amounts due under the Notes will be subordinate to (i) certain taxes payable by or assessed against the Company or the Trustee (ii) the claims of the Counterparty under the Swap Agreement; (iii) the claims of the Principal Paying Agent and the Custodian for reimbursement in respect of payment of principal and interest made to the relevant holders of Notes and payments made to the Counterparty relating to sums receivable on the Held Securities; and (iv) any remuneration or costs, charges, expenses and liabilities (including legal fees) incurred by the Trustee or any receiver in effecting the liquidation thereof or executing the trusts under the Trust Deed. Because the Noteholders cannot claim against the Company or any of its assets (except for the assets securing these Notes) if they suffer a loss as a result – i.e., there is not enough left after prior claims have been paid out of the proceeds of realisation of the security – they will have no claim against or recourse to the Company or anyone else for that loss and any claim they might otherwise have had will be cancelled and extinguished.

### **Early Redemption Events**

It will constitute an Early Redemption Event with respect to the Company if:

- (i) the Company is required by reason of a change in law or regulation in Jersey or elsewhere (including without limitation FATCA) or any change in the applicable or official interpretation of such laws or regulations to withhold or deduct an amount with respect to tax from any amount payable with respect to the Notes, or amounts are withheld on account of tax in respect of the Securities;

- (ii) the performance of the Company's obligations under the Notes has or will become unenforceable, illegal or otherwise prohibited in whole or in part as a result of compliance with any law, rule, regulation, judgment or directive or the interpretation thereof;
- (iii) the occurrence of a Collateral Event;
- (iv) any or all of the Cross Currency Swap Transaction and the Credit Default Swap Transaction are terminated early in whole for any reason except (i) upon the occurrence of a Credit Event; (ii) as a result of a Counterparty Optional Termination (as described in the Part 1(r) of the Schedule to the Swap Agreement, set out in the Credit Default Swap Transaction and the Cross Currency Swap Transaction); or (iii) where the Counterparty is the "Defaulting Party" or "sole Affected Party" (as such terms are defined in the Swap Agreement); and/or
- (v) an Event of Default, provided that the Swap Agreement has not been terminated with the Counterparty as the "Defaulting Party" or "sole Affected Party" (as such terms are defined in the Swap Agreement).

### **Payment upon an Early Redemption Events**

Upon the occurrence of an Early Redemption Event, the Notes will be redeemable in an amount equal to their Early Redemption Amount. In particular, investors should note that the Early Redemption Amount, amongst other variables, is calculated by reference to the aggregate termination amounts of the Credit Default Swap Transaction and the Cross Currency Swap Transaction. The termination amounts of the Credit Default Swap Transaction and the Cross Currency Swap Transaction may be a significant amount relative to the Principal Amount of the Notes. Accordingly, the amount available for redemption of the Notes may be significantly less than the Principal Amount of the Notes and in some cases may be zero.

Due to the early redemption of the Notes, the forced unwind of the Transactions under the Swap Agreement, and prevailing market conditions at the time of the early redemption, Noteholders may receive less on an early redemption than they would if such early redemption had not occurred and they had held their Notes until the Maturity Date.

### **Early Redemption Amount**

Noteholders should be aware that the Early Redemption Amount is capped at the principal amount of the Notes plus accrued interest to the date of redemption. Accordingly, where the Collateral Value minus the Close-out Amount would otherwise exceed 100 per cent. of the principal amount of the Notes, Noteholders will only be entitled to receive a maximum amount upon such early redemption equal to the amount stated above, and shall have no recourse against any party (including the Company, the Arranger, the Dealer or the Counterparty) for the balance in excess thereof. Where the Close-out Amount is deemed to be amounts payable by the Company to the Counterparty, such amounts will be subtracted from the Collateral Value in determining the Early Redemption Amount provided that any Early Redemption Amount is subject to a minimum amount of zero.

### **Collective Investment Funds (Restriction of Scope) (Jersey) Order 2000, as amended**

**The investments described in this document do not constitute a collective investment fund for the purpose of the Collective Investment Funds (Jersey) Law 1988, as amended, on the basis that they are investment products designed for financially sophisticated investors with specialist knowledge of, and experience of investing in, such investments, who are capable of fully evaluating the risks involved in making such investments and who have an asset base sufficiently substantial as to enable**

**them to sustain any loss that they might suffer as a result of making such investments. These investments are not regarded by the Jersey Financial Services Commission as suitable investments for any other type of investor.**

**Any individual intending to invest in any investment described in this document should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.**

### **Financial Services (Jersey) Law 1998**

Nothing in these Listing Particulars nor anything communicated to Noteholders or potential Noteholders by or on behalf of the Company is intended to constitute or should be construed as advice on the merits of the purchase of or subscription for the Notes or the exercise of any rights attached thereto for the purposes of the Financial Services (Jersey) Law 1998, as amended.

### **Potential loss**

The Noteholders' investment in the Notes is not principal protected and may result in a total loss of investment.

### **Credit Linked Notes**

Credit-linked Notes are notes which are linked to the credit risk of one or more Reference Entities and the obligations of (or the obligations guaranteed by) such Reference Entities. Investors should note that Credit-linked Notes differ from ordinary debt securities issued by the Company in that the amount of principal and interest (if any) payable by the Company is dependent on whether a Credit Event, a Credit Event Date and a Credit Event Notice Date having occurred or having been deemed to have occurred in respect of the relevant Reference Entity or Reference Entities (as applicable). A Credit Event may occur even when the relevant Reference Entity has not defaulted on any payment it owes. In certain circumstances, if a Credit Event occurs and a Credit Event Date is determined (and provided a Credit Event Notice Date has occurred or been deemed to have occurred), the Notes will cease to bear interest (if any) and the value paid to Noteholders on redemption may be less than their original investment and may in certain circumstances be zero.

The Credit-linked Notes are linked to the creditworthiness of the relevant Reference Entity or Reference Entities. The likelihood of a Credit Event occurring in respect of the Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of the Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. The whole of an investor's investment is at risk if a Credit Event, a Credit Event Date and a Credit Event Notice Date having occurred or having been deemed to have occurred in respect of the Reference Entity. Prospective investors should review the Reference Entity and conduct their own investigation and analysis with respect to the creditworthiness of the Reference Entity and the likelihood of the occurrence of a Credit Event with respect to the Reference Entity.

### **Final Price**

If a final price is determined in an applicable auction, then the Cash Settlement Amount and Credit Event Redemption Amount will be determined by reference to the Auction Final Price determined under an auction conducted in accordance with the auction settlement terms published by ISDA. This may result in the Noteholders receiving a lower Credit Event

Redemption Amount than if the final price were determined by a valuation of the Reference Obligation(s) (which will apply if no auction is conducted).

The final price will be determined according to an auction procedure published by ISDA on its website from time to time and may be amended from time to time. The Company and the Noteholders may have little or no influence in the outcome of any such auction, although the outcome of any such auction may alter the Credit Event Redemption Amount the Noteholders will receive.

There is a high probability that the Counterparty or the Calculation Agent (or any of their affiliates) would act as a participating bidder in any such auction. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), neither the Counterparty nor the Calculation Agent (nor any of their affiliates) shall be under any obligation to consider the interests of any Noteholder. Any such action or omission to act may adversely affect the Auction Final Price and accordingly the Credit Event Redemption Amount.

### **Cash Settlement by reference to the value of a Reference Obligation**

Where Auction Final Price does not apply, the value of the Final Price shall be determined by reference to one or more Reference Obligations. There can be no assurance that the value determined will reflect the price at which a Noteholder would have been able to sell the relevant Reference Obligation(s) which it had received under a physically settled credit default swap with the same economic terms as the Notes, and accordingly a Noteholder may suffer a greater loss on its investment in the Notes following the occurrence of a Credit Event Date (and provided a Credit Event Notice Date has occurred or been deemed to have occurred) than it would have suffered as a seller of protection under such a physically settled credit default swap.

The quotations for the relevant Reference Obligation(s) which are obtained to determine the Cash Settlement Amount may be affected by a number of factors including the occurrence of the Credit Event, market volatility and reduced liquidity. The liquidity of the relevant Reference Obligation(s) will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the Reference Entity. The quotations that are obtained from dealers and prices may vary widely from dealer to dealer. In turn, this would operate to reduce the Credit Event Redemption Amount payable to the Noteholders.

### **Postponement of Redemption and Settlement Suspension**

The postponement of a redemption and suspension of settlement of the Notes may have an adverse effect, amongst other things, on the accrual of interest in respect of the Notes.

### **Hedging**

The Company and/or any of its affiliates may enter into hedging transactions with respect to the Reference Entity, the Reference Obligation(s) or related derivatives which may affect the market price, liquidity or value of the Notes and which could be adverse to the interests of the Noteholders.

### **Pricing**

Certain built-in costs are likely to affect the value of the Notes prior to maturity adversely. The price, if any, at which the Company will be willing to purchase Notes from Noteholders in

secondary market transactions, if at all, will likely be lower than the original issue price and any sale prior to maturity could result in a substantial loss to the Noteholder.

### **Credit Suisse International will act as the Calculation Agent**

The Calculation Agent will determine, among other things, whether a Credit Event has occurred (subject to the determination of the Credit Derivatives Determination Committees) and the redemption amount on or following the occurrence of a Credit Event. The Calculation Agent will also be responsible for determining whether a disruption event (including without limitation a CNY Disruption Event) has occurred.

In performing these duties, Credit Suisse International, may have interests adverse to the interests of the holders of the Notes, which may affect the Noteholder's return on the Notes, particularly where Credit Suisse International, as the Calculation Agent, is entitled to exercise discretion. Any of these activities could adversely affect the Company's payment to the Noteholder before or at maturity.

### **Information on the Securities Issuer and the Reference Entity**

The Company cannot assure the investor that the public information provided on the Securities Issuer or the Reference Entity is accurate or complete.

### **Historical performance of the Reference Entity**

The Company may provide historical price information on the Reference Entity or obligations of the Reference Entity. Noteholders should not take any such historical prices as an indication of future performance.

### **The Notes may not be a suitable investment for all Investors.**

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the Documentation;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes, the risks in connection with an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (iv) understand thoroughly the terms of the Notes and be familiar with common market terms, market-standard methodologies and the behaviour of any relevant securities, assets and/or financial markets; and
- (v) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Investors may not rely on the Company, Counterparty, Arranger or any of its affiliates in connection with its determination as to the legality, advisability or suitability of its acquisition of the Notes or as to other matters.

### **Credit Derivatives Determinations Committee**

Noteholders should be aware that certain decisions relating to the Notes may be determined by reference to determinations of the Credit Derivatives Determinations Committee (as defined in the Credit Default Swap Transaction). Noteholders should be familiar with the manner in which the Credit Derivatives Determinations Committee is constituted and resolves matters. Noteholders should also be aware that institutions serving on the Credit Derivatives Determinations Committee have no duty to research or verify the veracity of information on which a specific determination is based. In addition, the Credit Derivatives Determinations Committee is not obligated to follow previous determinations and, therefore, could reach a conflicting determination on a similar set of facts. Prospective Noteholders should also note that CSI (or its affiliate) is currently a global dealer on the Credit Derivatives Determinations Committee.

### **IMPORTANT**

**IF IN ANY DOUBT ABOUT THE CONTENTS OF THIS SECTION, OR THE DOCUMENT AS A WHOLE, PROSPECTIVE INVESTORS SHOULD CONSULT THEIR FINANCIAL CONSULTANT, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.**

## TERMS AND CONDITIONS OF THE NOTES

The text of the terms and conditions of the Notes is as set out in Schedule 1 hereto as supplemented and varied in accordance with the provisions set out below. These provisions are scheduled to the Permanent Global Note, and the terms and conditions of the Notes set out in Schedule 1 as supplemented and varied in accordance with the provisions set out below and subject to the deletion of inapplicable provisions will be endorsed on the Definitive Notes (if any). References in the terms and conditions to "Series Memorandum" shall be deemed to be references to "Listing Particulars".

1. Specified Company: Sherlock Limited
2. Series No: 243
3. Denomination: CNY5,000,000  
**The Denomination may not be divided into a lower denomination after the Issue Date.**
4. Relevant Currency: CNY
5. Principal Amount: CNY50,000,000
6. Issue Date: 19 March 2013
7. Issue Price: 100 per cent.
8. Maturity Date: 28 February 2018 (the "**Scheduled Maturity Date**") subject to adjustment in accordance with the Business Day Convention and subject further to the terms of Conditions 7(o), (p), (q), (r), (u) and (v).
9. Mortgaged Property: The Company's obligations pursuant to the Trust Deed, the Notes, the Coupons and the Swap Agreement (as defined below) are secured by (a) a first fixed charge over the Held Securities and any Credit Support Assets, (b) an assignment by way of security of the Company's rights under (i) the Agency Agreement insofar as such rights relate to the Notes and any sums related thereto and (ii) the Custody Agreement (as defined in Condition 7(x)) including the rights of the Company in respect of any Held Securities and Credit Support Assets held thereunder and all amounts derived therefrom; and (c) a first fixed charge over all sums held by the Principal Paying Agent to meet payments due in respect of the Notes and the Swap Agreement and all sums held by the Custodian on behalf of the Company in respect of the Swap Agreement, in each case in favour of the Trustee for the benefit of itself and the Noteholders, the Couponholders and the Counterparty.

The Company's obligations under the Trust Deed, the Notes and the Coupons are also secured by an assignment by way of security of the Company's rights under the Swap Agreement in favour of the Trustee for the benefit of itself and the Noteholders and the Couponholders, subject to an assignment by the Company to The Bank of New York Mellon, acting through its London Branch in its capacity as Principal Paying Agent of the Company's right to receive sums due from the Counterparty under the Swap Agreement.

In the event that Eligible Credit Support in the form of negotiable debt obligations issued or backed by a G7 Nation (as defined in the CSA) are proposed to be transferred by the Counterparty to the Company, if (i) the Calculation Agent has determined pursuant to the terms of the CSA that it would be customary to grant additional security over such negotiable debt obligations; or (ii) the Trustee has notified the Company and the Counterparty that additional security is required, the Company and the Trustee will execute an additional security document to create such security in a form satisfactory to the Trustee. Following any execution of an additional security document, any references in the Trust Deed or the Conditions to the security in respect of the Notes shall be construed as including the security created by such additional security document unless the context does not permit.

For the purposes of Condition 4(b), the net proceeds from realisation of the Mortgaged Property by the Trustee shall be applied in accordance with "Other Priority".

"Other Priority" means "Counterparty Priority" save that the claims of (i) the Principal Paying Agent for reimbursement in respect of payment of principal and interest made to the relevant holders of Notes and/or Coupons; and (ii) the Custodian for reimbursement in respect of payment of principal and interest made to the Counterparty relating to sums receivable on the Held Securities or the Credit Support Assets, rank in each case prior to any claim of the Counterparty and shall rank *pari passu* amongst themselves, as further described in the Trust Deed.

- |     |                             |   |
|-----|-----------------------------|---|
| 10. | Interest Basis:             | Fixed Rate  |
| 11. | Interest Commencement Date: | The Issue Date  |
| 12. | Fixed Rate Note Provisions: | Applicable. Interest accrued during an Interest Period shall be payable on the Interest Payment |

Date falling immediately after the Interest Period Date on which such Interest Period ends.

- (i) Interest Payment Dates: Subject as provided below, 28 February in each year from (and including) 28 February 2014 (a short first coupon) to (and including) the Scheduled Maturity Date, subject to adjustment in each case in accordance with the Business Day Convention and to the occurrence of an Interest Cessation Date.
- (ii) Interest Rate: 4.15 per cent. per annum
13. Floating Rate Note Provisions: Not Applicable
14. Interest Period Dates: 26 February in each year from (and including) 26 February 2014 (a short first coupon) to (and including) 26 February 2018, subject to adjustment in each case in accordance with the Modified Following Business Day Convention and subject to the occurrence of an Interest Cessation Date.
- For the avoidance of doubt, the first Interest Period shall commence on (and include) the Interest Commencement Date.
15. Interest Periods: Each period from (and including) an Interest Period Date to (but excluding) the immediately following Interest Period Date, provided that the first Interest Period shall commence on (and include) the Interest Commencement Date and the last Interest Period shall end on (but exclude) the Interest Period Date falling on or about 26 February 2018, subject to the occurrence of an Interest Cessation Date.
16. Day Count Fraction: Actual/365 (fixed)
17. Business Day Convention: Following Business Day Convention
18. Interest Cessation Date: Interest shall cease to accrue on the Notes from (and including): (A) in the case of a Credit Event, the Interest Period Date immediately preceding the relevant Credit Event Date (as defined in Condition 7(o), provided a Credit Event Notice Date has occurred or been deemed to have occurred) (or, if such date precedes the first Interest Payment Date, the Interest Commencement Date), (B) in the case of an Early Redemption Event, the Interest Period Date immediately preceding the relevant Early Redemption Event Determination Date (as defined in Condition 7(q)) (or, if such date precedes the initial Interest Payment Date, the Interest Commencement Date), and (C) subject to

Conditions 7(o) and 7(q) in all other circumstances, the due date for redemption thereof.

No interest shall be payable in respect of any period after the Scheduled Maturity Date (for the avoidance of doubt, including (i) in respect of the period from (and including) the Scheduled Maturity Date to (and including) the final day of any Potential Credit Event Period, which final day falls after the Scheduled Maturity Date and (ii) where Conditions 7(q), (r), (u) and (v) apply).

- |     |  |  |
|-----|--|--|
| 19. | Calculation Agent:                           | Credit Suisse International  |
| 20. | Redemption Amount on Maturity Date:          | The Principal Amount   |
| 21. | Early Redemption Amount on early redemption: | <p>The Early Redemption Amount payable in respect of each Note upon redemption of the Notes following the occurrence of an Early Redemption Event pursuant to Condition 7(q) shall be an amount in CNY equal to such Note's <i>pro rata</i> share of the Unwind Value (as defined in Condition 7(x) below).</p> <p>For the purposes hereof, each Note's <i>pro rata</i> share of the Unwind Value shall be determined by reference to the outstanding nominal amount of such Note as a proportion of the aggregate of the outstanding nominal amount of all Notes outstanding as at the Early Redemption Event Determination Date.</p> <p>Notwithstanding the foregoing, in no circumstances shall the Early Redemption Amount payable in respect of each Note exceed an amount equal to the par value of such Note plus the interest that would, but for the operation of Condition 7(q)(iii), have accrued in respect of such Note up to (but excluding) the relevant Early Redemption Date.</p> |
| 22. | Relevant Business Days:                      | London, Hong Kong and New York City  |
| 23. | Form of Notes:                               | Bearer   |
| 24. | Listing:                                     | Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its Global Exchange Market.  |
| 25. | Rating:                                      | The Notes are unrated  |
| 26. | Exchange:                                    |  |

- (a) Notes to be represented on issue by: Temporary Global Note, exchangeable for Permanent Global Note in accordance with its terms.
  - (b) Applicable TEFRA exemption: D Rules
  - (c) Permanent Global Note: Bearer
27. Additional Provisions: See Appendix 1 (Additional Provisions) and Appendix 2 (CNY Settlement and Disruption Provisions) below

## APPENDIX 1

### ADDITIONAL PROVISIONS

- 1 The provisions of paragraphs (b), (c) and (e) of Condition 7 shall not apply to the Notes, provided that the definition of "Repayable Assets" for the purposes of the Notes shall be as defined in Condition 7(b), provided further that for the purposes of Condition 4(c), such definition of "Repayable Assets" shall be as defined in Condition 7(b) but with all references to "Collateral" and "Collateral forming part of the Mortgaged Property" being interpreted as references to the Securities.
- 2 For the purposes of Condition 16, all transfers of Eligible Credit Support (as defined in the CSA) to the Counterparty or to the Company pursuant to the CSA shall be deemed not to have occurred.
- 3 The following provisions are added at the end of Condition 7 for the purposes of the Notes:

***"(o) Redemption following the occurrence of a Credit Event***

If:

- (A) the Calculation Agent, in its sole and absolute discretion, determines that (i) a Credit Event has occurred on or prior to the expiration of the Evaluation Period (as defined in Condition 7(x)), (ii) a Potential Failure to Pay (as defined in the Credit Default Swap Transaction) has occurred during the Evaluation Period which results in the occurrence of a Failure to Pay (as defined in the Credit Default Swap Transaction) on or prior to the expiration of any applicable Potential Credit Event Period or (iii) if Repudiation/Moratorium (as defined in the Credit Default Swap Transaction) is specified as a Credit Event for the purposes of the Credit Default Swap Transaction, a Potential Repudiation/Moratorium (as defined in the Credit Default Swap Transaction) has occurred during the Evaluation Period which results in the occurrence of a Repudiation/Moratorium on or prior to the expiration of any applicable Potential Credit Event Period (in each case, with respect to the Reference Entity); and
- (B) at any time during the Evaluation Period, or, if a Potential Credit Event Period (as defined in Condition 7(p)) is in effect at the end of the Evaluation Period, at any time during the Potential Credit Event Period, the Calculation Agent, at its election, in its sole and absolute discretion (without having any obligation to make any such election), gives a notice to the Company, the Trustee, the Custodian, the Principal Paying Agent and to Noteholders in accordance with Condition 13, of the occurrence of the relevant Credit Event (as defined in the Credit Default Swap Transaction) describing the Credit Event and providing Publicly Available Information (as defined in the Credit Default Swap Transaction) in respect of such Credit Event (subject to the terms of the last paragraph of this Condition 7(o)) (a "**Credit Event Notice**", the date that such notice is given being the "**Credit Event Notice Date**" and the date on which the Credit Event is determined to have occurred being the "**Credit Event Date**"),

then:

1. interest shall cease to accrue on the Notes from and including the Interest Period Date immediately preceding the Credit Event Date or, if none, from (and including) the Interest Commencement Date, as the case may be, and thereafter no payments of interest or principal on the Notes will be made; and

2. Condition 7(r) below shall apply.

Without limiting the terms of this Condition 7(o) or Condition 7(p) below, in determining whether a Credit Event, Potential Failure to Pay or, if Repudiation/Moratorium is specified as a Credit Event for the purposes of the Credit Default Swap Transaction, a Potential Repudiation/Moratorium has occurred, the Calculation Agent shall be bound by any determination and/or resolution made by any relevant Credit Derivatives Determinations Committee (as defined in the Credit Default Swap Transaction) convened by ISDA in respect of the Reference Entity. If the relevant Credit Derivatives Determinations Committee determines that a Credit Event, Potential Failure to Pay or, if Repudiation/Moratorium is specified as a Credit Event for the purposes of the Credit Default Swap Transaction, Potential Repudiation/Moratorium has occurred in respect of the Reference Entity at any time during the Evaluation Period, a Credit Event, Potential Failure to Pay or, if Repudiation/Moratorium is specified as a Credit Event for the purposes of the Credit Default Swap Transaction, Potential Repudiation/Moratorium (as applicable) shall be deemed to have occurred hereunder and (in the case of a Credit Event) the requirement to provide a Credit Event Notice and Publicly Available Information (as defined in the Credit Default Swap Transaction) and any other Condition to Settlement shall be deemed to have been satisfied in full on the date of such determination or resolution. Such date that the relevant Credit Derivative Determination Committee determines to be the Credit Event Resolution Request Date (as defined in the Credit Default Swap Transaction) shall be deemed to be the Credit Event Date and the Credit Event Notice Date.

The Calculation Agent shall, on or around the Credit Event Notice Date, notify the relevant Noteholder in accordance with Condition 13 that any beneficial holder of Notes on the Credit Event Notice Date who has notified the Calculation Agent of its contact details and has satisfied the criteria set out in the definition of Eligible Noteholder (as defined in Condition 7(x)) may submit firm bid quotations for the Specified Amount of the Securities (or the outstanding principal amount of the Securities delivered by the Company pursuant to Condition 7(r)(i)(y), if applicable) to the Calculation Agent for the purpose of determining the Collateral Value. For the avoidance of doubt, the Calculation Agent may include such notification to the Noteholder in the relevant Credit Event Notice.

**(p) Potential Credit Event Period**

If:

- (A) on any day during the Evaluation Period, the Calculation Agent, in its sole and absolute discretion, determines that facts exist or events have occurred which may constitute a Potential Failure to Pay (as defined in the Credit Default Swap Transaction), no payment whatsoever shall be made under the Notes from and including the date of such determination until three Relevant Business Days following the last day of the Grace Period (as defined in the Credit Default Swap Transaction) (a "**Potential Credit Event Period**"); or
- (B) Repudiation/Moratorium is specified as a Credit Event for the purposes of the Credit Default Swap Transaction and on any day during the Evaluation Period, the Calculation Agent, in its sole and absolute discretion, determines that facts exist or events have occurred which may constitute a Potential Repudiation/Moratorium (as defined in the Credit Default Swap Transaction), no payment whatsoever shall be made under the Notes from and including the date of such determination until three Relevant Business Days following the Repudiation/Moratorium Evaluation Date (as defined in the Credit Default Swap Transaction) (also a "**Potential Credit Event Period**");
- (C) on the Scheduled Maturity Date, the Calculation Agent, in its sole and absolute discretion, determines that facts exist or events have occurred which may

constitute a Credit Event, no payment whatsoever shall be made under the Notes from and including the date of such determination until the Relevant Business Day following the fourteenth calendar day following the Scheduled Maturity Date (also a "**Potential Credit Event Period**"); or

- (D) on or before the Scheduled Maturity Date or, if a Potential Credit Event Period pursuant to Condition 7(p)(A), (B) or (C) is continuing as at the Scheduled Maturity Date, on or before the last day of such Potential Credit Event Period (such day, the "**DC Final Request Date**"), a notice has been delivered to ISDA requesting that a Credit Derivatives Determinations Committee (as defined in the Credit Default Swap Transaction) be convened to determine whether or not a Credit Event has occurred with respect to the Reference Entity, but, as of the DC Final Request Date, no announcement has yet been made by ISDA with respect to such determination, no payment whatsoever shall be made under the Notes from and including the date that such notice is received by ISDA until three Relevant Business Days following the date of the relevant announcement by ISDA with respect to such determination, or such earlier date as is determined by the Calculation Agent (also a "**Potential Credit Event Period**").

The Calculation Agent will, within ten Relevant Business Days of the commencement of a Potential Credit Event Period, use reasonable endeavours to give notice to the Noteholders in accordance with Condition 13 of the Potential Credit Event Period, briefly describing the facts or events which may amount to, become or create a Potential Failure to Pay, Potential Repudiation/Moratorium (if Repudiation/Moratorium is specified as a Credit Event for the purposes of the Credit Default Swap Transaction) and/or a Credit Event.

At any time during a Potential Credit Event Period, the Calculation Agent, in its sole and absolute discretion, but subject to Condition 7(o) above, may determine that a Credit Event, Potential Failure to Pay or, if Repudiation/Moratorium is specified as a Credit Event for the purposes of the Credit Default Swap Transaction, Potential Repudiation/Moratorium has occurred and, for the avoidance of doubt, such Credit Event, Potential Failure to Pay or Potential Repudiation/Moratorium (a) may be different from any Credit Event, Potential Failure to Pay or Potential Repudiation/Moratorium specified, referred to or described in the notice of the Potential Credit Event Period to the Noteholders and/or (b) may result from facts or events other than those specified, referred to or described in the notice of the Potential Credit Event Period to the Noteholders.

If, at any time during a Potential Credit Event Period, the Calculation Agent, in its sole and absolute discretion, determines that a Credit Event has occurred (i) in the case of (A) or (B) above, during the Potential Credit Event Period; and (ii) in the case of (C) or (D) above, during the Evaluation Period (provided that, in the case of (D) where such Credit Event is a Potential Failure to Pay or Potential Repudiation/Moratorium occurring during the Evaluation Period, the Failure to Pay or Repudiation/Moratorium may occur during the period ending on the fourteenth calendar day falling after the Scheduled Maturity Date), the provisions of Condition 7(o) shall apply.

If the Calculation Agent has not determined that a Credit Event has occurred on or prior to the expiry of the final Relevant Business Day of a Potential Credit Event Period, then, on the second Relevant Business Day thereafter, the Company shall, subject as provided above in this Condition 7(p), pay to the Noteholders an amount equal to any scheduled payment that was due in respect of the Notes.

For the avoidance of doubt, notwithstanding any Potential Credit Event Period, no interest shall accrue from (and including) the Scheduled Maturity Date.

**(q) Early Redemption**

- (i) If the Calculation Agent, in its sole and absolute discretion, determines that an Early Redemption Event has occurred, then on or before the fifth Relevant Business Day thereafter, the Calculation Agent shall notify the Company, the Counterparty, the Trustee, the Custodian, the Principal Paying Agent and the Noteholders in accordance with Condition 13 of such determination (the date of notification of such determination being the "**Early Redemption Event Determination Date**"). Such notice shall also specify (1) that any beneficial holder of the Notes on the Early Termination Event Determination Date who has notified the Calculation Agent of its contact details and has satisfied the criteria set out in the definition of Eligible Noteholder (as defined in Condition 7(x)) may submit firm bid quotations for the Specified Amount of the Securities to the Calculation Agent for the purpose of determining the Collateral Value; and (2) unless item (iv) of the definition of Early Redemption Event applies, such notice shall also specify the date that Securities shall be delivered to the Counterparty pursuant to the terms of the Credit Default Swap Transaction, provided that failure to specify such date shall not affect the validity of such notice.
- (ii) The Company shall (1) deliver the Specified Amount of the Securities to the Counterparty in accordance with the Credit Default Swap Transaction, and (2) pay to the Noteholders an amount in CNY equal to the Early Redemption Amount (as defined in paragraph 21 above) on or before the tenth Relevant Business Day following the Early Redemption Event Determination Date (the "**Early Redemption Date**"). The Early Redemption Date shall be the Maturity Date.
- (iii) Interest shall cease to accrue on the Notes from and including the Interest Period Date immediately preceding the Early Redemption Event Determination Date (or the Interest Commencement Date in the case where such event has occurred prior to the initial Interest Period Date).
- (iv) For the avoidance of doubt, if an Event of Default under the Notes occurs following a termination of the Swap Agreement where the Counterparty is the Defaulting Party, the Notes will be redeemed pursuant to Condition 9(a) and the Trustee may enforce the security in accordance with Condition 9(b) and the Trust Deed. In such circumstances, the Liquidation Agent (as defined in the Custody Agreement) shall liquidate the relevant Collateral in accordance with the provisions of the Custody Agreement.

**(r) Cash Settlement following a Credit Event**

- (i) Following the Credit Event Notice Date, irrespective of whether the Cash Settlement Amount and Credit Event Redemption Amount fall to be determined pursuant to this Condition 7(r) or Condition 7(u) below:
  - (x) on the second Relevant Business Day following the Calculation Date (as defined in Condition 7(x)) the Company (or the Calculation Agent acting on its behalf) shall notify the Trustee, the Custodian, the Calculation Agent and Noteholders in accordance with Condition 13 of the Credit Event Redemption Amount, Cash Settlement Amount and (where applicable) the relevant Reference Obligation(s) valued on such Calculation Date as well as the date on which the Company will deliver Securities in accordance with the Credit Default Swap Transaction, as referred to in Condition 7(r)(i)(y) below; and
  - (y) the Company will (i) deliver the Specified Amount of the Securities or, if Condition 7(w)(ii) applies, a portion of the Specified Amount of the Securities in the same proportion as the Partial Principal Amount (as defined in

Condition 7(w)) bears to the aggregate principal amount represented by all Reference Entities following a Succession Event (rounded up to the nearest whole denomination of the Securities), to the Counterparty in accordance with the Credit Default Swap Transaction, and (ii) pay the Credit Event Redemption Amount to each Noteholder on the Cash Settlement Date in each case irrespective of whether the relevant Credit Event is continuing on such date. The Cash Settlement Date shall be the Maturity Date.

- (ii) If the Calculation Agent, in its sole and absolute discretion, determines that an Auction (as defined in the Credit Default Swap Transaction) is to be held with respect to the Reference Entity, then Condition 7(u) below shall apply for the purposes of determining the Cash Settlement Amount and Credit Event Redemption Amount.
- (iii) If the Calculation Agent, in its sole and absolute discretion, determines at any time (the date of such determination, the "**Fallback Determination Date**") even after having made a determination that an Auction will apply under sub-paragraph (ii) above, that no Auction is to be held with respect to the Reference Entity, then the Calculation Agent, in its sole and absolute discretion, shall select a date falling no later than the sixtieth Relevant Business Day following the Fallback Determination Date (the "**Valuation Date**") on which it shall attempt to determine the Value (as defined below) of the relevant Reference Obligation(s), the Cash Settlement Amount and the Credit Event Redemption Amount.
- (iv) If sub-paragraph (iii) above applies, the Calculation Agent, in its sole and absolute discretion, shall determine the value ("**Value**") of the relevant Reference Obligation(s) by attempting to obtain Full Quotations with respect to the Valuation Date from at least five Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Relevant Business Day within three Relevant Business Days of a Valuation Date, then on the next following Relevant Business Day (and, if necessary, on each Relevant Business Day thereafter until the tenth Relevant Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Relevant Business Day on or prior to the tenth Relevant Business Day following the applicable Valuation Date, then the quotation to be used in determining the Value shall be deemed to be a Full Quotation obtained from a Dealer at the Valuation Time on such tenth Relevant Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the relevant Reference Obligation(s) obtained from Dealers at the Valuation Time on such tenth Relevant Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day. Quotations shall not include accrued but unpaid interest.
- (v) Upon the payment in sub-paragraph (i)(y) above being made by the Company, the Company will be discharged from its obligations and liabilities under the Notes and the Notes will be cancelled.
- (vi) The Calculation Agent may rely upon any notice, announcement or resolution of the relevant Credit Derivatives Determinations Committee (as defined in the Credit Default Swap Transaction) in respect of the Reference Entity in determining whether or not an Auction is to be held.

***The Credit Event Redemption Amount payable to the Noteholders in respect of each Note may be substantially less in value than the nominal amount of a Note***

**and may in certain circumstances be zero. In the event that the Credit Event Redemption Amount is less in value than the nominal amount of a Note the Company shall have no liability in respect of the shortfall.**

**The Company and/or Counterparty shall have full discretion as to whether or not, and the extent to which, it may determine to enter into arrangements intended to hedge all or part of its exposure in respect of the Notes, including purchasing Obligations (as defined in the Credit Default Swap Transaction). In the event that the Company and/or Counterparty does enter into any such hedging arrangements, in no circumstances shall any Noteholder have any beneficial, participation or other interests or rights whatsoever in any such hedging arrangements.**

**(s) Responsibility**

None of the Company, the Counterparty or the Calculation Agent shall have any responsibility for good faith errors or omissions in its calculations and determinations as provided in the Conditions, whether caused by negligence or otherwise. Such calculations and determinations shall be made in accordance with the Conditions having regard in each case to the criteria stipulated herein and where relevant on the basis of information provided to or obtained by employees or officers of the entity responsible for making the relevant calculation or determination and shall, in the absence of manifest error, be final, conclusive and binding on the Company, the Trustee, the Noteholders and the Couponholders.

**(t) Collateral**

*Any description of the Collateral (including the Securities herein) is qualified in its entirety by reference to the detailed provisions of the Collateral. Any such description is a summary and does not purport to be complete. Prospective purchasers of the Notes must refer to the terms and conditions of the relevant Collateral for detailed information regarding its terms.*

On the Issue Date, the Company shall procure that the net issue proceeds of the Notes shall be used to purchase the Specified Amount of the Securities which shall be delivered to the Custodian on the Issue Date. With effect from the Issue Date, the Securities will be held by the Custodian on behalf of the Company, subject to the security interest created at any time in favour of the Trustee on behalf of secured creditors under the Trust Deed. Such Securities shall constitute the Collateral in respect of the Notes on the Issue Date, subject to the provisions that follow and subject to the transfer of any such Securities to the Counterparty pursuant to the CSA.

After the Issue Date but prior to any time that the Notes become due for redemption in accordance with the Conditions, any Noteholder may, by delivering a written request in the form set out in these Listing Particulars (a "**Substitution Request**") to the Company, copied to the Calculation Agent, the Trustee, the Principal Paying Agent and the Custodian, request the Company to substitute Eligible Collateral Assets for all or part of the Securities at that time (the Securities to be replaced being the "**Replaced Assets**" and the nominal amount of such Replaced Assets to be replaced, the "**Substitution Amount**" with Eligible Collateral Assets identified by such Noteholder in the Substitution Request (the Eligible Collateral Assets so identified, the "**Replacement Assets**").

The Substitution Amount may not exceed the aggregate outstanding principal amount of the Held Securities at the time the relevant Substitution Request is delivered.

If the Company receives a Substitution Request from any Noteholder (and provided the Calculation Agent, on behalf of the Company, has also received confirmation satisfactory

to it of such Noteholder's entitlement to the Notes to which the Substitution Request relates) then the Company, or the Calculation Agent on its behalf, will instruct the Principal Paying Agent, within three Relevant Business Days of such receipt, to forward a copy of such Substitution Request to all Noteholders in accordance with Condition 13 and the Company, copied to the Trustee, the Calculation Agent and the Counterparty, and to request on behalf of the Company that each Noteholder confirm in writing to the Principal Paying Agent (copied to the Company, the Trustee, the Calculation Agent and the Counterparty) whether it consents to such substitution of the Replacement Assets for the Replaced Assets and if it does so consent: (i) the account to which such Noteholder's portion of the Replaced Assets should be delivered (each, a "**Noteholder Replaced Assets Account**"), such portion (the "**Noteholder's Portion of Replaced Assets**") to be equal to such Noteholder's entitlement to the Notes as a proportion of the outstanding principal amount of the Notes, as determined by the Calculation Agent in its sole discretion; (ii) that it agrees to pay its *pro rata* share of all costs incurred in connection with such substitution (including any stamp duty or other taxes payable) as well as legal fees in amending any of the documents relating to the Notes to accommodate such change; and (iii) that it agrees to deliver Replacement Assets in an aggregate principal amount at least equal to the Noteholder's Portion of Replaced Assets.

If within ten Relevant Business Days following the Principal Paying Agent's delivery of a copy of the Substitution Request to the Noteholders, all of the Noteholders at that time have notified the Principal Paying Agent in writing (copied to the Company, the Trustee, the Calculation Agent and the Counterparty) that they consent to such substitution and have satisfied the requirements of sub-paragraphs (i) and (ii) of the foregoing paragraph, then the Principal Paying Agent shall notify the Company and the Calculation Agent, whereupon the Company, or the Calculation Agent on its behalf, shall, subject as provided below, instruct the Custodian, on behalf of the Company and upon release of the security by the Trustee, to deliver the Replaced Assets in an aggregate nominal amount equal to the Substitution Amount, *pro rata* and *pari passu* (in such amounts and on such date as shall be notified by the Company, or the Calculation Agent on its behalf, to the Custodian), to the relevant Noteholder Replaced Assets Account of each Noteholder against delivery in full by each such Noteholder to the Custodian, on behalf of the Company, of the relevant Replacement Assets that bear, in respect of each Noteholder, an identical nominal amount as the portion of the Replaced Assets each such Noteholder is entitled to receive (irrespective, in respect of the Replaced Assets and Replacement Assets, of the trade or market value of such assets) *provided that* no such substitution shall be effected:

- (i) unless the Replacement Assets are secured by the Company on the same terms (*mutatis mutandis*) as were the Replaced Assets;
- (ii) unless, prior to any substitution being effected as described herein, the Noteholders have, at the request of the Company or the Counterparty, made a cash deposit with the Company sufficient to cover all costs which are to be borne by the Noteholders as described herein; and
- (iii) if such substitution would, as of the date of such substitution (i) result in the contravention by the Company of any applicable law or regulation or (ii) require the Company to make any filing or declaration under any applicable law or regulation or (iii) give rise to any obligation or liability on the Company's part to take any action, or to make any payment, other than with the Company's express agreement unless the Company has first been indemnified and/or secured to its satisfaction against such obligation or liability.

If such consent in respect of a Substitution Request is not obtained from all Noteholders or the Replacement Assets are not Eligible Collateral Assets (as determined by the Calculation Agent, in its sole and absolute discretion) or any other of the above criteria are not satisfied, no substitution of the Securities shall be effected. The Company shall notify

the Noteholders as soon as reasonably practicable in accordance with Condition 13 as to whether any substitution requested pursuant to the foregoing provisions of this Condition 7(t) is to be effected or not (and if not, the reasons therefor) and, if such substitution is to be so effected, the effective date of such substitution. In respect of any Substitution Request (the "**Relevant Request**"), a Noteholder shall not be entitled to deliver to the Custodian (on the Company's behalf) the relevant Replacement Assets against delivery of the relevant Replaced Assets in respect of that Relevant Request on or after the date that a new Substitution Request is delivered after the Relevant Request.

Where:

"**Eligible Collateral Assets**" means any of the following:

- (a) the Original Securities; or
- (b) assets which comply with the Required Collateral Terms.

"**Required Collateral Terms**" means that the potential collateral which is subject to a Substitution Request:

- (a) is not subject to optional early repayment before its scheduled maturity date for reasons which include, but are not limited to, investor put, issuer call, auto-call or any other related reason thereto (regardless of how it is expressed) which would cause the potential collateral to redeem before its scheduled maturity date;
- (b) comprises senior obligations of the issuer of the Original Securities;
- (c) has the same status and maturity and is denominated in CNY and has the same denominations as the Original Securities;
- (d) has a grace period(s) which is equal to or shorter than the equivalent grace periods under the Conditions of the Notes;
- (e) is clearable through Euroclear and is not issued by an entity or from a jurisdiction that the Company, the Custodian or the Counterparty is prohibited from having business dealings with;
- (f) is not subject to any lien or encumbrance;
- (g) is legally owned by the relevant Noteholder with full title guarantee who has the right to transfer all rights, title and interest in such collateral;
- (h) is not subject to deduction or withholding on account of tax with respect to any payments scheduled to be made thereto;
- (i) has a scheduled maturity date and quarterly interest payment dates which match the corresponding provisions of the Original Securities;
- (j) accrues interest at a fixed rate at least equal to 3.12 per cent. per annum (and any excess between the interest rate payable in respect of such potential collateral and the interest rate payable in respect of the Original Securities is referred to herein as the "**Replacement Assets Excess Spread**"); and
- (k) has a redemption amount which is at least equal to 100 per cent. of the outstanding Principal Amount of the Notes and which is payable on the scheduled maturity date of the Original Securities.

For the avoidance of doubt, compliance of any Replacement Assets with the Required Collateral Terms shall be determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner.

**(u) ISDA Auctions, Credit Derivatives Determinations Committees and Settlement Suspension**

- (i) Notwithstanding any other provisions in these Conditions, if the Calculation Agent, in its sole and absolute discretion, determines that an Auction (as defined in the Credit Default Swap Transaction) has occurred or will occur in respect of the Reference Entity, then the Calculation Agent will use the Auction Final Price (as defined in the Credit Default Swap Transaction) determined pursuant to such Auction for the purposes of determining the Cash Settlement Amount and Credit Event Redemption Amount; provided, however that, if for any reason, at any time, the Calculation Agent, in its sole and absolute discretion, determines that an Auction Final Price with respect to the Reference Entity cannot be determined pursuant to an Auction or such Auction shall not occur, the provisions relating to the determination of a Final Price as set out in Condition 7(r) above shall apply, with the Valuation Date being a date selected by the Calculation Agent, in its sole and absolute discretion, falling no later than the sixtieth Relevant Business Day following the date of such determination by the Calculation Agent.
- (ii) If the Credit Event which is the subject of a Credit Event Notice is a Restructuring (as defined in the Credit Default Swap Transaction) in respect of the Reference Entity and Auctions are held in respect of bonds and loans with differing maturities, the Auction Final Price (as defined in the Credit Default Swap Transaction) in respect of the Auction "bucket" in which the relevant Reference Obligation(s) (or, if such Reference Obligation is an obligation that does not satisfy the Deliverable Obligation Terms (as defined in the Credit Default Swap Transaction) for the Final List (as defined in the Credit Default Swap Transaction) for such Auction, the Deliverable Obligation (as defined in the Credit Default Swap Transaction) which most closely approximates the tenor of each Reference Obligation (as determined by the Calculation Agent)) falls, shall be the Auction Final Price in respect of such Reference Obligation.
- (iii) If, following the occurrence of a Credit Event Notice Date, but prior to the date on which a Final Price has been determined by the Calculation Agent in respect of the Reference Entity, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee (as defined in the Credit Default Swap Transaction) in order to determine whether or not a Credit Event has occurred with respect to the Reference Entity are satisfied in accordance with the Rules (as defined in the Credit Default Swap Transaction), the timing requirements of Conditions 7(o), (p), (q) and (r) and any other provision that pertains to valuation and settlement, shall toll and remain suspended until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has resolved the matters being considered at the Credit Derivatives Determinations Committee or resolved not to determine such matters, as applicable. During such suspension period, the Calculation Agent is not obliged to, nor is it entitled to, take any action in connection with the settlement of the Notes. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has resolved whether or not a Credit Event has occurred with respect to the Reference Entity, the relevant timing requirements of Conditions 7(o), (p), (q) and (r) and any other provision that pertains to valuation and settlement that have previously tolled or been suspended shall resume on the Relevant Business Day following such public announcement by ISDA with the Calculation Agent having the benefit of the full day notwithstanding when the tolling or suspension began in accordance with this Condition 7(u). No interest shall accrue in respect of any period during which timing requirements are suspended in accordance with this Condition 7(u)(iii).

- (iv) For the avoidance of doubt, if ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has resolved that no Credit Event has occurred with respect to the Reference Entity and the event or events described in the Credit Event Notice (or in the request to ISDA to convene the Credit Derivatives Determinations Committee (as applicable)), then, notwithstanding any previous determination to the contrary in respect of the same event or events by either the Calculation Agent or the relevant Credit Derivatives Determinations Committee), such Credit Event Notice shall be deemed to be automatically withdrawn and the related Credit Event Date and Credit Event Notice Date shall be deemed not to have occurred, provided that the above shall not, in any way whatsoever, prevent or restrict the Calculation Agent from giving any other Credit Event Notice at any time. Pursuant to the terms hereof, (i) a Credit Event Notice, (ii) a Credit Event Date and/or (iii) a Credit Event Notice Date, can be given and subsequently deemed to be withdrawn, or, can occur and subsequently be deemed not to have occurred (each as the case may be) any number of times without affecting the Calculation Agent's ability to give a valid Credit Event Notice hereunder or settlement occurring in accordance with the terms hereof.
- (v) Where a Credit Event Notice has been deemed withdrawn under this Condition, on the next Interest Payment Date (or the Maturity Date as the case may be) any amount of interest that is due (on the basis that the related Credit Event Date and Credit Event Notice Date had never occurred) but which remains unpaid shall be paid (subject to the provision of any other Credit Event Notice).

**(v) *Suspension of Payments***

- (i) Notwithstanding any other provisions in these Conditions, if the Counterparty, in its sole and absolute discretion, determines under the Credit Default Swap Transaction that the Securities Issuer shall have failed to make any payment under the Securities on the originally scheduled date for such payment or in the originally scheduled amount of such payment, no payment of principal or interest on the Notes shall be made by the Company during the applicable Securities Grace Period (as defined in Condition 7(x) below), unless the Counterparty, in its sole and absolute discretion, determines under the Credit Default Swap Transaction that such failure has been remedied by the Securities Issuer prior to the end of such Securities Grace Period. The Company shall notify the Noteholders of any such suspension of payment during the applicable Securities Grace Period in accordance with Condition 13. Notwithstanding the foregoing, if the Counterparty, in its sole and absolute discretion, determines under the Credit Default Swap Transaction that the Securities Issuer shall have remedied such failure prior to the end of such Securities Grace Period, the balance of the principal or interest that would otherwise have been payable shall be due on the second Relevant Business Day after the date on which the Counterparty determines under the Credit Default Swap Transaction that such failure has been remedied. In determining whether a payment failure has (or may have) occurred, the Counterparty may, without limitation, rely on evidence of non-receipt of funds. Nothing herein shall require a payment in respect of the Notes on a date earlier than it would otherwise be due. Noteholders and Couponholders shall not be entitled to a further payment of any nature as a consequence of the fact that payment of principal or interest is postponed pursuant to this paragraph.
- (ii) Notwithstanding any other provisions in these Conditions, if the Counterparty, in its sole and absolute discretion, determines under the Credit Default Swap Transaction that facts exist which may or would with the passing of time (assuming the expiration of any applicable Securities Grace Period) amount to a Collateral Event, then no payment of principal or interest shall be made by the Company in respect of the Notes during the Suspension Period (as defined in the Credit Default Swap Transaction). If at any time during the Suspension Period the Calculation Agent, in its

sole and absolute discretion, determines that an Early Redemption Event has occurred, then the provisions of Condition 7(q) and the terms set out under "Early Redemption Amount on early redemption" in paragraph 21 above shall apply. If on the final Relevant Business Day of the Suspension Period no such determination and designation has been made, then the balance of the principal or interest (if any) that would otherwise have been payable in respect of the Notes shall be due on the second Relevant Business Day after such final Relevant Business Day of the Suspension Period. Noteholders or Couponholders shall not be entitled to a further payment as a consequence of the fact that payment of principal or interest is postponed pursuant to this paragraph.

**(w) Succession Event**

- (i) Where a Succession Event (as defined in the Credit Default Swap Transaction) has occurred and more than one Successor has been identified pursuant to the Credit Default Swap Transaction, the Credit Default Swap Transaction will be divided into the same number of new credit default swap transactions as there are Successors, all in accordance with the Credit Derivatives Definitions, where each Successor will be the Reference Entity for the purposes of one of the new credit default swap transactions and where the Reference Entity Notional Amount, Fixed Rate Payer Calculation Amount and Floating Rate Payer Calculation Amount of each new credit default swap transaction will be the Reference Entity Notional Amount, Fixed Rate Payer Calculation Amount and Floating Rate Payer Calculation Amount of the original Credit Default Swap Transaction, divided by the number of Successors.
- (ii) Where a Credit Event occurs in respect of a Reference Entity after such a Succession Event, the provisions of Condition 7(o), (p), (r) and (w) shall be deemed to apply to the principal amount represented by that Reference Entity only (the "**Partial Principal Amount**") and all the provisions shall be construed accordingly. Each Note shall be redeemed in part on the Cash Settlement Date (such redeemed part being equal to its *pro rata* share of the Partial Principal Amount).
- (iii) The Notes shall be deemed to be redeemed *pro rata* in an amount equal to the Partial Principal Amount only. The Notes in an amount equal to the outstanding principal amount less the Partial Principal Amount shall remain outstanding (the "**Remaining Amount**") and interest shall accrue on the Remaining Amount as provided for in the Conditions (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
- (iv) The provisions of Condition 7(o), (p), (r) and (w) shall apply to any subsequent Credit Event, Potential Failure to Pay or, if Repudiation/Moratorium is specified as a Credit Event for the purposes of the Credit Default Swap Transaction, Potential Repudiation/Moratorium occurring in respect of any of the other Reference Entities that are identified as a result of the Succession Event.
- (v) Any determinations (including, without limitation, as to the division of the Credit Default Swap Transaction) and calculations and adjustment to these Conditions and the Credit Default Swap Transaction and/or the Cross Currency Swap Transaction relating to, connected with or as a result of a Succession Event shall be made by the Calculation Agent (to the extent such determinations are not made by the Credit Derivatives Determinations Committee) in its sole and absolute discretion so as to preserve the economic effects of the original Credit Default Swap Transaction and the Notes and, in the absence of manifest error, shall be conclusive and binding on all parties. The Conditions, the Credit Default Swap Transaction and/or the Cross Currency Swap Transaction may be amended and restated at such time to reflect the effect of a Succession Event without the consent of the Noteholders and the Noteholders are deemed to agree to this provision by the purchase of the Notes.

(vi) For the avoidance of doubt, but without prejudice to the generality of the foregoing, where sub-paragraph (ii) above applies, all references in these Conditions to the "Principal Amount", "outstanding principal amount", "Specified Amount", "Collateral Value" and "Reference Entity Notional Amount" shall automatically be deemed to be references to those terms as adjusted to give effect to the foregoing, without the need for action by any party and the Noteholders are deemed to agree to this provision by the purchase of the Notes. In addition, all similar adjustments to terms under the Credit Default Swap Transaction and/or the Cross Currency Swap Transaction (including, without limitation, to the "Reference Entity Notional Amount", "Fixed Rate Payer Calculation Amount" and "Floating Rate Payer Calculation Amount" under the Credit Default Swap Transaction) shall also automatically be deemed to be references to those terms as adjusted to give effect to the foregoing, without the need for action by any party and the Noteholders are deemed to agree to this provision by the purchase of the Notes.

**(x) Definitions**

As used in these Conditions:

**"Calculation Date"** means either: (i) the Relevant Business Day on which the Final Price is determined by the Calculation Agent in accordance with Condition 7(r); or (ii) if applicable, the next Relevant Business Day following the Auction Final Price Determination Date (as defined in the Credit Default Swap Transaction) determined by the Calculation Agent in accordance with Condition 7(u);

**"Cash Settlement Amount"** means, with respect to a Reference Entity and a Calculation Date, an amount (subject to a minimum of zero) equal to (i) 100% minus the Final Price (or the Auction Final Price (as defined in the Credit Default Swap Transaction), if applicable) for such Reference Entity on such Calculation Date, multiplied by (ii) the Reference Entity Notional Amount. If the Cash Settlement Amount is not in CNY, such non-CNY amount shall be converted into CNY by the Calculation Agent at the prevailing foreign exchange rate on a day selected by the Calculation Agent in its sole discretion acting in a commercially reasonable manner;

**"Cash Settlement Date"** means the day falling five Relevant Business Days following the Calculation Date;

**"Close-out Amount"** means the net close-out amount in respect of the early termination of the Cross Currency Swap Transaction (or, if Condition 7(w) is applicable, a portion of the notional amount of such Cross Currency Swap Transaction equal to the Partial Principal Amount) and, in the case of an Early Redemption Event only, the Credit Default Swap Transaction comprised in the Swap Agreement (the relevant transactions (or portion thereof) for such determination, being the **"Closed-out Transactions"** and in relation to the Cross Currency Swap only, the Closed-out Transaction will be deemed to be on terms that the Termination Date is always the Scheduled Termination Date), which shall be determined by the Calculation Agent, in its sole and absolute discretion, by reference to the losses or costs which would be incurred by the Counterparty (expressed as a negative number) or gains of the Counterparty that would be realised (expressed as a positive number) (i) in entering into a swap agreement that would have the effect of preserving for the Counterparty the economic equivalent of the Closed-out Transactions; and (ii) in connection with the Counterparty terminating, liquidating or re-establishing any hedge related to the Closed-out Transactions. Notwithstanding the terms of the CSA which requires that each Credit Support Balance is to be returned following the occurrence of a Credit Event Notice Date or Early Redemption Event Determination Date, if, on the date of determination of the Close-out Amount following an Early Redemption Event, the Counterparty or the Company has a Credit Support Balance (as defined in the CSA) the Calculation Agent shall take into account the value of such Credit Support Balance (as

determined by the Calculation Agent in its sole and absolute discretion) in determining the Close-out Amount. For the purposes of the calculations of the Credit Event Redemption Amount and the Unwind Amount, a positive Close-out Amount shall be deemed to be payable by the Counterparty to the Company and a negative Close-out Amount shall be deemed to be payable by the Company to the Counterparty, provided that such calculations shall not modify any obligation of the Counterparty or Company to make a payment under and as set out in the Swap Agreement or create any additional obligation under the Conditions. If the Close-out Amount or any amount used to calculate the Close-out Amount is not in CNY, such non-CNY amount(s) shall be converted into CNY by the Calculation Agent at the prevailing foreign exchange rate on a day selected by the Calculation Agent in its sole discretion acting in a commercially reasonable manner;

**"Collateral"** means Held Securities and Credit Support Assets (if any);

**"Collateral Event"** means the occurrence of any one or more of the following events: (i) an event of default, howsoever defined in the terms and conditions of the Securities; (ii) any of the Securities becoming repayable or becoming capable of being declared due and payable prior to its stated date of maturity for whatever reason; (iii) any modification being made to the terms and conditions of the Securities in a form that binds all holders of the Securities, including but not limited to a reduction of interest, principal or premium payable, and/or postponement or other deferral of any scheduled interest, principal or premium payment dates, as determined by the Calculation Agent in its sole and absolute discretion; and/or (iv) the Securities Issuer withholds or is obliged by any law or regulation to withhold any amount of principal or interest such that the Company does not or will not receive the scheduled amount of principal and/or interest in full on any date such amount is due and payable in accordance with the terms and conditions of the Securities;

**"Collateral Valuation Time"** means 11:00 a.m. London time on the Calculation Date or the fifth Business Day falling after the Early Redemption Event Determination Date (as the case may be).

**"Collateral Value"** means the market value of the Specified Amount of the Securities (or, where Condition 7(w)(ii) applies, the market value of the aggregate outstanding principal amount of the Securities delivered by the Company pursuant to Condition 7(r)(i)(y)) on or about the Collateral Valuation Time, including any redemption proceeds of such Securities in case all or any portion of such Securities is subject to redemption in accordance with their terms, as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner by means of requesting firm bid quotes in an amount equal to the entire principal amount of the Securities (after deducting reasonable costs and expenses which the Calculation Agent determines in good faith and in a commercially reasonable manner would be incurred by a seller of the Securities conducting such a bid process in order to sell the Securities) from dealers and any Eligible Noteholder; provided that the Calculation Agent shall have the right to determine the market value at its sole discretion if it is otherwise unable to determine a value which is commercially reasonable);

**"Credit Event"** has the meaning given to it in the Credit Default Swap Transaction;

**"Credit Event Redemption Amount"** means an amount in CNY per Note, determined by the Calculation Agent, in its sole and absolute discretion, subject to a minimum of zero and a maximum of the outstanding principal amount of a Note and with half of one CNY being rounded down, equal to (i)(a) the Collateral Value as of the Calculation Date, minus (b) the Cash Settlement Amount, plus (c) the Close-out Amount (which, if an amount payable by the Counterparty to the Company, shall be positive; or, if an amount payable by the Company to the Counterparty, shall be negative) in respect of the Cross Currency Swap Transaction only determined as of the Calculation Date, divided by (ii) the total number of Notes outstanding as of the Calculation Date;

"**Credit Support Annex**" has the meaning given to it in the definition of "Swap Agreement" in this Condition 7(x);

"**Credit Support Assets**" means any items comprising the Credit Support Balance (as defined in the CSA) of the Counterparty (if any) held by or on behalf of the Company pursuant to the CSA in respect of the Notes;

"**CSA**" has the meaning given to it in the definition of "Swap Agreement" in this Condition 7(x);

"**Custodian**" means The Bank of New York Mellon or any successor custodian appointed pursuant to the Custody Agreement;

"**Custody Agreement**" means a custody agreement dated 19 March 2013 between the Company, the Trustee, the Custodian and Credit Suisse International under which the Collateral is to be held by the Custodian or its sub-custodian on behalf of the Company;

"**Dealer**" means any dealer or broker who customarily quotes market prices in relevant securities from time to time as determined by the Counterparty, in its sole and absolute discretion;

"**Early Redemption Event**" means any of the following:

- (i) the Company is required by reason of a change in law or regulation in Jersey or elsewhere (including without limitation FATCA) or any change in the applicable or official interpretation of such laws or regulations to withhold or deduct an amount with respect to tax from any amount payable with respect to the Notes, or amounts are withheld on account of tax in respect of the Securities or the Company would be subject to withholding under FATCA with respect to any amounts paid to it;
- (ii) the performance of the Company's obligations under the Notes has or will become unenforceable, illegal or otherwise prohibited in whole or in part as a result of compliance with any law, rule, regulation, judgment or directive or the interpretation thereof;
- (iii) the occurrence of a Collateral Event;
- (iv) any or all of the Cross Currency Swap Transaction and the Credit Default Swap Transaction are terminated early in whole for any reason except (1) upon the occurrence of a Credit Event; (2) as a result of a Counterparty Optional Termination (as described in the Part 1(r) of the Schedule to the Swap Agreement, set out in the Credit Default Swap Transaction and the Cross Currency Swap Transaction); or (3) where the Counterparty is the "Defaulting Party" or "sole Affected Party" (as such terms are defined in the Swap Agreement); and/or
- (v) an Event of Default, provided that the Swap Agreement has not been terminated with the Counterparty as the "Defaulting Party" or "sole Affected Party" (as such terms are defined in the Swap Agreement).

For the purposes of these Conditions, "**FATCA**" means Sections 1471 through 1474 of the U.S. Internal Revenue Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the U.S. Internal Revenue Code, or any U.S. or non-U.S. fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with either the implementation of such Sections of the U.S. Internal Revenue Code or analogous provisions of non-U.S. law;

**"Eligible Noteholder"** means a beneficial holder of one or more Notes constituting 100 per cent. of the principal amount of the Notes outstanding on the Credit Event Notice Date or the Early Redemption Event Determination Date (as applicable) who has provided the Calculation Agent with (i) their contact details and evidence satisfactory to the Calculation Agent of their beneficial holding of the Notes on such date (including, without limitation, by sending a notice via the relevant clearing system); and (ii) such account opening, know-your-customer or other documentation reasonably requested by the Calculation Agent, provided that if the Calculation Agent has determined in its sole and absolute discretion that a sale of Securities to such beneficial holder of the Notes will contravene any relevant law or regulation or any internal policy of the Calculation Agent that would apply if the Calculation Agent were the seller, such holder shall not be an Eligible Noteholder;

**"Evaluation Period"** means the period from and including 60 calendar days prior to the Trade Date (as defined in the Credit Default Swap Transaction) to and including the Maturity Date;

**"Final Price"** means, in respect of the Reference Entity, the Value of the relevant Reference Obligation(s) of such Reference Entity, expressed as a percentage, determined by the Calculation Agent in its sole and absolute discretion in accordance with the Valuation Method and Condition 7(r), *provided that*, (i) if only one Reference Obligation is selected in relation thereto, the Final Price is the Value determined in relation to such Reference Obligation in accordance with the Valuation Method, and (ii) if more than one Reference Obligation is selected in relation thereto, the Final Price is the average (weighted by the respective Quotation Amounts of the Reference Obligations) of the Value determined in relation to each Reference Obligation selected in relation to such Reference Entity in accordance with the Valuation Method;

**"Full Quotation"** means, in accordance with the Quotation Method, each firm quotation obtained from a Dealer at the Valuation Time for an amount of the relevant Reference Obligation(s) with an outstanding principal balance equal to the Quotation Amount;

**"Held Securities"** has the meaning given to it in the definition of "Securities" in this Condition 7(x);

**"Highest"** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date;

**"ISDA"** means the International Swaps and Derivatives Association, Inc.;

**"Posted Securities"** has the meaning given to it in the definition of "Securities" in this Condition 7(x);

**"Quotation"** means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner set out in Condition 7(r);

**"Quotation Amount"** means, with respect to each Reference Obligation (i) an amount, selected by the Calculation Agent, in its sole and absolute discretion, which is not greater than the related Reference Entity Notional Amount of the relevant Reference Entity or (ii) if such related Reference Entity Notional Amount is less than USD1,000,000 (or the equivalent in the relevant Obligation Currency), an amount selected by the Calculation Agent, in its sole and absolute discretion, of up to (and including) USD1,000,000 (or the equivalent in the relevant Obligation Currency), provided that if, with respect to a Reference Entity, the Calculation Agent under the Credit Default Swap Transaction selects more than one Reference Obligation, the sum of all the Quotation Amounts for all Reference Obligations of a Reference Entity shall not exceed the related Reference Entity

Notional Amount or (if such related Reference Entity Notional Amount is less than USD1,000,000 (or the equivalent in the relevant Obligation Currency) shall not exceed an amount selected by the Calculation Agent, in its sole and absolute discretion, of up to, and including, USD1,000,000 (or the equivalent in the relevant Obligation Currency);

**"Quotation Method"** means that only bid quotations shall be requested from Dealers;

**"Reference Entity"** means The Royal Bank of Scotland plc or its Successor (as defined in the Credit Default Swap Transaction) following a Succession Event;

**"Reference Entity Notional Amount"** means an amount in U.S. dollars equal to USD8,016,675 or, in respect of each Reference Entity determined in accordance with Condition 7(w) and the Credit Default Swap Transaction, such other amount in respect of a Reference Entity;

**"Reference Obligation(s)"** has the meaning given to it in the Credit Default Swap Transaction;

**"Securities"** means CNY50,000,000 in aggregate principal amount of 3.12 per cent. certificates of deposit due 26 February 2018 (ISIN: HK0000140555) issued by the Securities Issuer (the **"Original Securities"**) for the time being (i) held by the Custodian or its sub-custodian on behalf of the Company subject to the security created by the Trust Deed (**"Held Securities"**); or (ii) forming part of the Credit Support Balance (as defined in the CSA) of the Company (**"Posted Securities"**), provided that if the Securities have been replaced with Replacement Assets pursuant to Condition 7(t), references to the Securities in these Listing Particulars shall be, to the extent of such replacement, construed as being references to such Replacement Assets;

**"Securities Grace Period"** means the applicable grace period with respect to payments as set out in the terms and conditions of the Securities under the terms of such Securities on the Issue Date (without regard to any amendments thereafter).

**"Securities Issuer"** means Bank of Communications Co., Ltd. acting by and through its Hong Kong Branch, provided that if the Securities have been replaced with Replacement Assets pursuant to Condition 7(t), references to the Securities Issuer in these Listing Particulars shall be construed as being references to the issuer of such Replacement Assets;

**"Specified Amount"** means, at any time, the outstanding aggregate principal amount of the Securities and is equal to CNY50,000,000 on the Issue Date;

**"Succession Event"** has the meaning given to it in the Credit Default Swap Transaction provided that the occurrence of a Succession Event shall be determined by the Calculation Agent in its sole and absolute discretion subject to Condition 7(w);

**"Swap Agreement"** means the transactions evidenced by and pursuant to the ISDA Master Agreement and Schedule dated as of 14 November 2003 between BOATS Rated Investments (Jersey) Limited and Credit Suisse International (formerly Credit Suisse First Boston International) to which the Company has acceded pursuant to an Amended and Restated Acceptance Deed dated 14 November 2003 (as amended and supplemented time to time), a 1995 ISDA Credit Support Annex (Bilateral Form - Transfer) (the **"CSA"** or **"Credit Support Annex"**) published by ISDA with a paragraph 11 as set out in the Form of Credit Support Annex (Paragraph 11) attached herein, and (i) a confirmation thereto with an effective date of 19 March 2013 between the Company and the Counterparty relating to a credit default swap transaction (the **"Credit Default Swap Transaction"**) and (ii) a confirmation thereto with an effective date of 19 March 2013 between the

Company and the Counterparty relating to a cross currency swap transaction (the "**Cross Currency Swap Transaction**");

"**Unwind Value**" means an amount in CNY equal to the Collateral Value plus the Close-out Amount of the Swap Agreement, each as determined by the Calculation Agent in its sole and absolute discretion under the Swap Agreement on the fifth Relevant Business Day falling after the Early Redemption Event Determination Date, provided that if the Company or the Counterparty has a Credit Support Balance (as defined in the CSA and as determined by the Calculation Agent in its sole and absolute discretion), unless the Calculation Agent determines in its sole and absolute discretion that all of the Posted Securities or Credit Support Assets (as the case may be) constituting such Credit Support Balance will not be returned on or before such fifth Relevant Business Day, the Calculation Agent shall choose a Relevant Business Day falling after the return of all Posted Securities or Credit Support Assets (as the case may be) constituting such Credit Support Balance pursuant to the CSA. For the avoidance of doubt, if (a) the Close-out Amount is an amount owed by the Counterparty, the Unwind Value shall be an amount equal to the Collateral Value plus the absolute value of such Close-out Amount, and if (b) the Close-out Amount is an amount owed to the Counterparty, the Unwind Value shall be the Collateral Value minus the absolute value of such Close-out Amount;

"**Valuation Method**" means Highest;

"**Valuation Time**" means any time selected by the Counterparty, in its sole and absolute discretion, on the Valuation Date, during the hours that Dealers customarily quote prices for the relevant Obligations (as defined in the Credit Default Swap Transaction) in the relevant market; and

"**Weighted Average Quotation**" means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Dealers at the Valuation Time, each for an amount of the relevant Reference Obligation(s) with an outstanding principal balance of as large a size as available but less than the Quotation Amount that in the aggregate are approximately equal to the Quotation Amount."

4 The following additional changes shall apply to the Notes:

4.1 Condition 4(d) shall be modified by deleting the following sentence:

"Notwithstanding the above, where "Counterparty priority" or "Noteholder Priority" or "Other Priority" is specified, the Trustee will act only at, and in accordance with, the direction of the person or persons ranking in priority immediately after the Trustee."

4.2 Condition 13 shall have the second paragraph amended and restated as follows (for the purposes of the Notes only):

"So long as any Notes are represented by a Temporary Global Note or a Permanent Global Note which is held on behalf of Euroclear and Clearstream, Luxembourg or any other clearance system, notices to the holders of such Notes may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or such other clearance system, as the case may be, or otherwise to the holder of the Temporary Global Note or the Permanent Global Note, as the case may be, except that if and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort)."

4.3 Condition 15 shall have the following added to the second paragraph (for the purposes of the Notes only):

"The Trustee shall have no responsibility for the validity, sufficiency and enforceability of the Mortgaged Property nor any responsibility for monitoring the performance of the Calculation Agent or the Custodian in respect of their obligations to the Company. In addition, the Trustee shall have no responsibility for taking any action to enforce the obligations of the Securities Issuer in respect of the Securities. The Trustee shall not be obliged or required to take any action which may involve it in incurring personal liability or expense unless indemnified and/or pre-funded and/or secured to its satisfaction."

- 4.4 Condition 17 shall be renumbered as Condition 17(a) and the following sentence shall be added to the end of Condition 17(a):

"For the purposes of this Condition 17(a), any withholding imposed pursuant to FATCA shall be deemed to be required by applicable law. As used in these Conditions, "FATCA" means Sections 1471 through 1474 of the U.S. Internal Revenue Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the U.S. Internal Revenue Code, or any U.S. or non-U.S. fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with either the implementation of such Sections of the U.S. Internal Revenue Code or analogous provisions of non-U.S. law."

A new Condition 17(b) shall be added which reads:

"Each holder and beneficial owner of Notes shall provide the Company and the Principal Paying Agent with such documentation, information or waiver as may be requested by the Company and the Principal Paying Agent in order for the Company and the Principal Paying Agent to comply with any obligations it may have under FATCA and under any agreement entered into by the Company and the Principal Paying Agent pursuant to, or in respect of, FATCA. Each holder and beneficial owner of the Notes further agrees and consents that in respect of FATCA the Company and the Principal Paying Agent may, but is not obliged and owes no duty to any person to, enter into an agreement with the U.S. Internal Revenue Service in such form as may be required to avoid the imposition of withholding under FATCA on payments made to the Company. In connection therewith, the Company may make such amendments to the Notes and the Swap Agreement as are necessary to enable the Company and/or the Principal Paying Agent to enter into, or comply with the terms of, any such agreement."

- 4.5 Condition 18 shall be replaced in its entirety by the following (for the purposes of the Notes only):

**"18. Governing Law**

The Notes (and any dispute, controversy, proceedings or claim of whatever nature (whether contractual, non contractual or otherwise) arising out of or in connection with or in any way relating to the Notes or their formation) shall be governed by and construed in accordance with English law. In relation to any legal action or proceeding arising out of or in connection with the Notes ("Proceedings"), the Company hereby irrevocably submits to the jurisdiction of the English courts and waives any objection to Proceedings in such courts whether on the ground that the Proceedings have been brought in an inconvenient forum or otherwise. For such purposes the Company irrevocably appoints Sanne Group (UK) Limited at its offices in London currently at New Bridge Street House, 30-34 New Bridge Street, London EC4V 6BJ as its agent to receive service of process on its behalf in any Proceedings before such courts. Nothing shall affect the right to serve process in any other manner permitted by law."

## APPENDIX 2

### CNY SETTLEMENT AND DISRUPTION PROVISIONS

#### 1. Offshore CNY Settlement Provisions

The following provisions are added at the end of Condition 8(a) for the purposes of the Notes:

"and (iii) in the case of CNY, the transfer will be to an offshore CNY bank account in Hong Kong, or in such other jurisdiction (outside Mainland China) that is acceptable to the Calculation Agent and in which the Calculation Agent determines that transactions denominated in CNY can be settled, into which an Offshore CNY Payment Amount (as defined below) can be paid by the Company, as determined in the discretion of the Calculation Agent.

Where:

**"Offshore CNY Payment Amount"** means, in respect of each Note, a principal and/or interest amount payable in offshore CNY in respect of each Note including without limitation in relation to a payment of principal, the Redemption Amount, the Early Redemption Amount or the Credit Event Redemption Amount, as the case may be."

#### 2. CNY Disruption Event and Fallback Provisions

The following provisions are added at the end of Condition 8 for the purposes of the Notes:

##### **"(h) CNY Disruption Event and Fallback**

- (A) If a CNY Disruption Event, as determined by the Calculation Agent, occurs on or prior to the date on which payment in respect of the Notes is scheduled to be made (including, but not limited to, an Interest Payment Date, the Early Redemption Date, the Cash Settlement Date in respect of a Credit Event and the Maturity Date) (each an **"Adjusted Scheduled Payment Date"**), such payment shall be postponed to the second Hong Kong Business Day after the date on which the CNY Disruption Event ceases to exist, unless that CNY Disruption Event continues to exist for 14 consecutive calendar days from the Adjusted Scheduled Payment Date (and the 14th calendar day shall be **"Last CNY Disruption Event Date"**). If this occurs, a **"Non-Deliverable Substitute Event"** shall be deemed to have occurred, and the obligation of the Company to pay the Offshore CNY Payment Amount shall be subject to paragraph (B) (*Non-Deliverable Substitute*) below. For the avoidance of doubt, (i) any postponement of payment or (ii) payment in a currency other than CNY hereunder shall not constitute an Event of Default, an Early Redemption Event or a breach of any other Conditions under the Notes. No interest on the Notes will accrue in respect of such period of postponement.

Where:

**"CNY Disruption Event"** means any of CNY Illiquidity, CNY Inconvertibility or CNY Non-Transferability.

**"CNY Illiquidity"** means the occurrence of any event that makes it impossible (where it had previously been possible) for the Company to obtain a firm quote of an offer price in respect of an amount in CNY equal to the aggregate Offshore CNY Payment Amount payable in respect of all Notes outstanding (the **"Relevant Disrupted Amount"**) on the Adjusted Scheduled Payment Date, either in one transaction or a commercially reasonable number of transactions that, when taken together, is no less than such Relevant Disrupted Amount, in the general CNY exchange market in Hong Kong.

**"CNY Inconvertibility"** means the occurrence of any event that makes it impossible (where it had previously been possible) for the Company to convert an amount of CNY no less than the Relevant Disrupted Amount into or from USD on the Adjusted Scheduled Payment Date in the general CNY exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Company to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Company, due to an event beyond its control, to comply with such law, rule or regulation).

**"CNY Non-Transferability"** means the occurrence of any event that makes it impossible (where it had previously been possible) for the Company to transfer CNY between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong and outside Mainland China or from an account outside Hong Kong and outside Mainland China to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Company to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Company, due to an event beyond its control, to comply with such law, rule or regulation). For the purpose of CNY Non-Transferability only, a segregated CNY fiduciary cash account with the People's Bank of China and operated by Bank of China (Hong Kong) Limited shall be deemed to be an account inside Hong Kong.

**"Governmental Authority"** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the People's Republic of China and Hong Kong.

**"Hong Kong Business Day"** means each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in Hong Kong.

**"Mainland China"** means the People's Republic of China (excluding Hong Kong, Macau and Taiwan); and

For the avoidance of doubt, references to "general CNY exchange market in Hong Kong" in the definitions of CNY Illiquidity and CNY Inconvertibility refer to the purchase, sale, lending or borrowing of CNY for general purpose (including, but not limited to, funding), and therefore any purchase or sale of CNY where such CNY is required by relevant laws or regulations for settlement of any cross-border trade transaction with an entity in Mainland China, or any purchase or sale of CNY for personal customers residing in Hong Kong, would not be a purchase or sale made in such general CNY exchange market.

(B) Non-Deliverable Substitute

If a Non-Deliverable Substitute Event occurs, the obligation of the Company to pay the Offshore CNY Payment Amount in respect of each Note shall be replaced by an obligation to pay the Substitute Payment Amount in respect of each Note on the Non-Deliverable Substitute Settlement Date. For the avoidance of doubt, this paragraph (B) shall only apply to any payment which is scheduled to occur on a date that is affected by the CNY Disruption Event and shall not affect any payments falling due on any other dates.

Where:

**"Fixing Business Day"** means each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in Hong Kong.

**"New York Business Day"** means each day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in New York City of the United States.

**"Non-Deliverable Substitute Settlement Date"** means the second New York Business Day following the Substitute Valuation Date.

**"Offshore USD/CNY exchange rate"** means the applicable foreign exchange rate for converting CNY to USD, expressed as the amount of CNY per one USD, for settlement outside of Mainland China.

**"Original Substitute Valuation Date"** means, if the Scheduled Substitute Valuation Date is a Fixing Business Day, the Scheduled Substitute Valuation Date, or, if the Scheduled Substitute Valuation Date is not a Fixing Business Day and is not an Unscheduled Holiday, the first Fixing Business Day prior to the Scheduled Substitute Valuation Date.

**"Scheduled Substitute Valuation Date"** means the first calendar day following the Last CNY Disruption Event Date.

**"Substitute Payment Amount"** in respect of each Note means an amount in USD equal to (i) the Offshore CNY Payment Amount; divided by (ii) the mid market exchange rate based on the Substitute Fixing Rate as may be adjusted by the Calculation Agent to reflect the actual cost of converting the Offshore CNY Payment Amount to USD.

**"Substitute Fixing Rate" means:**

- (i) if no Price Source Disruption has occurred in respect of the Substitute Valuation Date or if Disruption Fallback 2 and Disruption Fallback 3 do not apply, the Spot USD/CNY(HK) Fixing determined on the Substitute Valuation Date by the Calculation Agent;
- (ii) if a Price Source Disruption has occurred in respect of the Substitute Valuation Date and Disruption Fallback 2 applies but and Disruption Fallback 3 does not apply, the Fallback Reference Price; or
- (iii) if a Price Source Disruption has occurred in respect of the Substitute Valuation Date and Disruption Fallback 3 applies, the Offshore USD/CNY exchange rate determined in accordance with Disruption Fallback 3.

**"Substitute Valuation Date"** means the Scheduled Substitute Valuation Date, or, if such day is not a Fixing Business Day, the immediately preceding Fixing Business Day, as determined by the Calculation Agent, provided that:

- (i) if the Scheduled Substitute Valuation Date is an Unscheduled Holiday, then the Substitute Valuation Date shall be subject to adjustment in accordance with paragraph (C) (*Unscheduled Holiday*) below; and
- (ii) the Original Substitute Valuation Date (if paragraph (i) above is not applicable) or the Adjusted Scheduled Substitute Valuation Date for such FX Rate (if paragraph (i) above is applicable) shall be subject to adjustment, if applicable, pursuant to paragraph (D) (*Disruption Event Fallbacks in respect of the Spot USD/CNY (HK) Fixing*) below.

(C) Unscheduled Holiday

If the Scheduled Substitute Valuation Date is an Unscheduled Holiday, then the Substitute Valuation Date shall be the first Fixing Business Day following the Scheduled Substitute Valuation Date (the "**Adjusted Scheduled Substitute Valuation Date**"), unless the first Fixing Business Day would otherwise fall more than 14 calendar days after the Scheduled Substitute Valuation Date (such fourteenth (14th) consecutive calendar day following the Scheduled Substitute Valuation Date being the "**Last Deferred Day**"). In that case, the Adjusted Scheduled Substitute Valuation Date (and the Substitute Valuation Date) shall be the first Scheduled Fixing Business Day falling after the Last Deferred Day.

Where:

**"Scheduled Fixing Business Day"** means each day which is a Fixing Business Day or is not a Fixing Business Day only on account of its being an Unscheduled Holiday.

**"Unscheduled Holiday"** means that a day is not a Fixing Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m., Hong Kong time, in Hong Kong two Hong Kong Business Days prior to the Scheduled Substitute Valuation Date.

(D) Disruption Event Fallbacks in respect of the Spot USD/CNY (HK) Fixing

If, in respect of the Substitute Valuation Date, a Price Source Disruption has occurred or exists in respect of the Spot USD/CNY (HK) Fixing on the Original Substitute Valuation Date (if the Scheduled Substitute Valuation Date is not an Unscheduled Holiday) or on the Adjusted Scheduled Substitute Valuation Date (if the Scheduled Substitute Valuation Date is an Unscheduled Holiday), the Calculation Agent shall first attempt to obtain the Substitute Fixing Rate by applying the provisions of Disruption Fallback 1. If the application of the provisions of Disruption Fallback 1 fails to produce the Substitute Fixing Rate, the Calculation Agent shall attempt to determine the Substitute Fixing Rate by applying the provisions of Disruption Fallback 2. If the application of the provisions of Disruption Fallback 2 fails to produce the Substitute Fixing Rate, the Calculation Agent shall attempt to determine the Substitute Fixing Rate by applying the provisions of Disruption Fallback 3.

Where:

**"Disruption Fallback 1"** means, if a Price Source Disruption has occurred or exists in respect of the Spot USD/CNY (HK) Fixing on the Original Substitute Valuation Date (if the Scheduled Substitute Valuation Date is not an Unscheduled Holiday) or on the Adjusted Scheduled Substitute Valuation Date (if the Scheduled Substitute Valuation Date is an Unscheduled Holiday), the Calculation Agent shall determine the Spot USD/CNY (HK) Fixing on the first Scheduled Fixing Business Day following the Original Substitute Valuation Date or the Adjusted Scheduled Substitute Valuation Date, as is applicable (and such first following Scheduled Fixing Business Day shall be deemed to be the Substitute Valuation Date, unless Disruption Fallback 2 applies), unless such Price Source Disruption shall have occurred or existed on such first following Scheduled Fixing Business Day or unless the Adjusted Scheduled Substitute Valuation Date falls after the Last Deferred Day.

**"Disruption Fallback 2"** means that the Calculation Agent shall determine the Substitute Fixing Rate in accordance with the provisions of the Fallback Reference Price:

- (i) if a Price Source Disruption has occurred or exists in respect of the Spot USD/CNY (HK) Fixing on the first Scheduled Fixing Business Day following the Original

Substitute Valuation Date or the Adjusted Scheduled Substitute Valuation Date, as is applicable, on such first following Scheduled Fixing Business Day; or

- (ii) if the Adjusted Scheduled Substitute Valuation Date falls after the Last Deferred Day, and if a Price Source Disruption has occurred or exists in respect of the Spot USD/CNY (HK) Fixing on the Adjusted Scheduled Substitute Valuation Date, on such Adjusted Scheduled Substitute Valuation Date

(and, in each case, such day shall be deemed to be the Substitute Valuation Date, unless Disruption Fallback 3 applies).

**"Disruption Fallback 3"** means if the Fallback Reference Price is not available within the Fallback Maximum Period of Postponement, the Calculation Agent shall determine the Substitute Fixing Rate on the Last Fallback Postponement Date (and such day shall be deemed to be the Substitute Valuation Date) taking into consideration all available information that in good faith it deems relevant.

**"Fallback Maximum Period of Postponement"** means, in respect of the Substitute Valuation Date, the period commencing on, and including:

- (i) if a Price Source Disruption has occurred or exists in respect of the Spot USD/CNY (HK) Fixing on the first Scheduled Fixing Business Day following (x) the Original Substitute Valuation Date (if such first following Scheduled Fixing Business Day is not an Unscheduled Holiday) or (y) the Adjusted Scheduled Substitute Valuation Date (if such first following Scheduled Fixing Business Day is an Unscheduled Holiday), as is applicable, such first following Scheduled Fixing Business Day; or
- (ii) if the Adjusted Scheduled Substitute Valuation Date falls after the Last Deferred Day, the Adjusted Scheduled Substitute Valuation Date,

and ending on, and including, the third (3rd) Scheduled Fixing Business Day following such date as specified in paragraphs (i) and (ii) above, as applicable (such date, the **"Last Fallback Postponement Date"**).

**"Fallback Reference Price"** means that the Substitute Fixing Rate shall be determined by the Calculation Agent selecting in good faith five leading dealers in the general CNY exchange market in Hong Kong to provide quotes in relation to the Offshore USD/CNY exchange rate. If five quotes of the Offshore USD/CNY exchange rate are provided as requested, the Substitute Fixing Rate will be calculated by eliminating the highest and lowest quotes and taking the arithmetic mean of the remaining quotes. If at least three, but fewer than five quotations are provided, the Substitute Fixing Rate will be the arithmetic mean of the quotations. If fewer than three quotations are provided notwithstanding the request, the Fallback Reference Price shall be deemed to be not available for such day.

**"Price Source Disruption"** means, for the purpose of this paragraph D (Disruption Event Fallbacks in respect of the Spot USD/CNY (HK) Fixing), the occurrence of an event on any day, the result or consequence of which is that it is impossible to obtain the Spot USD/CNY (HK) Fixing on such day (or, if different, the day on which rates for such day would, in the ordinary course be published or announced by the relevant price source).

**"Spot USD/CNY(HK) Fixing"** means the CNY/USD official fixing rate, expressed as the amount of CNY per one USD, for settlement in two Fixing Business Days reported by the Treasury Markets Association which appears on Reuters page <CNHFIX=> at approximately 11:15 a.m., Hong Kong time.

## FORM OF SUBSTITUTION REQUEST

To: **Sherlock Limited (the "Company")**  
13 Castle Street  
St Helier  
Jersey JE4 5UT

Attention: The Board of Directors  
(c/o the Company Secretary)

Fax: + 44 (0)1534 769770

To: **Credit Suisse International (the "Calculation Agent")**  
One Cabot Square  
London E14 4QL

Attention: General Counsel Europe  
Legal & Compliance Department

Fax: +44 (0) 207 888 2686

With a copy to: Global Head of OTC Operations  
Derivatives Support Group

Fax: +44 (0) 207 888 9503

Copy to: **The Bank of New York Mellon (as Trustee, Principal Paying Agent and Custodian)**  
One Canada Square  
London E14 5AL

Attention: Corporate Trust Administration

Fax: + 44 (0)20 7964 2532

Copy to: [Euroclear Bank S.A./N.V.]/[Clearstream Banking, société anonyme]

[Date]

Dear Sirs

### **Substitution Request in relation to the Sherlock Limited Series 243 CNY50,000,000 Fixed Rate Secured The Royal Bank of Scotland plc Credit-linked Notes due 2018 (the "Notes")**

- 1.1 We refer you to the Notes, which were constituted and issued pursuant to a supplemental trust deed dated 19 March 2013 entered into between Credit Suisse International (the "**Counterparty**"), Sherlock Limited (together with the Counterparty, the "**Parties**") and the Bank of New York Mellon, London branch.
- 1.2 Expressions defined in the Terms and Conditions of the Notes shall have the same meanings when used herein save to the extent supplemented and modified hereby.
- 1.3 We attach at the Annex hereto a [Euclid]/[Creation Online] screenshot evidencing that, as of the date hereof, we are the holder of [●] per cent. of the outstanding principal amount of the Notes (the "**Noteholder**"), or other appropriate evidence as to the nominal amount held in our Euroclear/Clearstream account.
- 1.4 We hereby represent and warrant that we will not sell or otherwise dispose of the Notes which we hold (and agree to a block being placed on our account by the relevant clearing system) until the Replaced Assets have been replaced by the Replacement Assets, provided

that if the Replaced Assets have not been so replaced for the reasons and/or in the time limits set out in Condition 7(t) (*Collateral*) of the Notes, then we shall be free to sell or otherwise dispose of the Notes (and our account be unblocked).

1.5 This request is a Substitution Request pursuant to Condition 7(t) (*Collateral*) of the Notes. In accordance with such Condition, we hereby request that Replaced Assets in an aggregate principal amount of [•] be replaced by [•].

1.6 We represent, warrant and confirm that the Replacement Assets are Eligible Collateral Assets.

1.7 Our contact details for notices are:

[•]

1.8 The details of our cash account and securities account are:

[•]

DATED as of [•]

By:

.....

Name:

Title:

Duly authorised for and on behalf of the Noteholder

**ANNEX TO THE SUBSTITUTION REQUEST**

*[Insert [Euclid]/[Creation Online] screenshot]*

## **USE OF PROCEEDS**

The net proceeds of the issue are expected to amount to CNY50,000,000 and will be used by the Company to purchase the Specified Amount of the Original Securities under the securities sale agreement made between the Company and Credit Suisse International dated 19 March 2013.

## **FORM OF THE NOTES**

The Notes will be represented upon issue by a Temporary Global Note to be deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg on or about 19 March 2013, exchangeable for a Permanent Global Note in accordance with its terms.

## DESCRIPTION AND FORM OF THE SWAP AGREEMENT

### Payments under the Swap Agreement

The Company, by way of an Amended and Restated Accession Deed dated 14 November 2003, has entered into an ISDA Master Agreement and Schedule thereto dated as of 14 November 2003 with the Counterparty (the "**Master Agreement**") and the Counterparty will issue two confirmations confirming the terms of (i) the Credit Default Swap Transaction and (ii) the Cross Currency Swap Transaction, each entered into in connection with the issue of the Notes, with an effective date of the Issue Date (the confirmation for each, a "**Confirmation**" and, together, the "**Confirmations**").

In addition, the Counterparty has executed a Credit Support Annex (the "**CSA**") with the Company. Pursuant to the CSA, the Counterparty or the Company may be obliged, promptly following each Valuation Date (as defined in the CSA) to deliver (i) in respect of the Company, Securities; or (ii) in respect of the Counterparty, U.S. dollars, British Pounds Sterling ("**GBP**"), Euro (for so long as it remains the single currency for each of the European members of the G7 group of nations) ("**Euro**"), Japanese Yen or Canadian dollars in cash or negotiable debt obligations issued or backed by a nation forming part of the G7 group of nations (subject to the conditions set out in the CSA), in an amount equal to the Delivery Amount (as defined in the CSA) and either the Company or the Counterparty may be subsequently required to return such delivered collateral. The provisions of the CSA become effective from the first Valuation Date (as defined in the CSA), which is determined in the sole and absolute discretion of the Counterparty.

Pursuant to the Swap Agreement: (i) the Counterparty will pay to the Company sums equal to and in the currency of, part of the interest payable on the Notes for value on each Interest Payment Date; and (ii) the Company will pay to the Counterparty amounts equal to the Fixed Rate Payer Payments under the Credit Default Swap Transaction. Upon an early redemption of the Notes following the occurrence of an Early Redemption Event or the occurrence or deemed occurrence of a Credit Event Date and a Credit Event Notice Date, the Close-out Amount in respect of some or all of the Credit Default Swap Transaction and the Cross Currency Swap Transaction will be taken into account in determining the Early Redemption Amount or Credit Event Redemption Amount, as the case may be, payable upon such early redemption.

Following the occurrence of a Credit Event and satisfaction of the Conditions to Settlement (as defined in the Credit Default Swap Transaction): (i) the Counterparty will pay to the Company an amount equal to the aggregate Credit Event Redemption Amount payable in respect of the Notes; and (ii) the Company will deliver the Securities to the Counterparty with full title guarantee.

Provided that the Swap Agreement has not been terminated earlier, following the occurrence of an Early Redemption Event: (i) the Counterparty will pay to the Company an amount equal to the aggregate Early Redemption Amount payable in respect of the Notes; and (ii) the Company will deliver the Securities to the Counterparty with full title guarantee.

The Swap Agreement is governed by and shall be construed in accordance with the laws of England.

## FORM OF CREDIT DEFAULT SWAP CONFIRMATION

Sherlock Limited  
13 Castle Street  
St. Helier  
Jersey JE4 5UT

19 March 2013

### **Sherlock Limited USD 10,000,000,000 Secured Note Programme – Series 243 CNY50,000,000 Fixed Rate Secured The Royal Bank of Scotland plc Credit-linked Notes due 2018 (the "Notes")**

Dear Sirs

The purpose of this letter agreement (this "**Confirmation**") is for Party A and Party B to confirm the terms and conditions of the Transaction entered into between Party A and Party B on the date specified above (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

Subject as provided in Section 5.2 below, the definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions as amended and supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009) (the "**2009 Supplement**" and together the "**Credit Derivatives Definitions**"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

This Confirmation is entered into in connection with the issue of the Notes. Words and expressions defined in the terms and conditions of the Notes (as the same may be amended, modified or supplemented from time to time, the "**Conditions**") shall bear the same meanings in this Confirmation and in the event of any inconsistency between words and meanings defined in the Conditions and words and expressions defined in this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of 14 November 2003 as amended and supplemented from time to time, between BOATS Rated Investments (Jersey) Limited and Credit Suisse International (formerly Credit Suisse First Boston International) to which the Company has acceded pursuant to an Amended and Restated Acceptance Deed dated 14 November 2003 and the Credit Support Annex thereto (as each may be amended and supplemented from time to time, the "**Agreement**"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

Party A and Party B each represents to the other that it has entered into this Transaction in reliance upon such tax, accounting, regulatory, legal and financial advice as it deems necessary and not upon any view expressed by the other.

Each of Party A and Party B acknowledges and agrees that it has entered into all the Transactions in connection with the Notes simultaneously and would not otherwise agree to enter into this Transaction individually.

In this Confirmation "**Party A**" means Credit Suisse International and "**Party B**" or the "Company" means Sherlock Limited.

The terms of the particular Transaction to which this Confirmation relates are as follows:

## **1 General**

Trade Date:	20 February 2013
Effective Date:	19 March 2013
Scheduled Termination Date:	26 February 2018, subject to adjustment in accordance with the Following Business Day Convention.
Termination Currency:	USD
Fixed Rate Payer:	Party A (the " <b>Buyer</b> ")
Floating Rate Payer:	Party B (the " <b>Seller</b> ")
Calculation Agent:	Party A
Calculation Agent City:	London
Business Days:	London, Hong Kong and New York City
Reference Entity:	The Royal Bank of Scotland plc or its Successor selected by the Calculation Agent in accordance with the Credit Derivatives Definitions.
Reference Obligations:	Any obligation or obligations of the Reference Entity selected by the Calculation Agent in its sole and absolute discretion described in the Deliverable Obligation Category "Bond or Loan" and having each of the Deliverable Obligation Characteristics as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice.
Reference Entity Notional Amount:	The Reference Entity Notional Amount (as defined in the Conditions of the Notes).
All Guarantees	Applicable

## **2 Fixed Rate Payer Payments**

Fixed Rate Payer Calculation Amount:	USD8,016,675
Fixed Rate Payer Payment Dates:	26 February in each year from (and including) 26 February 2014 to (and including) 26 February 2018, subject to adjustment in each case in accordance with the Following Business Day Convention

Fixed Rate Payer Period End Dates:	Each Fixed Rate Payer Payment Date
Fixed Rate Payer Calculation Periods:	Each period from (and including) one Fixed Rate Payer Period End Date to (but excluding) the next following Fixed Rate Payer Period End Date, except that the initial Fixed Rate Payer Calculation Period will commence on (and include) the Effective Date and, notwithstanding Section 2.9 of the Credit Derivatives Definitions, the final Fixed Rate Payer Calculation Period will end on (but exclude) the earlier to occur of (a) the Scheduled Maturity Date, and (b) the Fixed Rate Payer Period End Date falling immediately prior to the Credit Event Date (and provided a Credit Event Notice Date has occurred or been deemed to have occurred as of such end date) or Early Redemption Determination Date (each as defined in the Conditions of the Notes), as the case may be.
Fixed Amount:	An amount in USD determined by the Calculation Agent equal to the product of (i) the Fixed Rate Payer Calculation Amount, (ii) the Fixed Rate and (iii) the Day Count Fraction.
Fixed Rate:	1.60 per cent. per annum
Day Count Fraction:	Actual/360

### **3 Floating Rate Payer Payments**

Floating Rate Payer Calculation Amount:	An amount in USD equal to the Reference Entity Notional Amount.
Conditions to Settlement:	<ul style="list-style-type: none"> <li>(i) Credit Event Notice</li> <li>(ii) Notice of Publicly Available Information: Applicable.</li> </ul>
	Specified Number: Two
Notifying Party:	Buyer only
Credit Event(s):	<p>The following Credit Events shall apply to this Transaction:</p> <ul style="list-style-type: none"> <li>(i) Bankruptcy</li> <li>(ii) Failure to Pay</li> <li>(iii) Restructuring</li> </ul>

Modified Restructuring Maturity Limitation  
and Conditionally Transferable Obligation:  
Applicable

Obligation(s):

Obligation Category: Borrowed Money

Obligation Characteristics: None

Deliverable Obligation Category: Bond or Loan

Deliverable Obligation  
Characteristics: Not Subordinated

Specified Currency: Standard Specified  
Currencies

Not Contingent

Assignable Loan

Consent Required Loan

Transferable

Maximum Maturity: 30 years

Not Bearer

#### **4 Settlement Terms**

Settlement Method: Except for Section 9.1, Articles 6 to 9 of the  
Credit Derivatives Definitions shall not apply for  
the purposes of this Transaction.

Following the satisfaction of the Conditions to  
Settlement no further payments under this  
Transaction shall be made from and including  
the Credit Event Date (as defined in the Notes),  
save that:

(A) on the Business Day prior to the Cash  
Settlement Date, Party A shall pay to  
Party B the aggregate Credit Event  
Redemption Amount (as defined in the  
Notes) payable by Party B under the  
Notes; and

(B) on the fourth Business Day following the  
Credit Event Notice Date, Party B shall  
deliver the Specified Amount of the  
Securities or, where Condition 7(w)(ii)  
of the Notes applies, the portion of the  
Specified Amount of the Securities to be

delivered pursuant to Condition 7(r)(i)(y)), to Party A with full title guarantee (in each case, for the avoidance of doubt, including any redemption proceeds in respect of such Securities),

*provided that*, if it would be impossible, impracticable, illegal or in breach of any restriction whether regulatory, fiduciary or otherwise, for Party B to deliver some or all of the Securities required to be delivered to Party A, Party B shall cause such Securities to be liquidated by the Liquidation Agent on its behalf pursuant to the Custody Agreement and pay (or cause to be paid on its behalf) the proceeds of such liquidation to Party A as soon as reasonably practicable thereafter.

For the avoidance of doubt, following satisfaction of the Conditions to Settlement, no Fixed Rate Payer Payments shall be due in respect of the Fixed Rate Payer Calculation Period in which the Credit Event Date (as defined in the Conditions of the Notes) falls and any time thereafter, subject to Section 1.8(d) of the Credit Derivatives Definitions.

Cash Settlement Date:

The Cash Settlement Date (as defined in the Notes).

Early Termination:

Save as provided below, upon the occurrence of an Early Redemption Event (as defined in the Notes), this Transaction shall terminate and no further payments or deliveries under this Transaction shall be made from and including the Early Redemption Event Determination Date (as defined in the Notes), save that:

- (a) on the fourth Business Day following the Early Redemption Event Determination Date (as defined in the Notes), Party B shall deliver the Specified Amount of the Securities with full title guarantee to Party A (for avoidance of doubt, including any redemption proceeds in respect of such Securities), provided however that where it would be impossible, impracticable, illegal or in breach of any restriction (whether regulatory, fiduciary or otherwise) for Party B to deliver some or all of the Specified Amount of such Securities to Party A, Party B shall cause such Securities to be liquidated by the Liquidation Agent on its behalf pursuant to the Custody Agreement and pay the

liquidation proceeds of such liquidation to Party A as soon as reasonably practicable thereafter;

- (b) on or before the eighth Business Day following the Early Redemption Event Determination Date (as defined in the Notes), the Calculation Agent shall notify Party A of the Unwind Value; and
- (c) Party A shall pay to Party B the aggregate Early Redemption Amount (as defined in the Notes) on the Business Day prior to the Early Redemption Date (as defined in the Notes).

## 5 Other Provisions

### 5.1 Potential Credit Event Period

(a) If on any day during the Evaluation Period (as defined in the Notes), the Calculation Agent, in its sole and absolute discretion, determines that facts exist or events have occurred which may constitute a Potential Failure to Pay, no payment whatsoever shall be made by Party A under this Transaction from and including the date of such determination until three Business Days following the last day of the Grace Period; (a "**Potential Credit Event Period**"); or

(b) If Repudiation/Moratorium is specified as a Credit Event for the purposes of this Transaction and on any day during the Evaluation Period (as defined in the Notes), the Calculation Agent, in its sole and absolute discretion, determines that facts exist or events have occurred which may constitute a Potential Repudiation/Moratorium, no payment whatsoever shall be made by Party A under this Transaction from and including the date of such determination until three Business Days following the Repudiation/Moratorium Evaluation Date; (also a "**Potential Credit Event Period**"); or

(c) if on the Scheduled Termination Date, the Calculation Agent, in its sole and absolute discretion, determines that facts exist or events have occurred which may constitute a Credit Event, no payment whatsoever shall be made by Party A from and including the date of such determination until the Business Day following the fourteenth calendar day following the Scheduled Termination Date (also a "**Potential Credit Event Period**"); or

(d) if on or before the Scheduled Termination Date or, if a Potential Credit Event Period specified in Clauses 5.1(a), (b) and (c) above is continuing as at the Scheduled Termination Date, on or before the last day of such Potential Credit Event Period (such date, the "**DC Final Request Date**"), a notice has been delivered to ISDA requesting that a Credit Derivatives Determinations Committee be convened to determine whether or not a Credit Event has occurred with respect to the Reference Entity, but, as of the DC Final Request Date, no announcement has yet been made by ISDA with respect to such determination, no payment whatsoever shall be made by Party A from and including the date that such notice is received by ISDA until three Relevant Business Days following the date of the relevant announcement by ISDA with respect to such determination or such earlier date as determined by the Calculation Agent (also a "**Potential Credit Event Period**").

Party A will, within ten Business Days of the commencement of a Potential Credit Event Period, use reasonable endeavours to give notice to Party B of the Potential Credit Event

Period briefly describing the facts or events which may amount to, become or create a Potential Failure to Pay, Potential Repudiation/Moratorium (if Repudiation/Moratorium is specified as a Credit Event for the purposes of this Transaction) and/or a Credit Event.

At any time during a Potential Credit Event Period, the Calculation Agent, in its sole and absolute discretion, but subject as provided below, may determine that a Credit Event, Potential Failure to Pay or, if Repudiation/Moratorium is specified as a Credit Event for the purposes of this Transaction, Potential Repudiation/Moratorium has occurred and, for the avoidance of doubt, such Credit Event, Potential Failure to Pay or Potential Repudiation/Moratorium (i) may be different from any Credit Event, Potential Failure to Pay or Potential Repudiation/Moratorium specified, referred to or described in the notice of the Potential Credit Event Period to Party B and/or (ii) may result from facts or events other than those specified, referred to or described in the notice of the Potential Credit Event Period to Party B.

If, at any time during a Potential Credit Event Period, the Calculation Agent, in its sole and absolute discretion, determines that a Credit Event has occurred (i) in the case of (a) and (b) above, during the Potential Credit Event Period; and (ii) in the case of (c) or (d) above, during the Evaluation Period (provided that, in the case of (d) where such Credit Event is a Potential Failure to Pay or Potential Repudiation/Moratorium occurring during the Evaluation Period, the Failure to Pay or Repudiation/Moratorium may occur during the period ending on the fourteenth calendar day falling after the Scheduled Termination Date), the provisions of Section 4 shall apply.

If the Calculation Agent has not determined that a Credit Event has occurred on or prior to the expiry of the final Business Day of a Potential Credit Event Period, then, on the second Business Day thereafter, Party A shall, subject as provided above in this Section 5.1, pay to Party B an amount equal to any scheduled payment that was due and payable in respect of this Transaction.

In determining whether a Credit Event, Potential Failure to Pay or, if Repudiation/Moratorium is specified as a Credit Event for the purposes of this Transaction, Potential Repudiation/Moratorium has occurred, the Calculation Agent shall be bound by any determination and/or resolution made by any relevant Credit Derivatives Determinations Committee convened by ISDA in respect of the Reference Entity. If the relevant Credit Derivatives Determinations Committee determines that a Credit Event, Potential Failure to Pay or, if Repudiation/Moratorium is specified as a Credit Event for the purposes of this Transaction, a Potential Repudiation/Moratorium has occurred in respect of the Reference Entity at any time during the Evaluation Period, a Credit Event, Potential Failure to Pay or, if Repudiation/Moratorium is specified as a Credit Event for the purposes of this Transaction, a Potential Repudiation/Moratorium (as applicable) shall be deemed to have occurred hereunder and (in the case of a Credit Event) the requirement to provide a Credit Event Notice and Publicly Available Information shall be deemed to have been satisfied in full on the date of such determination or resolution. Party B shall not be entitled to a further payment as a consequence of the fact that payment is postponed pursuant to this paragraph.

For the avoidance of doubt, if the Calculation Agent makes any determination which results in a Potential Credit Event Period in accordance with this Clause 5.1, only the payment(s) of Party A under this Transaction shall be suspended in accordance with Clause 5.1(a) to (d) above. The payment(s) of Party B under this Transaction shall not be affected by any Potential Credit Event Period.

## **5.2 Securities Grace Period and Suspension of Payments**

If Party A, in its sole and absolute discretion, determines under this Transaction that the Securities Issuer (as defined in the Notes) shall have failed to make any payment under the Securities on the originally scheduled date for such payment or in the originally scheduled

amount of such payment, no payment shall be made by Party A during the applicable Securities Grace Period (as defined in the Notes) under this Transaction, unless Party A, in its sole and absolute discretion, determines that such failure has been remedied by the Securities Issuer prior to the end of such Securities Grace Period. If Party A, in its sole and absolute discretion, determines under this Transaction that the Securities Issuer shall have remedied such failure prior to the end of such Securities Grace Period, the balance of the payment that would otherwise have been payable under this Transaction shall be due on the second Business Day after the date on which Party A determines under this Transaction that such failure has been remedied. In determining whether a payment failure has (or may have) occurred, Party A may, without limitation, rely on evidence of non-receipt of funds.

If Party A, in its sole and absolute discretion, determines that facts exist which may or would with the passing of time (assuming the expiration of any applicable Securities Grace Period) amount to a Collateral Event, no payment shall be made by it under this Transaction for the period of ten Business Days following such determination (the "**Suspension Period**"). At any time during the Suspension Period, Party A, in its sole and absolute discretion, may determine that a Collateral Event or an Early Redemption Event has occurred. If on the final Business Day of the Suspension Period no such determination and designation has been made, then two Business Days thereafter, Party A shall pay the balance of the scheduled payment that was otherwise due by it under this Transaction. Party B shall not be entitled to a further payment as a consequence of the fact that payment is postponed pursuant to this paragraph.

For the avoidance of doubt, any suspension of payment(s) in accordance with this Clause 5.2 applies to payment(s) by Party A only and the payment(s) of Party B under this Transaction shall not be affected.

### **5.3 Counterparty Optional Termination**

For the purposes of this Transaction and the Cross Currency Swap Transaction, Part 1(r) of the Schedule to the Agreement shall be deleted and replaced with the following:

"(r) Counterparty Optional Termination. Notwithstanding Section 6 of the Agreement, Party A may at its option, by service of written notice on Party B (an "**Optional Termination Notice**"), terminate the relevant Transaction in whole or in part and without payment by either party, with effect from the day specified in such notice, or if such day is not a Business Day the next following such day (the "**Value Date**"), if any Notes to which that Transaction relates are purchased by or on behalf of Party A or any of its subsidiaries or affiliates ("**Purchased Notes**"). Such Transaction shall terminate *pro rata* in the proportion (the "**Proportion**") that the aggregate outstanding principal amount of the Purchased Notes bears to the aggregate principal amount of Notes outstanding immediately prior to the purchase of the Purchased Notes by Party A or any of its subsidiaries or affiliates. Upon service of the Optional Termination Notice, Party B shall be obliged to transfer to Party A on the Value Date a nominal amount of Securities equal to the Proportion of the Securities and the nominal amount of Held Securities shall be reduced accordingly, provided that if any Securities form part of the Credit Support Balance of Party B as at the Value Date, Party B shall transfer a nominal amount of Securities equal to the Proportion of the Held Securities and the Credit Support Balance of Party B shall be deemed to have been reduced by a nominal amount of Securities equal to the Proportion of the Posted Securities, provided further that the portion of Held Securities to be transferred and Posted Securities to be deducted from the Credit Support Balance of Party B may be adjusted by Party B or the Calculation Agent on its behalf to provide for transfer or reduction of whole denominations of Securities. The Calculation Agent may, on behalf of Party B, instruct the Custodian in respect of any such transfer. Upon receipt of such Securities to be transferred to Party A, Party A shall deliver the Purchased Notes to the Principal Paying Agent for cancellation and no amount in respect of the mark-to-market value of the transaction will be payable by or to Party A in these circumstances."

## 5.4 Credit Derivatives Definitions

The following Sections of the Credit Derivatives Definitions shall be amended as follows:

- 5.4.1 Section 1.23 of the 2003 ISDA Credit Derivatives Definitions (as inserted by the 2009 Supplement) shall be deleted and replaced with the following:

**"Section 1.23. Credit Event Backstop Date.** "Credit Event Backstop Date" means the date falling 60 calendar days prior to the Trade Date other than where the term Credit Event Backstop Date appears in Section 4.7 of the 2003 ISDA Credit Derivatives Definitions (as inserted by the 2009 Supplement), in which instance the term Credit Event Backstop Date shall have its original meaning given in Section 1.23 of the 2003 ISDA Credit Derivatives Definitions (as inserted by the 2009 Supplement)."

- 5.4.2 All Sections are amended by the deletion of the words "(after consultation with the parties)" where applicable.

For the purposes of applying and construing the Credit Derivatives Definitions in respect of this Transaction, the Transaction Type of the relevant Reference Entity is European Corporate, provided however, Section 11.1 of the Credit Derivatives Definitions and the Credit Derivatives Physical Settlement Matrix shall not apply in respect of this Transaction.

## 5.5 Succession Event

Upon identification of more than one Successor, the Calculation Agent shall revise the terms of this Transaction to reflect the terms of the Notes and to preserve as much as possible the economic effects of the original Notes and this Transaction in its sole and absolute discretion.

## 5.6 Calculation Agent

The Calculation Agent shall not be obliged to provide a written computation showing its calculation of any amounts payable under this Transaction and shall not be obliged to consult with Party B.

## 5.7 Separate Agreement

Paragraph (q) of Part 1 of the Schedule to the Agreement shall be deleted in its entirety and replaced with the following:

**"(q) Separate Agreements**

Section 1(c) shall be deleted and replaced with the following:

"Notwithstanding anything to the contrary in this Agreement, each of the Cross Currency Swap Transaction, the Credit Default Swap Transaction and the Transaction constituted by the CSA (each as defined in the terms and conditions of the Series 243 CNY50,000,000 Fixed Rate Secured The Royal Bank of Scotland plc Credit-linked Notes due 2018 issued by Sherlock Limited (as the same may be amended, modified or supplemented from time to time)) is entered into on the basis that the provisions of this Agreement are incorporated by reference into the corresponding Confirmation relating to each such Transaction so that this Agreement and the relevant Confirmations shall form a single agreement with respect to all such Transactions, and "Transaction" and "Agreement" shall be interpreted accordingly. This Agreement shall not be construed in any circumstances to form a single agreement with two or more Confirmations together other than as specifically set out above (and

accordingly, this Agreement shall not be construed to form a single agreement with any Confirmation in relation to the Series of any other Notes). It is understood that the parties would not otherwise enter into any Transaction. References to this "Agreement" in respect of each Transaction mean this document together with the Confirmation relating to that Transaction."

## 5.8 Amendment to Agreement

A new paragraph (l) shall be added to Part 5 of the Schedule to the Agreement as follows:

- "(i) For the purposes of any Payer Tax Representation, the words "any Tax from any payment" shall not include any tax imposed under Sections 1471 through 1474 of the U.S. Internal Revenue Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the U.S. Internal Revenue Code, or any U.S. or non-U.S. fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with either the implementation of such Sections of the U.S. Internal Revenue Code or analogous provisions of non-U.S. law. ("**FATCA Withholding Tax**");
- (ii) for the avoidance of doubt the parties agree that for purposes of Section 2(d) of this Agreement the deduction or withholding of FATCA Withholding Tax is required by applicable law; and
- (iii) the definition of "Indemnifiable Tax" shall not include any FATCA Withholding Tax."

## 5.9 CNY Disruption Events

In respect of any payment by Party A to Party B of a Credit Event Redemption Amount or the Early Redemption Amount pursuant to this Transaction, the "Additional Disruption Event Provisions for an Offshore Deliverable CNY Transaction" (the "**Additional Provisions**") and the "ISDA Offshore Deliverable CNY Transaction Disruption Fallback Matrix" shall apply as if this Transaction were a Swap Transaction, provided that if Non-Deliverable Substitute (as defined in the Additional Provisions) is applicable no additional amount by way of interest or otherwise shall be payable by Party A in excess of the relevant Settlement Currency Amount (as determined by operation of the Non-Deliverable Substitute provisions). The provisions relating to Non-Deliverable Substitute shall be amended accordingly.

## 6 Account Details

Payments to Party A for USD  
Settlement:

Bank:	The Bank of New York Mellon, New York
SWIFT:	IRVTUS3N
ABA:	021000018
Account Name:	Credit Suisse International, London
Bank Account Number:	890-0360-968

Payments to Party B for USD  
Settlement:

Bank: The Bank of New York Mellon, New York  
BIC: IRVTUS3N  
For: The Bank of New York Mellon, Brussels  
BIC: IRVTBEBB  
Account: 8900285451  
Ref: Corporate Trust/ISIN: XS0894874477  
Sherlock Limited – Series 243

Payments to Party B for CNY  
Settlement:

Bank: The Hong Kong and Shanghai Banking Corporation,  
Hong Kong  
BIC: HSBCHKHH  
For: The Bank of New York Mellon, Brussels  
BIC: IRVTBEBB  
Account: 510-325384-209  
Ref: Corporate Trust/ISIN: XS0894874477  
For further credit to a/c  
name: Sherlock Limited – Series 243  
A/c No.: 8192401560

Credit Suisse International is regulated by The Financial Services Authority and has entered into this Transaction as principal. The time at which the above transaction was executed will be notified to Party B on request.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Confirmation enclosed for that purpose and returning a signed copy of it to us.

Yours sincerely

**CREDIT SUISSE INTERNATIONAL**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

Confirmed as of the date first written above.

**SHERLOCK LIMITED**

By: \_\_\_\_\_

Name:

Title:

## FORM OF CROSS CURRENCY SWAP CONFIRMATION

Sherlock Limited  
13 Castle Street  
St. Helier  
Jersey JE4 5UT

19 March 2013

### **Sherlock Limited USD 10,000,000,000 Secured Note Programme – Series 243 CNY50,000,000 Fixed Rate Secured The Royal Bank of Scotland plc Credit-linked Notes due 2018 (the "Notes")**

Dear Sirs

The purpose of this letter agreement (this "**Confirmation**") is for Party A and Party B to confirm the terms and conditions of the Transaction entered into between Party A and Party B on the date specified above (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

Subject as provided below, the definitions and provisions contained in the 2006 ISDA Definitions are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern. References herein to a "Transaction" shall be deemed to be references to a "Swap Transaction" for the purposes of the 2006 ISDA Definitions.

This Confirmation is entered into in connection with the issue of the Notes. Words and expressions defined in the terms and conditions of the Notes (as the same may be amended, modified or supplemented from time to time, the "**Conditions**") and the Credit Default Swap Transaction shall bear the same meanings in this Confirmation and in the event of any inconsistency between words and meanings defined in the Conditions or the Credit Default Swap Transaction and words and expressions defined in this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of 14 November 2003 as amended and supplemented from time to time, between BOATS Rated Investments (Jersey) Limited and Credit Suisse International (formerly Credit Suisse First Boston International) to which the Company has acceded pursuant to an Amended and Restated Acceptance Deed dated 14 November 2003 and the Credit Support Annex thereto (as each may be amended and supplemented from time to time, the "**Agreement**"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

Party A and Party B each represents to the other that it has entered into this Transaction in reliance upon such tax, accounting, regulatory, legal and financial advice as it deems necessary and not upon any view expressed by the other.

Each of Party A and Party B acknowledges and agrees that it has entered into all the Transactions in connection with the Notes simultaneously and would not otherwise agree to enter into this Transaction individually.

In this Confirmation "**Party A**" means Credit Suisse International and "**Party B**" means Sherlock Limited.

The terms of the particular Transaction to which this Confirmation relates are as follows:

## 1 General Terms

Trade Date:	20 February 2013
Effective Date:	19 March 2013
Scheduled Termination Date:	26 February 2018, subject to adjustment in accordance with the Following Business Day Convention
Termination Date:	The earlier to occur of: <ul style="list-style-type: none"><li>(i) the Scheduled Termination Date (subject to Clauses 5.1 and 5.2 of the Credit Default Swap Transaction as applied to this Transaction <i>mutatis mutandis</i>);</li><li>(ii) the Early Redemption Event Determination Date of the Notes; and</li><li>(iii) and the Calculation Date (as defined in Condition 7(x) of the Notes).</li></ul>
Termination Currency:	USD
Calculation Agent:	Party A
Additional Disruption Event Provisions for an Offshore Deliverable CNY Transaction ("Additional Provisions") and ISDA Offshore Deliverable CNY Transaction Disruption Fallback Matrix:	Applicable, provided if Non-Deliverable Substitute (as used in the Additional Provisions) is applicable no additional amount by way of interest or otherwise shall be payable by Party A in excess of the relevant Settlement Currency Amount (as determined by operation of the Non-Deliverable Substitute provisions). The provisions relating to Non-Deliverable Substitute shall be amended accordingly.
Business Days:	London, Hong Kong and New York City

## 2 Party A Payments

Party A Payments:	On each Party A Payment Date, Party A shall pay to Party B the Party A Fixed Amount calculated by reference to the Party A Calculation Period ending on, but excluding the Party A Period End Date that falls on (or is closest in time to) such Party A Payment Date.
Party A Calculation Amount:	With respect to each Party A Calculation Period, an amount in CNY equal to the Principal Amount of the Notes provided that upon the occurrence of a Credit Event Date (and provided a Credit Event Notice Date has occurred or been deemed to have occurred as at such end date), the

amount shall be reduced to zero as of the immediately preceding Party A Period End Date, or, if none, the Effective Date.

Party A Payment Dates: 26 February in each year from (and including) 26 February 2014 to (and including) 26 February 2018, subject to adjustment in each case in accordance with the Following Business Day Convention.

If a Party A Payment Date would otherwise have fallen in a Potential Credit Event Period, it shall be deemed to be postponed in accordance with Section 5.1 of the Credit Default Swap Transaction.

Notwithstanding the 2006 ISDA Definitions, the Termination Date shall not be a Party A Payment Date except where as a matter of co-incidence such date falls on a date that would otherwise be a Party A Payment Date.

Party A Period End Dates: 26 February in each year from (and including) 26 February 2014 to (and including) 26 February 2018, subject to adjustment in each case in accordance with the Modified Following Business Day Convention.

Party A Calculation Periods: Each period from (and including) a Party A Period End Date to (but excluding) the next succeeding Party A Period End Date save that the initial Party A Calculation Period shall commence on and include the Effective Date and the final Party A Calculation Period will end on (but exclude) the Party A Period End Date falling on or about 26 February 2018.

Party A Fixed Amount The Party A Fixed Amount in respect of each Party A Calculation Period shall be calculated by the Calculation Agent by multiplying (i) the Party A Fixed Rate by (ii) the Party A Calculation Amount as at the first day of such Party A Calculation Period and by (iii) the Party A Fixed Rate Payer Day Count Fraction.

Party A Fixed Rate: 1.03 per cent. per annum

Party A Fixed Rate Payer Day Count Fraction: Actual/365 (fixed)

### **3 Party B Payments**

**3.1** Party B Payments 1: On each Party B Payments 1 Payment Date, Party B shall pay to Party A the Party B

Payments 1 Fixed Amount relating to such Party B Payments 1 Payment Date.

Party B Payments 1 Calculation Amount: USD8,016,675

Party B Payments 1 Payment Dates: 26 February in each year from (and including) 26 February 2014 to (and including) 26 February 2018, subject to adjustment in each case in accordance with the Following Business Day Convention.

Party B Payments 1 Fixed Amount: An amount in USD determined by the Calculation Agent equal to the product of (i) the Party B Payments 1 Calculation Amount, (ii) Party B Payments 1 Fixed Rate Payer Fixed Rate and (iii) Party B Payments 1 Fixed Rate Day Count Fraction.

Party B Payments 1 Fixed Rate Payer Fixed Rate: 1.60 per cent. per annum

Party B Payments 1 Fixed Rate Day Count Fraction: Actual/360

**3.2** Party B Additional Payment: On the Party B Additional Payment Date, Party B shall pay to Party A the Party B Additional Payment Amount.

Party B Additional Payment Date: 26 February 2014, subject to adjustment in accordance with the Following Business Day Convention.

Party B Additional Payment Amount: CNY89,753

## **4 Other Provisions**

### **4.1 Counterparty Optional Termination**

For the purposes of this Transaction and the Credit Default Swap Transaction, Part 1(r) of the Schedule to the Agreement shall be deleted and replaced with the following:

"(r) Counterparty Optional Termination. Notwithstanding Section 6 of the Agreement, Party A may at its option, by service of written notice on Party B (an "**Optional Termination Notice**"), terminate the relevant Transaction in whole or in part and without payment by either party, with effect from the day specified in such notice, or if such day is not a Business Day the next following such day (the "**Value Date**"), if any Notes to which that Transaction relates are purchased by or on behalf of Party A or any of its subsidiaries or affiliates ("**Purchased Notes**"). Such Transaction shall terminate *pro rata* in the proportion (the "**Proportion**") that the aggregate outstanding principal amount of the Purchased Notes bears to the aggregate principal amount of Notes outstanding immediately prior to the purchase of the Purchased Notes by Party A or any of its subsidiaries or affiliates. Upon service of the Optional Termination Notice, Party B shall be obliged to transfer to Party A on the Value Date

a nominal amount of Securities equal to the Proportion of the Securities and the nominal amount of Held Securities shall be reduced accordingly, provided that if any Securities form part of the Credit Support Balance of Party B as at the Value Date, Party B shall transfer a nominal amount of Securities equal to the Proportion of the Held Securities and the Credit Support Balance of Party B shall be deemed to have been reduced by a nominal amount of Securities equal to the Proportion of the Posted Securities, provided further that the portion of Held Securities to be transferred and Posted Securities to be deducted from the Credit Support Balance of Party B may be adjusted by Party B or the Calculation Agent on its behalf to provide for transfer or reduction of whole denominations of Securities. The Calculation Agent may, on behalf of Party B, instruct the Custodian in respect of any such transfer. Upon receipt of such Securities to be transferred to Party A, Party A shall deliver the Purchased Notes to the Principal Paying Agent for cancellation and no amount in respect of the mark-to-market value of the transaction will be payable by or to Party A in these circumstances."

#### **4.2 Calculation Agent**

The Calculation Agent shall not be obliged to provide a written computation showing its calculation of any amounts payable under this Transaction and shall not be obliged to consult with Party B.

#### **4.3 Termination of this Transaction**

Notwithstanding Section 6(e) of the Agreement, this Transaction will terminate with no payment due to either party with effect from (a) the Early Redemption Event Determination Date if the Notes become subject to early redemption as a result of an Early Redemption Event or (b) if a Credit Event Notice Date has occurred, the Calculation Date (as defined in Condition 7(x) of the Note); provided that, in each case, such termination shall not affect (i) the calculation of the Close-out Amount and (ii) either party's obligations to pay and/or deliver the Securities, the aggregate Early Redemption Amount or any Credit Event Redemption Amount (as the case may be) payable in connection with the Notes pursuant to the Credit Default Swap Transaction.

#### **4.4 Suspension of Payments**

Clauses 5.1 and 5.2 of the Credit Default Swap Transaction shall apply *mutatis mutandis* to this Transaction.

#### **4.5 Succession Event**

Upon identification of more than one Successor, the Calculation Agent shall revise the terms of this Transaction to reflect the terms of the Notes and to preserve as much as possible the economic effects of the original Notes and this Transaction in its sole and absolute discretion.

#### **4.6 Separate Agreement**

Paragraph (q) of Part 1 of the Schedule to the Agreement shall be deleted in its entirety and replaced with the following:

"(q) **Separate Agreements**

Section 1(c) shall be deleted and replaced with the following:

"Notwithstanding anything to the contrary in this Agreement, each of the Cross Currency Swap Transaction, the Credit Default Swap Transaction and the Transaction constituted by the CSA (each as defined in the terms and conditions of the Series 243 CNY50,000,000 Fixed Rate Secured The Royal Bank of Scotland plc Credit-linked Notes due 2018 issued by Sherlock Limited (as the same may be amended, modified

or supplemented from time to time)) is entered into on the basis that the provisions of this Agreement are incorporated by reference into the corresponding Confirmation relating to each such Transaction so that this Agreement and the relevant Confirmations shall form a single agreement with respect to all such Transactions, and "Transaction" and "Agreement" shall be interpreted accordingly. This Agreement shall not be construed in any circumstances to form a single agreement with two or more Confirmations together other than as specifically set out above (and accordingly, this Agreement shall not be construed to form a single agreement with any Confirmation in relation to the Series of any other Notes). It is understood that the parties would not otherwise enter into any Transaction. References to this "Agreement" in respect of each Transaction mean this document together with the Confirmation relating to that Transaction."

#### **4.7 Amendment to Agreement**

A new paragraph (l) shall be added to Part 5 of the Schedule to the Agreement as follows:

- "(i) For the purposes of any Payer Tax Representation, the words "any Tax from any payment" shall not include any tax imposed under Sections 1471 through 1474 of the U.S. Internal Revenue Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the U.S. Internal Revenue Code, or any U.S. or non-U.S. fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with either the implementation of such Sections of the U.S. Internal Revenue Code or analogous provisions of non-U.S. law ("**FATCA Withholding Tax**");
- (ii) for the avoidance of doubt the parties agree that for purposes of Section 2(d) of this Agreement the deduction or withholding of FATCA Withholding Tax is required by applicable law; and
- (iii) the definition of "Indemnifiable Tax" shall not include any FATCA Withholding Tax."

#### **4.8 Account Details**

Payments to Party A for USD  
Settlement:

Bank:	The Bank of New York Mellon, New York
SWIFT:	IRVTUS3N
ABA:	021000018
Account Name:	Credit Suisse International, London
Bank Account Number:	890-0360-968

Payments to Party B for CNY  
Settlement:

Bank:	The Hong Kong and Shanghai Banking Corporation, Hong Kong
BIC:	HSBCHKHH
For:	The Bank of New York Mellon, Brussels
BIC:	IRVTBEBB
Account:	510-325384-209
Ref:	Corporate Trust/ISIN: XS0894874477
For further credit to a/c name:	Sherlock Limited – Series 243
A/c No.:	8192401560

Credit Suisse International is regulated by The Financial Services Authority and has entered into this Transaction as principal. The time at which the above transaction was executed will be notified to Party B on request.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Confirmation enclosed for that purpose and returning a signed copy of it to us.

Yours sincerely

**CREDIT SUISSE INTERNATIONAL**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

Confirmed as of the date first written above.

**SHERLOCK LIMITED**

By: \_\_\_\_\_

Name:

Title:

**FORM OF CREDIT SUPPORT ANNEX (PARAGRAPH 11)**

**Credit Support Annex (Paragraph 11)**

**Elections and Variables**

**to the ISDA Credit Support Annex**

**dated as of 19 March 2013**

**between**

**Credit Suisse International**

**and**

**Sherlock Limited**

**("Party A")**

**("Party B")**

**Paragraph 11.**

(a) **Base Currency and Eligible Currency**

- (i) **"Base Currency"** means U.S. dollars ("**USD**").
- (ii) **"Eligible Currency"** means the Base Currency, Japanese Yen ("**JPY**"), British Pounds Sterling ("**GBP**") and Euro (for so long as it remains the single currency for each of the European members of the G7 group of nations) ("**Euro**") and Canadian dollars ("**CAD**").

(b) **Credit Support Obligations.**

(i) **Delivery Amount, Return Amount and Credit Support Amount.**

(A) **"Delivery Amount"** has the meaning specified in Paragraph 2(a), provided that Party A and Party B agree that the amount of Eligible Credit Support required to be transferred by Party B to Party A on any Valuation Date pursuant to Paragraph 2 shall not exceed the Held Securities (as defined in the Conditions of the Notes) as at the relevant Valuation Date.

(B) **"Return Amount"** has the meaning specified in Paragraph 2(b), provided that (i) if the Transferee is Party B and it has received the final Party A Payment under the Cross Currency Swap Transaction (as defined in Paragraph (h)(i) below); or (ii) if the Transferee is Party A and it has received the final Party B Payment under the Cross Currency Swap Transaction, the relevant Transferee shall transfer to the relevant Transferor on the Cross Currency Swap Transaction Termination Date, Equivalent Credit Support in relation to all Eligible Credit Support forming part of the Credit Support Balance with respect to the Transferor on such date (if any). For the avoidance of doubt, the Minimum Transfer Amount shall not apply to such transfer.

(C) **"Credit Support Amount"** has the meaning specified in Paragraph 10.

(ii) **Eligible Credit Support.**

(A) On any date, the following items will qualify as "Eligible Credit Support" for Party A:

<b>Eligible Credit Support</b>	<b>Valuation Percentage</b>
Cash in an Eligible Currency	100%
Negotiable debt obligations issued or backed by a nation forming part of the G7 group of nations(each, a " <b>G7 Nation</b> ") which, as at the date of this Credit Support Annex (Paragraph 11), includes France, Germany, Italy, Japan, United Kingdom, United States and Canada, in each case subject to the Transfer Condition.	100%

For the purposes of this Paragraph 11(b)(ii)(A), "**Transfer Condition**" means that, in respect of negotiable debt obligations issued or backed by a G7 Nation, if the proposed transfer will be the first transfer of negotiable debt obligations of such G7 Nation pursuant to this CSA:

- (i) the Custodian (as defined in the Conditions of the Notes) has confirmed that an account of Party B held with the Custodian or its sub-custodian to which such negotiable debt obligations may be credited has been opened;
  - (ii) the Trustee (as defined in the Conditions of the Notes) has been given at least three Business Days' notice of such proposed transfer;
  - (iii) the Calculation Agent has determined (acting in good faith) that if such negotiable debt obligations were "Securities" for the purposes of the Notes, either (1) it would not be customary for Party B to grant security in respect of such negotiable debt obligations additional to the security granted under the Supplemental Trust Deed in respect of the Notes; or (2) it would be customary for such additional security to be granted, and Party B and each other relevant party in respect of the Notes has taken the necessary actions to grant security to the Trustee over such negotiable debt obligations upon their transfer to Party B; and
  - (iv) the Trustee has either (1) not, prior to the proposed date of transfer, given notice to Party A and Party B that the Trustee requires additional security to be granted prior to such transfer; or (2) notified Party A and Party B that the Trustee requires additional security to be granted prior to such transfer, and Party B and each other relevant party in respect of the Notes has taken the necessary actions to grant such security to the Trustee over such negotiable debt obligations upon their transfer to Party B to the reasonable satisfaction of the Trustee.
- (B) On any date, the following items will qualify as "**Eligible Credit Support**" for Party B:

**Valuation**

<b>Eligible Credit Support</b>	<b>Percentage</b>
Bank of Communications Co., Ltd: 3.12 per cent. certificates of deposit due 26 February 2018 ISIN: HK0000140555 or other Held Securities for the time being	100%
Any collateral forming part of Party A's Credit Support Balance (or collateral of an identical type, description and (where applicable) ISIN as any such collateral	100%

(iii) **Thresholds.**

- (A) **"Independent Amount"** means with respect to Party A: Zero  
**"Independent Amount"** means with respect to Party B: Zero
- (B) **"Threshold"** means with respect to Party A: Zero  
**"Threshold"** means with respect to Party B: Zero.
- (C) **"Minimum Transfer Amount"** means with respect to Party A: USD100,000  
**"Minimum Transfer Amount"** means with respect to Party B: USD100,000
- (D) **Rounding.** The Delivery Amount and the Return Amount will be rounded up and down (USD5,000 to be rounded up) respectively to the nearest integral multiple of USD10,000.

(c) **Valuation and Timing.**

- (i) **"Valuation Agent"** Party A shall in all circumstances be the Valuation Agent.
- (ii) **"Valuation Date"** means:
  - (A) the CSA Effective Date (as defined in Paragraph 11(h)(ii)), which shall be the first Valuation Date in respect of this Annex; and
  - (B) after the first Valuation Date,
    - (1) if the Valuation Agent has notified Party A and Party B that "daily valuation" applies, the Valuation Date shall be each Local Business Day;
    - (2) if the Valuation Agent has notified Party A and Party B that "weekly valuation" applies, the Valuation Date shall be the Specified Day of each week and if the Specified Day is not a Local Business Day, the next Local Business Day; or
    - (3) if the Valuation Agent has notified Party A and Party B that "monthly valuation" applies, the Valuation Date shall be the Specified Date of each month and if the Specified Date is not a Local Business Day, the next Local Business Day,

provided no Valuation Date shall occur (x) following the occurrence of a Credit Event Notice Date (unless such Credit Event Notice Date has been deemed not to occur in accordance with the Conditions of the Notes) or Early Redemption Event Determination Date (each as defined in the Conditions of the Notes); or (y) following receipt by the Calculation Agent of a Substitution Request (each as defined in the Conditions of the Notes) until the first Local Business Day following the day on which such substitution has been effected or, as the case may be, it has been determined that no such substitution shall be effected, in both cases, in accordance with Condition 7(t) of the Notes.

The Valuation Agent may at any time in its discretion, by giving notice to Party A and Party B (a "**Frequency Change Notice**"), change the frequency of Valuation Dates to one of the following frequencies: "daily valuation", "weekly valuation" or "monthly valuation" (the new frequency selected, the "**New Frequency**"). Following the giving of a Frequency Change Notice, the next Valuation Date shall be the Valuation Date next scheduled to occur under the New Frequency. A Frequency Change Notice shall specify (x) where "weekly valuation" is to apply, the weekday of each week which will be the Valuation Date (the "**Specified Day**") or (y) where "monthly valuation" is to apply, the calendar day of each month which will be the Valuation Date (the "**Specified Date**"). The Valuation Agent may give more than one Frequency Change Notice to either increase or decrease the valuation frequency in its discretion. Any notification under Paragraph 3(b) which specifies a change in the frequency of Valuation Dates shall be deemed to be a Frequency Change Notice.

(iii) "**Valuation Time**" means the close of business in the city of the Valuation Agent on the Local Business Day before the Valuation Date or date of calculation, as applicable, *provided* that the calculations of Value and Exposure will be made as of approximately the same time on the same date.

(iv) "**Notification Time**" means 4:00 p.m., London time, on a Local Business Day.

(d) **Exchange Date.**

"**Exchange Date**" has the meaning specified in Paragraph 3(c)(ii).

(e) **Dispute Resolution.**

(i) "**Resolution Time**" means 4:00 p.m. London time on the Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 4.

(ii) **Value.** For the purpose of Paragraphs 4(a)(4)(i)(C) and 4(a)(4)(ii), on any date the Value of the outstanding Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:

(A) with respect to any Eligible Credit Support or Equivalent Credit Support comprising securities ("**Eligible Securities**") the Base Currency Equivalent of the sum of (a)(x) the last bid price on such date for such Eligible Securities on the principal national securities exchange on which such Eligible Securities are listed, multiplied by the applicable Valuation Percentage; or (y) where any Eligible Securities are not listed on a national securities exchange, the bid price for such Eligible Securities quoted as at the close of business on such date by any principal market maker for such Eligible Securities chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage; or (z) if no such bid price is listed or quoted for such date, the last bid price listed or quoted (as the case may be), as of the day next preceding such date on

which such prices were available, multiplied by the applicable Valuation Percentage; plus (b) the accrued interest on such Eligible Securities (except to the extent that such interest shall have been paid to the Transferor pursuant to Paragraph 5(c)(ii) or included in the applicable price referred to in subparagraph (a) above) as of such date;

- (B) with respect to any Cash, the Base Currency Equivalent of the amount thereof; and
- (C) with respect to any Eligible Credit Support or Equivalent Credit Support other than Eligible Securities and Cash, the Base Currency Equivalent of the fair market value thereof on such date, as determined in any reasonable manner chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage.

- (iii) **Alternative.** The provisions of Paragraph 4 will apply provided that if the difference (the "**Difference**") between (i) the Delivery Amount, the Return Amount, the Value of any Eligible Credit Support or the Value of any Equivalent Credit Support (as the case may be) calculated by the Valuation Agent and (ii) the Delivery Amount, the Return Amount, the Value of any Eligible Credit Support or the Value of any Equivalent Credit Support (as the case may be) calculated by the Disputing Party shall be less than, USD1,000,000, in addition to transferring the "undisputed amount" referred to in sub-paragraph 4(a)(2), the appropriate party will Transfer one half of the Difference to the other party not later than the close of business on the Settlement Day following the date that the demand is received under Paragraph 2 by way of resolution of such dispute without further resort to the provisions of Paragraph 4.

(f) **Distributions and Interest Amount.**

- (i) **Interest Rate.** The "**Interest Rate**" will, in respect of each Eligible Currency, be the interest rate that is, from time to time, applicable to cash in the Eligible Currency as determined by the Custodian (as defined in the Conditions of the Notes).
- (ii) **Transfer of Interest Amount.** The Transfer of the Interest Amount will be made on the second Local Business Day following the end of each calendar month, to the extent that a Delivery Amount would not be created or increased by that transfer, in which event such Interest Amount will be retained by the Transferee, and on any other Local Business Day on which all Equivalent Credit Support in the form of cash is transferred to the Transferor pursuant to Paragraph 2(b).
- (iii) **Alternative to Interest Amount.** The provisions of Paragraph 5(c)(ii) will apply. For the purposes of calculating the Interest Amount the amount of interest calculated for each day of the Interest Period shall be compounded on each calendar day.

(g) **Address for Transfers.**

Party A: To be notified to Party B by Party A at the time of the request for the transfer.

Party B: To be notified to Party A by Party B at the time of the request for the transfer.

(h) **Other Provisions.**

- (i) **Swap Transaction and ISDA Master Agreement.**

This Annex relates only to the cross currency swap transaction (the "**Cross Currency Swap Transaction**") and credit default swap transaction (the "**Credit Default Swap**")

**Transaction**" and, together, the "**Swap Transactions**") between Party A and Party B each with an Effective Date of 19 March 2013 documented under two separate Confirmations referencing "Sherlock Limited USD 10,000,000,000 Secured Note Programme – Series 243 CNY50,000,000 Fixed Rate Secured The Royal Bank of Scotland plc Credit-linked Notes due 2018 (the "**Notes**")". Accordingly, the reference to "all Transactions" in the definition of "Exposure" in Paragraph 10 shall be construed as a reference to the Swap Transactions only and notwithstanding Section 1(c) of the ISDA Master Agreement, the provisions of the ISDA Master Agreement between Party A and Party B dated as of 14 November 2003 (the "**ISDA Master Agreement**") shall apply both to the Swap Transactions and the Transaction evidenced by this Annex so that the ISDA Master Agreement, the Confirmations relating to the Swap Transactions and this Annex form a single agreement (the "**Agreement**").

(ii) **Effective Date of this Annex.**

The terms of this Annex will become effective from the first Valuation Date (the "**CSA Effective Date**"), which shall be the date that Party A designates in its sole and absolute discretion, in its capacity as Valuation Agent, delivering the first notice under Paragraph 3(b) in respect of such date.

(iii) **No Demand – Delivery Amounts.**

Party A and Party B hereby agree that the demand for transfer to be made by the Transferee on or promptly following a Valuation Date under Paragraph 2(a) shall be deemed to have been made by the Transferee and received by the Transferor upon Party B's receipt of the notification made by the Valuation Agent under Paragraph 3(b).

(iv) **No Demand – Return Amounts.**

Party A and Party B hereby agree that the demand for transfer to be made by the Transferor on or promptly following a Valuation Date under Paragraph 2(b) shall be deemed to have been made by the Transferor and received by the Transferee upon Party B's receipt of the notification made by the Valuation Agent under Paragraph 3(b).

(v) **Transfer Timing.**

(A) The final paragraph of Paragraph 3(a) shall be deleted and replaced with the following:

"Subject to Paragraph 4, and unless otherwise specified, any transfer of Eligible Credit Support or Equivalent Credit Support (whether by the Transferor pursuant to Paragraph 2(a) or by the Transferee pursuant to Paragraph 2(b)) shall be made not later than the close of business on the Settlement Day."

(B) The definition of Settlement Day shall be deleted and replaced with the following:

**"Settlement Day"** means:

(i) in respect of a transfer of cash or other property (except Eligible Securities), the second Local Business Day after the relevant Valuation Date or Distribution Date, as the case may be; and

(ii) in respect of a transfer of Eligible Securities:

(a) the second Local Business Day after the relevant Valuation Date; or if later,

(b) the first Local Business Day after the relevant Valuation Date on which settlement of a trade in the relevant securities, if effected on the relevant Valuation Date, would have occurred in accordance with customary practice when settling through the clearance system agreed between the parties for delivery of such securities or, otherwise, on the market on which such securities are principally traded (or, in either case, if there is not such customary practice, on the first Local Business Day after the relevant Valuation Date on which it is reasonably practicable to deliver such securities).

(vi) **Exchanges.**

In respect of any notice from Party A to Party B in accordance with Paragraph 3(c)(i) for the exchange of New Credit Support for Original Credit Support, Paragraph 3(c)(ii) shall be amended by (i) deleting the words "If the Transferee notifies the Transferor that it has consented to the proposed exchange, (A) the Transferor will be obliged to" in the first and second lines thereof and replacing them with the words "The Transferor will" and (ii) deleting the words "receives notice (which may be oral telephonic notice) from the Transferee of its consent and (B)" and replacing them with the words "informs the Transferee that it shall transfer the New Credit Support and".

(vii) **Distributions.**

(A) Paragraph 5(c)(i) shall be amended by the addition of the words "as specified by Party A pursuant to this Paragraph 5(c)(i)" after the words ("Equivalent Distributions)" in the third line thereof and the addition of words "In case of a transfer from Party B to Party A, Party A will notify Party B not less than one Local Business day prior to each Distributions Date of the amount and identity of the relevant Equivalent Distributions that Party B is obliged to transfer to Party A pursuant to this Paragraph 5(c)(i)." at the end of the paragraph.

(B) Notwithstanding Paragraph 5(c)(i), if any Securities (as defined in the Conditions of the Notes) form part of the Credit Support Balance of Party B and the redemption of the Securities occurs prior to 28 February 2018 (as adjusted in accordance with the Business Day Convention, as defined in the Conditions of the Notes) of the Notes, Equivalent Distributions in the form of principal received in respect of the final redemption of such Securities shall be transferred by Party A on the date of receipt by Party A notwithstanding that a Delivery Amount may otherwise have been created or increased by such transfer.

(viii) **Valuation Percentage on Early Termination.**

The definition of Valuation Percentage in Paragraph 10 of this Annex is amended by adding the words ", provided however that for the purposes of calculating Value on a Valuation Date that is also an Early Termination Date, the Valuation Percentage shall be 100%" at the end thereof.

(ix) **Costs of Transfer on Exchange.**

Notwithstanding Paragraph 8, Party A will be responsible for, and will reimburse Party B for, all transfer and other taxes and other costs involved in the transfer of Eligible Credit Support either from Party A to Party B or from Party B to Party A pursuant to Paragraph 3(c) incurred by Party B.

(x) **Cumulative Rights.**

The rights, powers and remedies of the Transferee under this Annex shall be in addition to all rights, powers and remedies given to the Transferee by the Agreement or by virtue of any statute or rule of law, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing the rights of the Transferee in the Credit Support Balance created pursuant to this Annex.

(xi) **Demands and Notices.**

All demands, specifications and notices under this Annex will be made pursuant to the Notices Section of this Agreement, save that any demand, specification or notice:

(A) shall be given to or made at the following addresses:

If to Party A:

Address: c/o Credit Suisse AG, Singapore Branch  
One Raffles Link  
#03-01/#04-01 South Lobby  
Singapore 039393

Telephone: +65 6212 3833

Facsimile: +65 6303 1224

Email: list.cmu-ap@credit-suisse.com

Attention: Collateral Management Unit, AsiaPac

If to Party B:

Address: Sherlock Limited  
13 Castle Street  
St Helier  
Jersey JE4 5UT

Telephone: +44 (0) 1534 722787

Facsimile: + 44 (0)1534 769770

Email: Sherlock@sannegroup.com

Attention: The Directors, c/o Sanne Trust Company Limited

With a copy to Custodian (as defined in the Conditions of the Notes):

Address: The Bank of New York Mellon

acting through its London Branch  
One Canada Square  
London E14 5AL

Facsimile: +44 (0)20 7964 2532

Attention: Corporate Trust Administration

With a further copy to the Trustee (as defined in the Conditions of the Notes):

Address: The Bank of New York Mellon

acting through its London Branch  
One Canada Square  
London E14 5AL

Facsimile: +44 (0)20 7964 2532

Attention: Trustee Administration Manager

or at such other address as the relevant party may from time to time designate by giving notice (in accordance with the terms of this subparagraph) to the other party;

(B) shall be deemed to be effective at the time such notice is actually received unless such notice is received on a day which is not a Local Business Day or after the Notification Time on any Local Business Day in which event such notice shall be deemed to be effective on the next succeeding Local Business Day.

(xii) The following definition of "Notice" is added to Paragraph 10 of this Annex:

" **"Notice"** means an irrevocable notice, which may be written, oral, by telephone, by facsimile transmission, e-mail or message generated by an electronic messaging system or otherwise."

(xiii) **Custodian**

Party A and Party B agree that any payment or delivery obligations which Party A has to Party B pursuant to this Annex may be extinguished by Party A making such payment or delivery to the Custodian (as defined in the Conditions of the Notes) who shall take receipt thereof on Party B's behalf. Party A and Party B further agree that any payment or delivery obligations which Party B has to Party A pursuant to this Annex may be extinguished by the Custodian making such payment or delivery on Party B's behalf.

(xiv) **Return of Credit Support Balances**

Upon the occurrence of a Credit Event Notice Date or Early Redemption Event Determination Date (each as defined in the Conditions of the Notes), other than where item (iv) of the definition of Early Redemption Event in the Conditions of the Notes applies or where an Event of Default with respect to Party A has occurred and is continuing, either party then holding any Eligible Credit Support transferred to it by

the other party pursuant to the terms of this Annex shall, without the need for demand, transfer on the Relevant Business Day following the Credit Event Notice Date or Early Redemption Event Determination Date, as the case may be, Equivalent Credit Support in relation to all such Eligible Credit Support transferred to it. For the avoidance of doubt, the Minimum Transfer Amount shall not apply to such transfers.

Signed for and on behalf of

Signed for and on behalf of

**Credit Suisse International**

**Sherlock Limited**

By:.....  
Name:  
Title:  
Date:

By:.....  
Name:  
Title:  
Date:

By:.....  
Name:  
Title:  
Date:

## DESCRIPTION OF THE COMPANY

### General

The Company was incorporated and registered on 22 July 1997 under the Companies (Jersey) Law 1991 as a private company with the registration number 69278 and became a public company on 30 April 2001. The Company has been incorporated in Jersey for an indefinite period. The registered office of the Company is at 13 Castle Street, St. Helier, Jersey, JE4 5UT, Channel Islands. Telephone +44(0)1534 750507. The authorised share capital of the Company is USD10,000 divided into 10,000 shares of USD1 each. Ten shares have been issued and fully paid and the beneficial ownership of those shares is held by Sanne Trust Company Limited (the "**Share Trustee**") in its capacity as trustee of the Sherlock Trust (the "**Trust**") under the terms of an instrument of trust (the "**Instrument of Trust**") dated 24 July 1997 as amended, under which the Share Trustee will hold all the assets of the Trust for charitable purposes. The Share Trustee has covenanted in the Instrument of Trust not to (a) dispose or otherwise deal with any shares in the Company as long as any borrowings by the Company are outstanding; and (b) act in any way so as to prejudice, or which may be inconsistent with, the performance by the Company of its obligations under any agreements or arrangements to which it may be party. The Share Trustee has no beneficial interest in, and derives no benefit other than its fees for acting as Share Trustee from, its indirect holding of the shares of the Company. The Company entered into a USD1,000,000,000 Secured Instrument Programme on 18 September 1997. No notes have been issued or loans, options or swaps entered into by the Company pursuant to or in accordance with such Secured Instrument Programme and the Company has undertaken no financial activities since the establishment of such Secured Instrument Programme. No prospectus relating to any notes has ever been circulated in connection with such Secured Instrument Programme. The Company has subsequently terminated its rights and obligations under such Secured Instrument Programme.

The Company has been established as a special purpose vehicle. The principal activities of the Company are the issuance of financial instruments, the acquisition of financial assets and the entering into of other legally binding arrangements.

### Business

Under the terms of the Acceptance Deed and the Principal Trust Deed, the Company will not undertake any business other than the issue of Notes and the entry into and performance of related transactions in accordance with the Principal Trust Deed, the Swap Agreement and any related agreements and will not (except as contemplated by the Principal Trust Deed) declare any dividends without the consent of the Trustee.

The Company has, and will have, no assets other than its rights over the Collateral and its rights under any Swap Agreement and any other cash and securities held by it pursuant to transactions in accordance with such agreements or permitted by the Trustee in accordance with Condition 5 and Condition 16 of the Notes, any assets on which any further Notes issued as part of the Series of Notes are secured and the sum of USD10 representing the Company's issued and paid-up share capital.

The only assets of the Company available to meet the claims of the holders of the Notes will be the assets which comprise the security for the Notes, as described under Condition 4 of the Notes.

The Notes are obligations of the Company alone and not of the Share Trustee, the Administrator (as defined below), the Trustee, the Counterparty or the Custodian.

There is no intention to accumulate surpluses in the Company.

## Directors and Secretary

Sanne Trust Company Limited (the "**Administrator**") has been appointed as the administrator of the Company and will be responsible for the management and administration of the Company pursuant to an acceptance and administration agreement dated 25 January 2008.

The Directors of the Company are as follows:

<i>Name</i>	<i>Principal Occupation</i>
Simon Young	Chartered Accountant
Andrew Pollard	Lawyer
James Saout	Company Director
John Wiseman	Certified Accountant

The business address of each of the Directors is 13 Castle Street, St. Helier, Jersey JE4 5UT, Channel Islands.

The Secretary of the Company is Sanne Secretaries Limited of 13 Castle Street, Jersey JE4 5UT, Channel Islands.

The Directors are directors of the Administrator and each Director has an interest in the Share Trustee, the Administrator and the Secretary of the Company to whom fees are payable for acting in their respective capacities.

## Financial Statements

Since its incorporation, the Company has prepared unaudited financial statements for the period ended 30 September 1998 and the years ended 30 September 1999 and 30 September 2000 and audited financial statements for the period ended 30 September 2001, 30 September 2002, 30 September 2003, 30 September 2004, 30 September 2005, 28 February 2007, 28 February 2008, 28 February 2009, 30 June 2010, 30 June 2011 and 30 June 2012. Since becoming a public company, the Company is required by Jersey law to prepare annual audited financial statements and the latest audited financial statements prepared in relation to the Company are dated 30 June 2012. The Company is not required to, and does not, prepare interim accounts. The annual audited financial statements for the latest two (2) financial years dated 30 June 2011 and 30 June 2012 respectively have been filed with the Irish Stock Exchange and are incorporated by reference into these Listing Particulars.

## Auditors

The Auditors of the Company are KPMG Channel Islands Limited of 5 St Andrews Place, St Helier, Jersey JE4 8WQ, a firm of Chartered Accountants and are members of the Institute of Chartered Accountants of England & Wales and are qualified to act as auditors in Jersey.

## DESCRIPTION OF THE COUNTERPARTY

***The information appearing in this section has been prepared by the Counterparty's ultimate parent, Credit Suisse AG (the "Bank"), and has not been independently verified by the Company, Trustee or any other person. Accordingly, notwithstanding anything to the contrary herein, the Company and the Trustee do not assume any responsibility for the accuracy, completeness or applicability of such information and Credit Suisse accepts sole responsibility for the information in this section and to the best of the knowledge and belief of the Bank (who has taken all reasonable care to ensure that such is the case), the information contained in this section is in accordance with the facts and does not omit anything likely to affect the import of such information. Prospective investors should make their own independent investigations into Credit Suisse and Credit Suisse International.***

### **Credit Suisse Group AG and Credit Suisse International**

The Counterparty is Credit Suisse International ("CSI"). Its address is One Cabot Square, London, E14 4QJ. CSI is an unlimited liability company and an indirect wholly owned subsidiary of Credit Suisse Group AG ("CSG"). CSI is authorised under the Financial Services and Markets Act 2000 by the Financial Services Authority ("FSA").

The Counterparty has securities admitted to trading on the regulated market of the Irish Stock Exchange.

The Counterparty was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199 and was re-registered as an unlimited liability company under the name "Credit Suisse Financial Products" on 6 July 1990, and was renamed Credit Suisse First Boston International on 27 March 2000 and Credit Suisse International on 16 January 2006. Its registered office and principal place of business is at One Cabot Square, London E14 4QJ, telephone number +44 (0)20 7888 8888. The Counterparty is an English bank and is regulated as an EU credit institution by The FSA under the Financial Services and Markets Act 2000. The FSA has issued a scope of permission notice authorising the Counterparty to carry out specified regulated investment activities.

The Counterparty is an unlimited liability company and, as such, its shareholders have a joint, several and unlimited obligation to meet any insufficiency in the assets of the Counterparty in the event of its liquidation. The joint, several and unlimited liability of the shareholders of the Counterparty to meet any insufficiency in the assets of the Counterparty will only apply upon liquidation of the Counterparty. Therefore, prior to any liquidation of the Counterparty, the security holders may only have recourse to the assets of the Counterparty and not to those of its shareholders.

The Counterparty commenced business on 16 July 1990. Its principal business is banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit. The primary objective of the Counterparty is to provide comprehensive treasury and risk management derivative product services. The Counterparty has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets. The business is managed as a part of the Investment Banking Division of Credit Suisse AG in the Europe, Middle East and Africa region, and is supported by Credit Suisse AG's Shared Services Division, which provides business support services in such areas as finance, legal, compliance, risk management, and information technology.

Further information regarding the Counterparty can be obtained from the CSI Registration Document, a copy of which can be found at [www.credit-suisse.com](http://www.credit-suisse.com).

## SUBSCRIPTION AND SALE

### General

The Arranger and the Company have agreed that no action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of these Listing Particulars, or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. The Arranger has agreed that it will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells, or delivers Notes or has in its possession or distributes these Listing Particulars, or any such other material, in all cases at its own expense unless otherwise agreed.

### United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any State of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. The Company has not been and does not intend to be registered as an investment company under the 1940 Act.

Bearer Notes will be subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to, or for the account of, a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each of the Arranger and the Dealer has represented and agreed that it will not offer, sell or deliver Notes of a Non-U.S. Series or Non-U.S. Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the Arranger or the Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each of the Arranger and the Dealer has further agreed that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

**Persons considering the purchase of Notes should consult their own legal advisers concerning the application of U.S. securities laws to their particular situations as well as any consequences of the purchase, ownership and disposition of Notes arising under the laws of any other relevant jurisdictions.**

## Act on Financial Supervision – European Economic Area

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 Arranger and the Dealer 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 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 12 months after the date of such publication;
- (B) at any time to Qualified Investors; or
- (C) at any time in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented by the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

## United Kingdom

Each of the Arranger and the Dealer has represented and agreed that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act ("**FSMA**") by the Company;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

**Taiwan**

The Notes may not be sold, offered or issued to Taiwan-resident investors unless they are made available outside Taiwan for purchase by such investors outside Taiwan.

For the purposes of this section "Subscription and Sale" and the section headed "Risk Factors", "Dealer" means Credit Suisse International in its capacity as a dealer of the Notes.

## DESCRIPTION OF THE SECURITY AND CUSTODY ARRANGEMENTS

The obligations of the Company under the Trust Deed, the Notes, the Coupons and the Swap Agreement will be secured by or pursuant to the Supplemental Trust Deed dated the Issue Date and the Principal Trust Deed under English law. The security will be created in favour of the Trustee for the benefit of itself, the Noteholders, the Couponholders and the Counterparty.

The obligations of the Company under the Trust Deed, the Notes, the Coupons and the Swap Agreement will be secured by (a) first fixed charge over the Held Securities and any Credit Support Assets, (b) an assignment by way of security of the Company's rights under (i) the Agency Agreement insofar as such rights relate to the Notes and any sums related thereto, and (ii) the Custody Agreement under which the Collateral and sums derived therefrom or related thereto are held by the Custodian or its sub-custodian; and (c) a first fixed charge over all sums held by the Principal Paying Agent to meet payments due in respect of the Notes and the Swap Agreement and all sums held by the Custodian on behalf of the Company in respect of the Swap Agreement, in each case in favour of the Trustee for the benefit of itself, the Noteholders, the Couponholders and the Counterparty. The Company's obligations under the Trust Deed, the Notes and the Coupons will also be secured by an assignment by way of security of the Company's rights under the Swap Agreement in favour of the Trustee for the benefit of itself, the Noteholders, the Couponholders and the Counterparty, subject to an assignment by the Company to The Bank of New York Mellon, N.A. in its capacity as Principal Paying Agent of the Company's right to receive sums due from the Counterparty under the Swap Agreement.

*Held Securities:* The collateral for the Notes comprises CNY50,000,000 3.12 per cent. CNY certificates of deposit due 26 February 2018 (ISIN: HK0000140555) issued by Bank of Communications Co., Ltd. acting by and through its Hong Kong Branch (the "**BOCOM CDs**") pursuant to a certificate of deposit issuance programme. The BOCOM CDs are governed by and shall be construed in accordance with the laws of Hong Kong.

In the event that Eligible Credit Support in the form of negotiable debt obligations issued or backed by a G7 Nation (as defined in the CSA) are proposed to be transferred by the Counterparty to the Company, if (i) the Calculation Agent has determined pursuant to the terms of the CSA that it would be customary to grant additional security over such negotiable debt obligations; or (ii) the Trustee has notified the Company and the Counterparty that additional security is required, the Company and the Trustee will execute an additional security document to create such security in a form satisfactory to the Trustee. Following any execution of an additional security document, any references in the Trust Deed or the Conditions to the security in respect of the Notes shall be construed as including the security created by such additional security document unless the context does not permit.

The Trust Deed provides that the net proceeds of the Mortgaged Property, upon realisation thereof by the Trustee shall be applied in accordance with "Other Priority". "Other Priority" means "Counterparty Priority" save that the claims of the Principal Paying Agent and the Custodian for reimbursement in respect of payment of principal and interest made to the relevant Noteholders and/or Couponholders and payments made to the Counterparty relating to sums receivable on the Held Securities or the Credit Support Assets rank prior to any claim of the Counterparty as further described in the Trust Deed.

The Custodian or its sub-custodian shall hold the Securities in an account at Euroclear. The Custodian will credit the Securities to an account in its books in the name of the Company into which all payments received by it in respect of the Securities will also be credited. Title to the Securities shall remain with the Counterparty until the Notes are credited, upon their issue, to the securities account of the Counterparty with Euroclear.

The Trustee shall have no responsibility for monitoring the performance by the Calculation Agent or the Custodian of their obligations to the Company. In addition, the Trustee shall have no responsibility for taking any action to enforce the obligations of the Securities Issuer in respect of the

Securities. The Trustee shall not be responsible for the exercise or non-exercise of any voting or other rights in respect of the Collateral and shall not be obliged to do so unless directed by an Extraordinary Resolution of the Noteholders and unless indemnified to its satisfaction. The Trustee may call for and accept as sufficient evidence of the existence and amount of any payment due in accordance with the terms of the Swap Agreement a certificate to that effect signed by a director of the Counterparty and the Trustee shall not be bound to call for any further evidence and shall not be responsible for any loss which may be occasioned by acting on any such certificate.

The Trustee shall have no responsibility for the validity, enforceability, sufficiency or value of the security created by the Trust Deed, the rights thereunder or the security thereover and prior to an Event of Default having occurred shall have no responsibility for monitoring whether the security created by the Trust Deed has become enforceable. The Trustee is under no obligation to monitor or ascertain whether or not a Credit Event has occurred or the Conditions to Settlement (as defined in the Credit Default Swap Transaction) have been satisfied and may assume that no such event has occurred until it shall have received notification from the Counterparty in writing that such an event has occurred and shall be entitled to rely on the contents of the same without obligation to investigate the accuracy thereof.

## DESCRIPTION OF THE SECURITIES ISSUER

***The information appearing in this section has been extracted from the information contained in Bank of Communications Co., Ltd. 2011 Annual Report available on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and Bank of Communications Co., Ltd. (www.bankcomm.com) as of 28 March 2012. As far as the Company is aware and is able to ascertain from the information contained in the Annual Report as aforesaid, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Company accepts responsibility for accurately reproducing such extracts, but none of the Company, the Counterparty, the Trustee, the Principal Paying Agent, the Custodian and the Arranger accepts further or other responsibility in respect of such extracts and such information.***

The BOCOM CDs forming the collateral or the Held Securities are issued by Bank of Communications Co., Ltd. ("**BOCOM**") acting by and through its Hong Kong Branch. BOCOM is a joint stock limited company incorporated under the laws of the PRC with stock code 03328 and headquarters in Shanghai at No.188 Yin Cheng Zhong Lu, Shanghai, People's Republic of China.

BOCOM has 155 domestic branches and 2,637 operating locations in China. In addition, BOCOM has set up 12 overseas institutions, comprising branches in Hong Kong, New York, Tokyo, Singapore, Seoul, Frankfurt, Macau, Ho Chi Minh City, Sydney and San Francisco, representative office in Taipei and Bank of Communications (UK) Co., Ltd.

BOCOM is one of the major financial services providers in China. BOCOM's business scope includes commercial banking, securities services, trust services, financial leasing, fund management, insurance and offshore financial services. Its wholly-owned subsidiaries include BOCOM International Holdings Company Limited, China BOCOM Insurance Co., Ltd and Bank of Communications Finance Leasing CO., Ltd. Subsidiaries controlled by BOCOM include Bank of Communications Schroder Fund Management Co., Ltd, Bank of Communications International Trust Co., Ltd, BoCommLife Insurance Company Limited, Dayi Bocom Xingmin Rural Bank, Zhejiang Anji BOCOM Rural Bank Ltd and Xinjiang Shihezi BOCOM Rural Bank. In addition, BOCOM is also the largest shareholder of Jiangsu Changshu Rural Commercial Bank Co., Ltd.

BOCOM has securities admitted to the Shanghai Stock Exchange and the Main Board of The Stock Exchange of Hong Kong Limited.

## DESCRIPTION OF THE REFERENCE ENTITY

*The information appearing in this section has been extracted from the information contained in The Royal Bank of Scotland plc Registration Document dated 24 February 2012. As far as the Company is aware and is able to ascertain from the information contained in the Registration Document as aforesaid, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Company accepts responsibility for accurately reproducing such extracts, but none of the Company, the Counterparty, the Trustee, the Principal Paying Agent, the Custodian and the Arranger accepts further or other responsibility in respect of such extracts and such information.*

### **The Royal Bank of Scotland plc ("RBS")**

The Reference Entity under the Credit Default Swap Transaction is The Royal Bank of Scotland plc ("**RBS**"). RBS is a public limited company incorporated in Scotland with registration number SC090312 and registered address of 36 St Andrew Square, Edinburgh, United Kingdom, EH2 2YB. RBS was incorporated under Scots law on 31 October 1984 and is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc (the "**Group**"), which is the holding company of a large global banking and financial services group.

Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States and internationally through its principal subsidiaries, RBS and National Westminster Bank Plc ("**NatWest**"). Both RBS and NatWest are major United Kingdom clearing banks. In the United States, the Group's subsidiary Citizens Financial Group, Inc. is a large commercial banking organisation. Globally, the Group has a diversified customer base and provides products and services to personal, commercial and large corporate and institutional customers.

The Group's services include debt and equity financing, trade finance, currency and credit services, cash and liquidity management, investment services, mortgages, insurance products, personal banking branches, ATMs and telephone, online and mobile banking.

RBS has securities admitted to the Official List of the United Kingdom Listing Authority.

## **GENERAL INFORMATION**

- 1 The issue of the Notes was authorised pursuant to the resolutions passed by the Board of Directors of the Company on 30 April 2001, 14 November 2003 and 17 March 2008.
- 2 Save as disclosed herein, there has been no material adverse change in the financial position or prospects of the Company since the date of its latest audited financial statements, being as at the date hereof, 30 June 2012.
- 3 The Company is not involved in any litigation, arbitration or legal and governmental proceedings that may have, or have had since its incorporation, a significant effect on its financial position, nor is the Company aware that any such proceedings are pending or threatened.
- 4 Physical copies of the Trust Deed, the Swap Agreement and the Custody Agreement will be made available during usual business hours on any day (except Saturdays, Sundays and legal holidays) so long as any of the Notes remain outstanding, at the specified office of the Principal Paying Agent, One Canada Square, London E14 5AL.
- 5 The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under Common Code 089487447. The International Securities Identification Number for the Notes is XS0894874477.
- 6 The estimated expenses related to admission to trading on the Global Exchange Market of the Irish Stock Exchange are expected to be approximately £5,500.
- 7 For so long as these Notes remain outstanding, the constitutional documents of the Company and the audited financial statements of the Company for the previous two financial years shall be available, in printed form free of charge, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Company.
- 8 The Company does not intend to provide post issuance information regarding the Notes or the performance of the Collateral.

**SCHEDULE 1**  
**BASE TERMS AND CONDITIONS OF THE NOTES**

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented, modified or replaced by the provisions of the relevant Supplemental Trust Deed, and as described in the relevant Series Memorandum and the section headed "Summary of Provisions Relating to the Notes while in Global Form", will be applicable to the Global Note(s) or Global Certificates representing each Series and to the Definitive Bearer Notes or Individual Certificates (if any) issued in exchange therefor and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on such Definitive Bearer Notes or Individual Certificates, details of the relevant Series being shown on the relevant Notes or Certificates and in the relevant Series Memorandum. References in the terms and conditions to the "Counterparty" and the "Swap Agreement" shall only be applicable if the relevant Series Memorandum indicates that the Company has entered into a Swap Agreement relating to the Notes.*

The Notes are constituted and secured by a supplemental trust deed dated the Issue Date (the "Supplemental Trust Deed") and made between the Company, J.P. Morgan Trustee and Depositary Company (the "Trustee", which expression shall include all persons for the time being the trustee or trustees for any Series under the Trust Deed (as defined below)), as trustee for the holders of the Notes and, if applicable, Credit Suisse First Boston International as swap counterparty (the "Counterparty", which expression shall include any other person so specified), supplemental to an amended and restated master principal trust deed and acceptance deed by which the Company is bound (the "Principal Trust Deed", which expression shall include any amendments or supplements thereto) dated 14th November, 2003 and made between the Company, the Trustee and the Counterparty. The Principal Trust Deed and the Supplemental Trust Deed are referred to together as the "Trust Deed". Payments under the Notes will be made pursuant to an amended and restated master agency agreement dated 14th November, 2003, as amended from time to time, to the extent such agreement applies to the Company, which the Company has entered into with the Trustee, JPMorgan Chase Bank as principal paying agent (in such capacity the "Principal Paying Agent") and as authentication agent, Credit Suisse First Boston International as calculation agent unless another financial institution is specified as such in the relevant Supplemental Trust Deed (the "Calculation Agent"), JPMorgan Bank Luxembourg S.A. as paying agent (together with the Principal Paying Agent and any other paying agents appointed, the "Paying Agents"), the transfer agents (the "Transfer Agents") referred to therein and JPMorgan Chase Bank as registrar (the "Registrar") and as paying agent or pursuant to such other agreement, as amended from time to time, as may be specified in the relevant Supplemental Trust Deed. References in these Conditions (as defined below) to the Principal Paying Agent and the other Agents and to the "Agency Agreement" shall be construed accordingly. All Collateral (as defined in Condition 4(a)) taking the form of securities will be held or caused to be held on behalf of the Company by JPMorgan Chase Bank acting in its capacity as custodian and/or by such other custodian as may be separately appointed by the Company as further described herein. References in these Conditions to the "Custodian" and the "Custody Agreement" shall be construed accordingly. Statements in these terms and conditions as amended and supplemented by the relevant Supplemental Trust Deed, and as described in the relevant Series Memorandum (the "Conditions") are subject to the detailed provisions of the Trust Deed and the Agency Agreement, copies of which are available for inspection at the registered office of the Trustee, being at the date hereof Trinity Tower, 9 Thomas More Street, London E1W 1YT and the specified offices of the Paying Agents. The Trust Deed includes the form of the Notes in bearer and registered form, the interest coupons (if any) relating to Notes in bearer form (the "Coupons"). Noteholders and Couponholders (each as defined in Condition 1) are entitled to the benefit of, and are deemed to have notice of, all the provisions contained in

the Trust Deed and the relevant Series Memorandum and those applicable to them of the Agency Agreement.

The Company has executed a deed (the "Acceptance Deed") under which it has become bound by the Master Documents (including the Principal Trust Deed) as defined in such Acceptance Deed. If so specified in the relevant Series Memorandum, the Company has entered into one or more confirmations (the "Confirmations") documenting the terms of a swap, option or other over-the-counter transaction relating to the Notes effective on the Issue Date pursuant to a 1992 ISDA Master Agreement dated 14th November, 2003, as amended from time to time, with the Counterparty or such other agreement as may be specified in the Acceptance Deed (such 1992 ISDA Master Agreement or other agreement together with the Confirmations, the "Swap Agreement").

Full details of the relevant Mortgaged Property will be set out in the relevant Supplemental Trust Deed for the relevant Series.

Capitalised terms used but not defined in these Conditions or the Principal Trust Deed shall have the meanings or values attributed to them in the relevant Supplemental Trust Deed unless the context otherwise requires or unless otherwise stated.

## **1 Form, Denomination and Title**

The Notes are serially numbered and issued in bearer form ("Bearer Notes") in the denomination of the Denominations(s) or in registered form ("Registered Notes") in amounts of the Minimum Denomination or such integral multiples of a stated amount in excess thereof ("Authorised Denominations") as are specified in the relevant Supplemental Trust Deed. "Minimum Denomination" means in the case of Registered Notes USD100,000 or its nearest rounded equivalent in the Relevant Currency (or such other amount as is specified in the relevant Supplemental Trust Deed). All Registered Notes of the same Series shall have the same Authorised Denomination.

Bearer Notes are issued with Coupons attached save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the due date for redemption in respect of overdue amounts of principal) and Coupons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("Individual Certificates"), each Individual Certificate representing a holding of one or more Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by assignment and registration in the register which the Company shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Bearer Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

In these Conditions "Noteholder" means (i) the holder of any definitive Bearer Note or (ii) the person in whose name a Registered Note is registered and "Couponholder" means the holder of any Coupon.

The Company, the Trustee and each Paying Agent shall deem and treat each Noteholder and Couponholder as the absolute owner of the relevant Note or Coupon (whether or not such Note

or such Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon) for the purpose of making payments and for all other purposes.

## **2 Exchanges of Bearer Notes and Transfers of Registered Notes**

### *(a) Exchange of Bearer Notes*

Subject as provided in Condition 2(e), Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes of an Authorised Denomination at the request in writing of the relevant Noteholder and upon surrender of each Bearer Note to be exchanged, together with all unmatured Coupons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that where a Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 8(b)(ii)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination may not be exchanged for Bearer Notes of another Denomination.

### *(b) Transfer of Registered Notes*

A Registered Note may be transferred in whole or in part in an Authorised Denomination upon the surrender of the Individual Certificate representing such Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Registered Notes represented by one Individual Certificate, a new Individual Certificate in respect of the balance not transferred will be issued to the transferor.

### *(c) Exercise of Options or Partial Redemption in respect of Registered Notes*

In the case of an exercise of a Company's option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Individual Certificate, a new Individual Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Individual Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Individual Certificates shall only be issued against surrender of the existing Individual Certificates to the Registrar or any Transfer Agent.

### *(d) Delivery of new Registered Notes*

Each new Individual Certificate to be issued upon exchange of Bearer Notes or transfer of Registered Notes will within seven business days (being a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar to whom such request for exchange or form of transfer shall have been delivered) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom such delivery shall have been made or, at the option of the holder making such delivery as aforesaid and as specified in the relevant request for exchange or form of transfer, be mailed at the risk of the holder entitled to the new Individual Certificate to such address as may be specified in such request for exchange or form of transfer.

### *(e) Exchange free of charge*

Exchange of Notes or Individual Certificates on registration or transfer will be effected without charge by or on behalf of the Company, the Registrar or the Transfer Agents, but

upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require) in respect of any tax, duty or other governmental charges which may be imposed in relation to such registration or transfer.

(f) *Closed periods*

No Noteholder may require the transfer of a Registered Note to be registered or a Bearer Note to be exchanged for a Registered Note (i) during the period of 15 days ending on the due date for any payment of principal on that Note, (ii) during the period of 15 days prior to any date on which Notes may be drawn for redemption by the Company at its option pursuant to Condition 7(f) or (iii) after any such Note has been drawn for redemption in whole or in part. A Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Individual Certificate is simultaneously surrendered not later than the relevant Record Date.

### **3 Status**

The Notes and the Coupons are secured obligations of the Company and rank and will rank *pari passu* without any preference among themselves. The Notes represent limited recourse obligations of the Company. Noteholders and Couponholders must rely solely upon payments under the Swap Agreement (if any) and/or out of Charged Assets in accordance with (and subject to the priority provisions described in) Condition 4.

### **4 Security**

(a) *Security*

Unless otherwise specified in the Supplemental Trust Deed, the obligations of the Company to the Trustee and the Noteholders under the Trust Deed and the Notes and (except for (II) below in relation to the obligations of the Company under any Swap Agreement) the Swap Agreement (if any) are secured by the following charges and/or assignments (the "Security") granted in favour of the Trustee pursuant to the Trust Deed and subject to the provisions of this Condition 4:

(I)

- (i) a first fixed charge over, and/or assignment of (A) the assets and/or other property of the Company specified as such in the relevant Supplemental Trust Deed, if any (the "Collateral"); (B) all proceeds of, income from and sums arising from the Collateral; (C) all rights attaching to or relating to the Collateral including without limitation any right to delivery of such securities or to an equivalent number or nominal value thereof which arises in connection with any such assets being held in a clearance system or through a financial intermediary; and (D) all assets and property hereafter belonging to the Company and deriving from such assets or the rights attaching thereto;
- (ii) an assignment by way of first fixed charge of the Company's rights, title and interest under the Custody Agreement, to the extent that such rights relate to the assets and/or other property referred to in (i) above and a first fixed charge over all sums held by the Custodian to meet payments due in respect of the Notes or under the Swap Agreement (if any);
- (iii) an assignment by way of first fixed charge of the Company's rights, title and interest under the Agency Agreement, to the extent that such rights relate to sums held to meet payments due in respect of the Notes and a first fixed

charge over all sums held by the Principal Paying Agent to meet payments due in respect of the Notes;

- (II) Subject to any Principal Paying Agent Assignment (as defined below), an assignment by way of first fixed charge over its rights under the Swap Agreement (if any) and all proceeds of and sums arising therefrom.

The assets described in (i), (ii) and (iii) of (I) above are together referred to herein as the "Charged Assets" and the Charged Assets together with the assets referred to in (II) above are together referred to as the "Mortgaged Property".

If so specified in the relevant Supplemental Trust Deed, with effect from the Issue Date, the Company shall assign to the Principal Paying Agent the benefit of the undertaking given by the Counterparty to the Company to pay to the Principal Paying Agent certain sums due to the Company under the Swap Agreement (the "Principal Paying Agent Assignment").

Cash flows generated by the Charged Assets and the Swap Agreement (if any) will be utilised by the Company in making payments in respect of the Notes.

If specified in the relevant Supplemental Trust Deed some or all of the Collateral will be held by the Custodian (which expression shall include any additional or other Custodians from time to time appointed) on behalf of the Company subject to the charge referred to above. The Company reserves the right at any time with the prior written approval of the Trustee and the Counterparty (if any) to change the Custodian. Notice of such change shall be given to the Noteholders in accordance with Condition 13. The Company is not obliged to insure or procure the insurance of the Collateral for any purposes.

*(b) Application of Proceeds*

The Trust Deed requires that, unless otherwise specified in the relevant Series Memorandum, the net proceeds of the Security for the Notes, upon realisation thereof after deduction of (i) any taxes required to be paid in connection with the realisation or enforcement of the Security prior to any such application and (ii) any remuneration or costs, charges, expenses and liabilities (including legal fees) incurred by the Trustee or any receiver in effecting the liquidation thereof or executing the trusts under the Trust Deed, be applied as set out below.

If "Counterparty Priority" is specified in the relevant Supplemental Trust Deed and Series Memorandum to be applicable:

- (i) firstly, in making any termination payment due to the Counterparty in accordance with the Swap Agreement (which for this purpose shall include any claim of the Custodian for reimbursement in respect of payments made to the Counterparty relating to sums receivable on the Collateral); and
- (ii) secondly, rateably in meeting the claims of the Noteholders and (if applicable) the Couponholders (which for this purpose shall include any claim of the Principal Paying Agent for reimbursement in respect of payment of principal and interest made to the relevant holders of Notes or Coupons). If the moneys received by the Trustee are not enough to pay such amounts in full, the Trustee shall apply them pro rata on the basis of the amount due to each party entitled to such payment.

If "Pari Passu Ranking" is specified in the relevant Supplemental Trust Deed and Series Memorandum to be applicable, rateably in making any termination payment due to the Counterparty under the Swap Agreement (which for this purpose shall include any claim of the Custodian for reimbursement in respect of payments made to the Counterparty

relating to sums receivable on the Collateral) and in meeting the claims of the Noteholders and (if applicable) the Couponholders (which for this purpose shall include any claim of the Principal Paying Agent for reimbursement in respect of payment of principal and interest made to the relevant holders of Notes or Coupons). If the moneys received by the Trustee are not enough to pay such amounts in full, the Trustee shall apply them pro rata on the basis of the amount due to each party entitled to such payment.

If "Noteholder Priority" is specified in the relevant Supplemental Trust Deed and Series Memorandum to be applicable:

- (i) firstly, rateably in meeting the claims of the Noteholders and (if applicable) the Couponholders (which for this purpose shall include any claim of the Principal Paying Agent for reimbursement in respect of payment of principal and interest made to the relevant holders of Notes or Coupons). If the moneys received by the Trustee are not enough to pay such amounts in full, the Trustee shall apply them pro rata on the basis of the amount due to each party entitled to such payment: and
- (ii) secondly, in making any termination payment due to the Counterparty under the Swap Agreement (which for this purpose shall include any claim of the Custodian for reimbursement in respect of payments made to the Counterparty relating to sums receivable on the Collateral).

If "Other Priority" is specified in the relevant Supplemental Trust Deed and Series Memorandum to be applicable, the Trustee shall apply all moneys received by it under the provisions of the Principal Trust Deed and the relevant Supplemental Trust Deed in connection with the realisation or enforcement of the Security, as set out in the relevant Supplemental Trust Deed and Series Memorandum.

(c) *Swap Agreement(s)*

If specified in the Supplemental Trust Deed, the Company will enter into one or more Swap Agreements with the Counterparty under which the Company will (subject to the terms thereof) make payments to the Counterparty, on receipt by the Company of sums receivable by the Company on the Collateral and the Counterparty will make payments towards or equal to the obligations of the Company in respect of amounts due to the Noteholders, in each case as specified in the Supplemental Trust Deed.

Each transaction evidenced by a Swap Agreement will terminate on the date specified in the Supplemental Trust Deed, unless terminated earlier in accordance with its terms. Each Swap Agreement will (i) terminate if all the Notes are redeemed prior to their Maturity Date pursuant to any provision of Condition 9, and (ii) terminate in part on a pro rata basis in a proportion of its principal amount equal to the proportion that the principal of the Repayable Assets (as defined in Condition 7(b) below or the relevant Notes being redeemed bears to the principal amount of the Collateral or the outstanding Notes of the relevant Series) if some of the Notes are redeemed or the Notes are redeemed in part prior to their Maturity Date pursuant to any provision of Condition 7. In the event of an early termination of the Swap Agreement, any party to the Swap Agreement may be liable to make a termination payment to any other party in respect of any loss which such other party may have suffered as a result of that termination.

Neither the Company or the Counterparty is obliged under the Swap Agreement to gross up if withholding taxes are imposed, but the Swap Agreement is terminable in such event. If the Company, on the occasion of the next payment due under the Swap Agreement, would be required by law to withhold or account for tax or would suffer tax in respect of its income such that it would be rendered unable to make payment of the full amount due,

the Company shall so inform the Trustee, and shall use reasonable endeavours to arrange (i) the substitution of a company incorporated in another jurisdiction as the principal obligor under the Notes, the Swap Agreement, the Trust Deed and the other Master Documents or (ii) the transfer of its residence for tax purposes, in each case as approved by the Trustee.

*A further description of the terms of each Swap Agreement is set out in the section entitled "The Swap Agreement" below as amended by the relevant Series Memorandum.*

*(d) Realisation of Security*

In the event of any of the Security becoming enforceable in accordance with the Trust Deed, the Trustee may at its discretion and:

- (i) if requested in writing by the holders of at least one-fifth in aggregate principal amount of the Notes then outstanding (as defined in the Trust Deed) or
- (ii) if directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or
- (iii) if sums are due to the Counterparty and the Trustee is so directed in writing by the Counterparty,

(whichever shall be the first request or direction to be given) shall enforce the security. To do this it may realise all or some of the Collateral in a proportion equal to the proportion of the principal amount of the Notes which are subject to acceleration or early redemption and/or take action against any person liable in respect of any Repayable Assets to enforce repayment of such Repayable Assets, enforce and/or realise and terminate the Swap Agreement(s) pro rata in accordance with its or their terms, and/or take action against the Counterparty, but without any liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders or Couponholders and provided that the Trustee shall not be required to take any action that would involve any personal liability or expense without first being indemnified to its satisfaction. Notwithstanding the above, where "Counterparty Priority" or "Noteholder Priority" or "Other Priority" is specified, the Trustee will act only at, and in accordance with, the direction of the person or persons ranking in priority immediately after the Trustee.

*(e) Shortfall after Application of Proceeds*

The Company may not have sufficient funds to make all payments due in respect of the Notes and (if applicable) Coupons.

If the net proceeds of the Security upon realisation thereof in accordance with this Condition 4 and the Trust Deed are not sufficient to make all payments due in respect of the Notes, Coupons (if any) and the Swap Agreement (if any), the obligations of the Company in respect of the Notes, Coupons (if any) and any such Swap Agreement will be limited to such net proceeds and no other assets of the Company (including, in the case of a mandatory partial redemption, the Collateral other than the Repayable Assets, which will remain available to those holders whose Notes have not been redeemed) will be available for any further payments in respect of the Notes, Coupons (if any) or the Swap Agreement (if any). Claims in respect of any difference between the amount of the net proceeds of the Security after enforcement thereof and the amount which would otherwise have been payable under the Notes, Coupons (if any) and the Swap Agreement (if any) (a "shortfall") shall be extinguished and failure to make any payment in respect of any such shortfall shall in no circumstances constitute an Event of Default under Condition 9. Any such shortfall shall be borne by the Noteholders, Couponholders and the Counterparty (if any) according to the priorities specified in the relevant Supplemental Trust Deed. In such

circumstances none of the Noteholders, the Couponholders (if any), the Trustee and the Counterparty (if any) will have the right to take any further action against the Company in respect of the shortfall and shall not be entitled at any time to institute against the Company or to join in any institution against the Company of any bankruptcy, reorganisation, arrangement, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations relating to the Notes, Coupons (if any), the Trust Deed or Swap Agreement.

(f) *Limitation on Enforcement*

If the Notes are declared due and payable under Condition 9 such event will entitle the Trustee to exercise its rights as mortgagee in respect of the assets subject to the Security (including the Swap Agreement (if any)) but such event will not of itself entitle the Trustee to exercise such rights in respect of any other assets of the Company.

## **5 Restrictions**

So long as any of the Notes remain outstanding, the Company will not, without the consent of the Trustee, incur any other indebtedness for borrowed moneys, engage in any business (other than the transactions contemplated by Condition 16, the Trust Deed, the Swap Agreement (if any), the other Master Documents to which it is a party and any other agreements relating to the Security of any Series), declare any dividends (except as contemplated by the Trust Deed) or have any subsidiaries. Notwithstanding the foregoing and in addition to the further issues permitted under Condition 16, the Company shall be at liberty from time to time (without the consent of the Noteholders but provided that the Trustee is satisfied that the restrictions of this Condition will be complied with) to issue other securities, bonds, notes and obligations and to incur other indebtedness (whether or not represented by securities) and obligations and to enter into related transactions provided that (except as contemplated by the Trust Deed) such other securities, bonds, notes, obligations, or other indebtedness and obligations which do or does not form a single series with the Notes or any other existing securities, bonds, notes, obligations, indebtedness or obligations, are or is secured on assets of the Company other than the assets on which any other existing obligations of the Company are secured and are or is issued on terms which provide for the extinction of all claims in respect of such further securities, bonds, notes, obligations, indebtedness or obligations after application of the proceeds of the assets on which such further bonds, notes, obligations, indebtedness or obligations are or is secured.

## **6 Interest**

(a) *Interest Rate and accrual*

If stated in the Supplemental Trust Deed to bear interest, each Note bears interest on its principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate (which may be a specified rate or rates (a "Fixed Rate") or may be determined by means of a formula or a series of formulae or may be based on an Index Rate in the manner specified in the Supplemental Trust Deed (a "Floating Rate")), which may be different for different Interest Accrual Periods, or a combination thereof payable in the Relevant Currency in arrear (unless otherwise stated in the Supplemental Trust Deed) on each Interest Payment Date specified in the Supplemental Trust Deed.

Interest will cease to accrue on each Note on the Interest Cessation Date (as defined below) unless, upon due presentation, payment of the full amount of principal due on such due date for redemption is not made, in which event interest will continue to accrue on the unpaid amount of principal (as well after as before judgment) until the Relevant Date (as defined below) at the Interest Rate determined by the Calculation Agent in the manner provided in this Condition.

(b) *Business Day Conventions*

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Relevant Business Day and (B) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day.

(c) *Interest Rate on Floating Rate Notes*

If the Interest Rate is specified as being Floating Rate in the Supplemental Trust Deed, the Interest Rate for each Interest Accrual Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (i) if the Primary Source for the Floating Rate is a Screen Page, subject as provided below, the Interest Rate shall be:
  - (I) the Relevant Rate (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity) or
  - (II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page,in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date;
- (ii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph 6(c)(i)(I) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if sub-paragraph 6(c)(i)(II) above applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;
- (iii) if the Primary Source for the Floating Rate is expressed to be the ISDA Rate, it shall be calculated in accordance with the definition of ISDA Rate set out below;
- (iv) if paragraph 6(c)(ii) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency which at least two out of five leading banks selected by the Calculation Agent in the principal financial centre

of the country of the Relevant Currency or, if the Relevant Currency is Euro in those member states that are participating in European Economic and Monetary Union (the "Eurozone") as selected by the Calculation Agent (the "Principal Financial Centre") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or, if the Relevant Currency is not euro and the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(d) *Interest Rate on Zero Coupon Notes*

As from the Maturity Date, the Interest Rate for any overdue principal in respect of a Note the Interest Rate of which is specified to be Zero Coupon shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined below).

(e) *Margin, Maximum/Minimum Interest Rates and Rounding*

- (i) If any Margin is specified in the Supplemental Trust Deed (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 6(c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Interest Rate is specified in the Supplemental Trust Deed, then any Interest Rate shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, "unit" means, with respect to any currency, the lowest amount of such currency which is available as legal tender in the country of such currency.

(f) *Calculations*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period will equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest

Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(g) *Determination and Publication of Interest Rates and Interest Amounts*

As soon as practicable after the Relevant Time on each Interest Determination Date, the Calculation Agent will determine the Interest Rate and calculate the amount of interest payable (the "Interest Amounts") in respect of each Denomination of the Notes for the relevant Interest Accrual Period and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Company, the Trustee, the Principal Paying Agent, each of the Paying Agents, the Noteholders, the relevant Dealer (if such Dealer is not the Calculation Agent), any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and, for so long as the Notes are listed on a stock exchange and the rules of such stock exchange require, such stock exchange, as soon as possible after their determination but in no event later than (except in the case of notices to the Noteholders) the commencement of the relevant Interest Period, if determined prior to such time. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no notification of the Interest Rate or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of each Interest Rate, Interest Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Company, the Counterparty and the Noteholders.

(h) *Determination or Calculation by Trustee*

If the Calculation Agent fails at any time for any reason to establish the Interest Rate for an Interest Accrual Period or the Interest Amount or, pursuant to Condition 7(m), any Redemption Amount, Optional Redemption Amount or Early Redemption Amount (each as defined in Condition 6(i) below) or to comply with any other requirement, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(i) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Clearance System" means each of Clearstream Banking, société anonyme, Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear"), The Depositary Trust Company, or such other clearance system specified as the Clearance System for delivery of Collateral in the Supplemental Trust Deed.

"Collateral Entitlement" means, in respect of each Exchangeable Note, the nominal amount of Collateral specified in the Supplemental Trust Deed to which a holder of such Note may be entitled upon the occurrence of an Exchange Event.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the "Calculation Period"):

- (z) if "Actual/365" or "Actual/Actual" is specified in the Supplemental Trust Deed, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (aa) if "Actual/365 (Fixed)" is specified in the Supplemental Trust Deed, the actual number of days in the Calculation Period divided by 365
- (bb) if "Actual/360" is specified in the Supplemental Trust Deed, the actual number of days in the Calculation Period divided by 360
- (cc) if "30/360", "360/360" or "Bond Basis" is specified in the Supplemental Trust Deed, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month))
- (dd) if "30E/360" or "Eurobond Basis" is specified in the Supplemental Trust Deed, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period) and
- (ee) If "Actual/Actual-ISMA" is specified in the Supplemental Trust Deed, then:
  - (i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Periods normally ending in any year; and
  - (ii) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"Early Redemption Amount" means in respect of each Note in circumstances where such Notes are redeemed early pursuant to Conditions 7(b) or (c), the amount specified in the relevant Supplemental Trust Deed (which may take account of the pro rata share of any termination payment due either from the Company or the Counterparty under the Swap Agreement) or in the absence of such specification, its outstanding principal amount.

"Effective Date" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the Supplemental Trust Deed or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Cessation Date" means the due date for redemption of the Notes or such other date which is either specified in, or determined in accordance with the provisions of, the Supplemental Trust Deed.

"Interest Commencement Date" means the date of the issue of the Notes (the "Issue Date") or such other date as may be specified in the Supplemental Trust Deed.

"Interest Determination Date" means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such in the Supplemental Trust Deed or, if none is so specified, the first day of such Interest Accrual Period if the Relevant Currency is sterling or the day falling two London Business Days prior to the first day of such Interest Accrual Period if the Relevant Currency is not sterling.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Interest Period Date" means each Interest Payment Date unless otherwise specified in the Supplemental Trust Deed.

"Interest Rate" means the rate of interest payable from time to time in respect of this Note and which is either specified, or calculated in accordance with the provisions, in the Supplemental Trust Deed.

"ISDA Rate" means, in respect of any Interest Accrual Period, the rate per annum that, in the determination of the Calculation Agent, would be the Floating Rate payable under an interest rate exchange agreement incorporating the ISDA Definitions (as defined below) where the Floating Rate Payer is the Company, the Floating Rate Payer Currency Amount is the Denomination of the Notes (or lower or lowest Denomination if more than one), the Floating Rate Payer Payment Dates are the Interest Payment Dates, the Spread is nought and each of the Floating Rate Option, Designated Maturity and Reset Dates are as specified in the Supplemental Trust Deed. "ISDA Definitions" means the 2000 ISDA Definitions, published by the International Swaps and Derivatives Association, Inc., as amended, supplemented or restated from time to time up to the Issue Date.

"London Business Day" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London.

"Optional Redemption Amount" means in respect of each Note in circumstances where such Notes are redeemed early pursuant to Condition 7(f) or (g), the amount specified in

the relevant Supplemental Trust Deed, or in the absence of such specification, its outstanding principal amount.

"Redemption Amount" means in respect of each Note, the amount specified in the relevant Supplemental Trust Deed or in the absence of such specification, its outstanding principal amount.

"Reference Banks" means the institutions specified in the Supplemental Trust Deed or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) which is most closely connected with the Benchmark.

"Register" means the register maintained by the Registrar.

"Relevant Business Day" means: :

- (a) in the case of a specified currency other than euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London and the principal financial centre for that currency and/or
- (b) in the case of euro, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer ("TARGET") System or any successor thereof ("TARGET System") is operating and/or
- (c) in the case of a specified currency and/or one or more specified financial centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the specified currency in the specified financial centre(s) or, if no currency is specified, generally in each of the financial centres so specified.

"Relevant Currency" means the currency specified as such in the Supplemental Trust Deed or, if none is specified, the currency in which the Notes are denominated.

"Relevant Date" means, in respect of any Note or Coupon, 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 on which notice is duly given to the Noteholders in accordance with Condition 13 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

"Relevant Financial Centre" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such in the Supplemental Trust Deed or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR shall be Europe) or, if none is so connected, London.

"Relevant Rate" means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the Supplemental Trust Deed, or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre and for this purpose "local time" means, with respect to Europe and the Eurozone as a Relevant Financial Centre, Brussels time.

"Representative Amount" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified in the Supplemental Trust Deed or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"Screen Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 ("Reuters") and the Moneyline Telerate Service ("Moneyline")) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

"Settlement Date" means the date specified in, or determined in accordance with the provisions of, the Supplemental Trust Deed or, if such date is not a day on which the Clearance System is open for business, the next following day that is; and

"Settlement Disruption Event" means an event beyond the control of the Company and the relevant Noteholder as a result of which the Clearance System cannot clear transfers of the Collateral comprising the Collateral Entitlement of such Noteholder.

"Specified Duration" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified in the Supplemental Trust Deed or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 6(b).

(j) *Calculation Agent and Reference Banks*

The Calculation Agent shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and the Company shall procure that there shall at all times be one or more Calculation Agents in either case if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Calculation Agent will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate any Interest Amount, the Redemption Amount or any Optional Redemption Amount or Early Redemption Amount or to comply with any other requirements, the Company shall (with the prior written approval of the Trustee) appoint the London office of a leading bank engaged in the relevant interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

## **7 Redemption, Purchase and Options**

(a) *Final Redemption*

Unless previously redeemed, purchased and cancelled as provided below, each Note will be redeemed at its Redemption Amount on the Maturity Date specified on each Note.

Notes will only be redeemable or repayable in accordance with the following provisions of this Condition 7 or Condition 9.

*(b) Mandatory Redemption*

If any of the Collateral forming part of the Mortgaged Property becomes repayable or becomes capable of being declared due and repayable prior to its stated date of maturity for whatever reason or (unless the Trustee otherwise agrees in writing or the Notes are Credit-linked Notes and such payment constitutes (or may, with the lapse of time or exercise of an option, constitute) a Credit Event there is a payment default in respect of any of the Collateral forming part of the Mortgaged Property, all such Collateral which has become so repayable together with some or all remaining Collateral, as specified in the Supplemental Trust Deed, forming part of the Mortgaged Property (which may or may not form obligations of the same person as those which have become repayable or in respect of which there has been such a payment default) shall be deemed to have become immediately repayable (the "Repayable Assets"). The Company shall then forthwith give not more than 28 nor less than 7 days' notice to the Trustee and the Noteholders in accordance with Condition 13 and upon expiry of such notice shall redeem each Note in whole or, as the case may be, in part on a pro rata basis in a proportion of its Redemption Amount equal to the proportion that the principal amount of the Repayable Assets which are the subject of such notice bears to the principal amount of all the Collateral forming part of the Mortgaged Property at such time. Interest shall continue to accrue on the part of the principal amount of Notes so redeemed until payment thereof has been made to the Trustee and notice is given in accordance with Condition 13 that such amount is available for payment. Failure to make any payment due in respect of a mandatory redemption under this Condition 7(b) of part of the principal amount of the Notes or interest thereon shall not constitute an Event of Default under Condition 9.

In the event of such redemption and the Security constituted by the Trust Deed becoming enforceable the Trustee may take such action as is provided in Condition 4(d).

*(c) Redemption for taxation and other reasons*

(i) If the Company, on the occasion of the next payment due in respect of the Notes or Coupons (if any), would be required by Jersey law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, then the Company shall so inform the Trustee in writing, and shall use reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved beforehand in writing by the Trustee as the principal obligor or to change (to the satisfaction of the Trustee) its residence for taxation purposes to another jurisdiction approved beforehand in writing by the Trustee (provided, in either case, that such substitution or change of residence will not result in a downgrading of any rating assigned to the Notes as confirmed in writing by the relevant rating agency to the Trustee). If the Company satisfies the Trustee that it is unable to arrange such change or substitution before the next payment is due in respect of the Notes, the Company shall forthwith give not more than 28 nor less than 7 days' notice to the Trustee and the Noteholders in accordance with Condition 13, and upon expiry of such notice the Company shall redeem all but not some only of the Notes at their Early Redemption Amount together with interest (if any) accrued to the date fixed for redemption unless the Trustee certifies to the Company that, in its absolute discretion, it considers that it is in the best interests of the Noteholders that the Notes not be so redeemed or an Extraordinary Resolution of the Noteholders otherwise directs.

- (ii) If (x) the Swap Agreement is terminated in whole for any reason save for a Counterparty Optional Termination (as defined in the Swap Agreement); or (y) the Company satisfies the Trustee that the performance of its obligations under the Notes or that any arrangements made to hedge its position under the Notes have or will become unlawful, illegal, or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, then the Company shall forthwith give not more than 28 nor less than 7 days' notice to the Noteholders and, upon expiry of such notice, shall redeem all but not some only of the Notes at their Early Redemption Amount together with interest (if any) accrued to the date fixed for redemption. Such notice (which shall be irrevocable) shall be given promptly upon the occurrence of either of the above events unless the Trustee certifies to the Company that, in its absolute discretion, it considers that it is in the best interests of the Noteholders that such notice be delayed or not given or an Extraordinary Resolution of the Noteholders otherwise directs.

Notwithstanding the foregoing, if any of the taxes referred to in paragraph 7(c)(i) above arises (i) by reason of any Noteholder's connection with Jersey otherwise than by reason only of the holding of any Note or receiving or being entitled to any Redemption Amount or interest in respect thereof; or (ii) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax; or (iii) as a result of a withholding or deduction imposed on a payment by or on behalf of the Company to an individual required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or (iv) as a result of the presentation for payment of any Bearer Note, Receipt or Coupon by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bearer Note, Receipt or Coupon to another Paying Agent in a member state of the European Union then Paragraph 7(c)(i) shall not apply and to the extent it is able to do so, the Company shall deduct such taxes from the amounts payable to such Noteholder and all other Noteholders shall receive the due amounts payable to them. Any such deduction shall not be an Event of Default under Condition 9.

In the event of such redemption and the security constituted by the Trust Deed becoming enforceable, the Trustee may take such action as is provided in Condition 4(d).

(d) *Purchases*

If either (i) the Company has satisfied the Trustee that it has made arrangements for the realisation of no more than the equivalent proportion of the Collateral, for the reduction in the notional amount of any Swap Agreement and for the purchase of the Notes, which transaction will leave the Company with no net liabilities in respect thereof, (ii) the Counterparty is exercising a Counterparty Optional Termination or (iii) the Trustee has otherwise agreed in writing, it may purchase Notes in the open market or otherwise at any price.

(e) *Early Redemption of Zero Coupon Notes*

- (i) The Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to

Condition 7(b) or 7(c) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note.

- (ii) Subject to the provisions of paragraph 7(e)(iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the Supplemental Trust Deed, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the Supplemental Trust Deed.
- (iii) If the Redemption Amount or Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 7(b) or 7(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Redemption Amount or Early Redemption Amount, as the case may be, due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in paragraph 7(e)(ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (both before and after judgment) until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 6(d).

(f) *Redemption at the Option of the Company*

If the Supplemental Trust Deed specifies that the Notes are Callable Notes, the Company may, by giving irrevocable notice to the Noteholders (in accordance with Condition 13) falling within the Company's Option Period redeem, or exercise any Company's option in relation to, all or, if so provided, some of such Notes in the principal amount or integral multiples thereof and on the Optional Redemption Date(s) so provided. Any such redemption of Notes shall be at the Optional Redemption Amount together with interest accrued (if any) to the date fixed for redemption as provided in the Supplemental Trust Deed.

All Notes in respect of which any such notice is given shall be redeemed, or the Company's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Principal Paying Agent may determine and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements. So long as the Notes are listed on the Luxembourg Stock Exchange and that exchange so requires the Company shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate principal amount of the Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

(g) *Redemption at the Option of Noteholders*

If the Supplemental Trust Deed specifies that the Notes are Puttable Notes, the Company shall, at the option of the holder of any such Note, redeem such Note on the Optional Redemption Date(s) so provided at its Optional Redemption Amount (which may, without limitation, be at its outstanding principal amount together with interest accrued (if any) to the date fixed for redemption or be an amount equal to the realisable value of the Relevant Collateral (as defined below) (less any costs and expenses associated with the realisation of such Collateral) on the date of receipt of the relevant option notice or on a date as soon as practicable thereafter, as determined by the Company).

If the Supplemental Trust Deed for the relevant Series so provides, and, if so, in the circumstances specified therein, the Company's obligation to pay the Optional Redemption Amount and interest accrued to the date of redemption may be satisfied by the Company delivering Collateral forming the Mortgaged Property for that Series. The amount of such Collateral to be delivered (the "Relevant Collateral") shall be the corresponding proportion of all such Collateral (rounded down to the nearest denomination of the Collateral) as the Notes of that Series held by that Noteholder bear to the then outstanding principal amount of the Notes of that Series. Delivery shall be made in the manner set out in the relevant Supplemental Trust Deed.

The relevant Noteholder's rights in respect of the exercise of any option shall be limited to the Relevant Collateral and Condition 3 shall apply accordingly.

To exercise such option or any other Noteholders' option which may be set out in the Supplemental Trust Deed the holder must deposit such Note with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent within the Noteholders' Option Period specified in the Supplemental Trust Deed. No Note so deposited and option so exercised may be withdrawn without the prior consent of the Company (except that such Note will be returned to the relevant Noteholder by the Paying Agent, the Registrar or Transfer Agent with which it has been deposited if, prior to the date for its redemption or the exercise of the option, the Note becomes immediately due and payable or if upon due presentation payment of the redemption moneys is not made or exercise of the option is denied).

(h) *Cancellation*

All Notes redeemed by the Company, and all Notes purchased by or on behalf of the Company which the Company elects to surrender (together with all unmatured Coupons appertaining thereto) for cancellation, will be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith) and, if cancelled (in the case of purchased Notes), may not be re-issued or resold and the obligations of the Company in respect of any such Notes and Coupons shall be discharged.

(i) *Exchange of Notes*

If the Supplemental Trust Deed specifies that the Notes are Exchangeable Notes, upon the occurrence of an event (the "Exchange Event"), as specified in the Supplemental Trust Deed, the Company shall deliver, or cause to be delivered, to the Clearance System for credit to the respective accounts of entitled Noteholders on the Settlement Date the Collateral Entitlement relating to the Notes presented and surrendered in accordance with this Condition in lieu of redeeming the Notes. Notes presented and surrendered by a Noteholder shall be aggregated for the purpose of determining the aggregate Collateral Entitlement of that Noteholder. If the aggregate Collateral Entitlement of a Noteholder

does not comprise a nominal amount of Collateral equal to an integral multiple of the minimum denomination of the Collateral, the Company may not deliver Collateral in a nominal amount equal to a fraction of the minimum denomination of the Collateral but shall account to each affected Noteholder for the net cash value (if any) of any such fraction, as determined by the Calculation Agent.

(j) *Presentation and surrender of Notes*

The Company shall not deliver, or cause to be delivered, the Collateral Entitlement in respect of any Exchangeable Notes unless such Note has been presented and surrendered together with a notification in writing (a "Delivery Notice") containing a certificate of non-U.S. beneficial ownership and specifying an account in the Clearance System for delivery of Collateral (in or substantially in the form set out in the Supplemental Trust Deed, copies of which are available at the specified office of each of the Paying Agents) to the Principal Paying Agent on any London Business Day during the period (the "Notice Delivery Period") specified in the Supplemental Trust Deed. (The holder of a Note may present and surrender such Note (together with a Delivery Notice) to the Paying Agent in Luxembourg. In these circumstances, the Noteholder shall be deemed to have presented and surrendered such Note (together with the Delivery Notice) on the London Business Day next following the date on which such presentation and surrender occurred). The Company shall procure that upon presentation and surrender of a Note pursuant to this paragraph the Paying Agent shall issue to the holder thereof a receipt in respect of such Note. The Notes cease to be outstanding on the first day on or after the Settlement Date upon which the Company makes the aggregate Collateral Entitlement available for delivery in accordance with these Conditions.

(k) *Settlement Disruption Events*

If there is a Settlement Disruption Event (as defined below) that prevents settlement on the Settlement Date (as defined below), then settlement of the Company's obligations under Condition 7(g) and (i) shall be on the first succeeding day on which settlement can take place through the Clearance System, unless a Settlement Disruption Event prevents settlement on each day that the Clearance System is (or, but for the Settlement Disruption Event, would have been) open for business during the period ending 30 calendar days after the original date on which, but for the Settlement Disruption Event settlement would have occurred. If settlement does not occur during such 30 calendar day period, the Company shall use best efforts to deliver the Collateral comprising the aggregate Collateral Entitlement promptly thereafter to a nominee selected by the Trustee.

(l) *Credit-linked Notes*

If the Supplemental Trust Deed specifies that the Notes are Credit-linked Notes, upon the occurrence of an event (the "Credit Event"), as specified in the Supplemental Trust Deed, the obligations of the Company to make further scheduled payments of principal and interest in respect of the Notes shall be extinguished and the entitlement of Noteholders in these circumstances shall be as specified in the Supplemental Trust Deed.

(m) *Determination and Publication of Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts*

On the Maturity Date and upon the occurrence of any early or optional redemption where the relevant Redemption Amount, Early Redemption Amount or Optional Redemption Amount is not the principal amount of the Note or on the Maturity Date the Calculation Agent shall make any determination or calculation, calculate the Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, and

cause the same to be notified to the Company, the Trustee, the Principal Paying Agent, each of the Paying Agents, the Noteholders, and, for so long as the Notes are listed on a stock exchange and the rules of such stock exchange require, such stock exchange, as soon as possible after their determination. The determination of each Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(n) *Redemption*

The Company, subject to the Counterparty's written consent (which consent shall not be unreasonably withheld or delayed), may compel any beneficial owner of Notes initially sold pursuant to Rule 144A under the U.S. Securities Act of 1933 (the "Securities Act") to sell its interest in such Notes, or may sell such interest on behalf of such holder, if such holder is a U.S. person that is not a qualified institutional buyer within the meaning of Rule 144A under the Securities Act ("QIB") and a qualified purchaser (as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940) ("QP").

## **8 Payments**

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant, Notes (in the case of payments of principal) or Coupons (in the case of interest), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on or at the option of the holder, by transfer to an account denominated in that currency with a bank in the principal financial centre of the country of that currency (other than the United States) provided that (i) in the case of euro, the transfer may be to, or the cheque drawn on, a euro account with a bank in Europe and (ii) in the case of yen, the transfer will be to a non-resident yen account with an authorised foreign exchange bank (in the case of payment to a non-resident of Japan).

(b) *Registered Notes*

- (i) Payments of principal in respect of Registered Notes (other than Notes sold to QIBs who are also QPs ("Restricted Registered Notes")) will be made against presentation and surrender of the relevant Notes at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 8(a).
- (ii) Interest on Registered Notes (in the case of Restricted Registered Notes only if denominated and payable in U.S. dollars) will be paid to the person shown on the Register at the close of business on the fifteenth day (or in the case of Restricted Registered Notes the fifteenth DTC Business Day (as defined below)) before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in Condition 8(a), such payment of interest may be made by transfer to an account

in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

- (iii) Payments of principal and interest in respect of Restricted Registered Notes registered as aforesaid and denominated in a currency other than U.S. dollars will be made by the relevant Paying Agent in the relevant currency in accordance with the following provisions. The amounts in such currency payable by such Paying Agent to The Depository Trust Company ("DTC") with respect to Restricted Registered Notes held by DTC or its nominee will be received by such Paying Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC Business Day after the Record Date for the relevant payment of interest and, in the case of principal payments, at least 12 DTC Business Days prior to the relevant payment date of principal, to receive that payment in such currency. The Paying Agent or another agent appointed by the Company for such purpose, after converting amounts in such currency into U.S. dollars, will deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made. For the purpose of this Condition, "DTC Business Day" means any day on which DTC is open for business.

(c) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Company shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law.

(d) *Payments subject to law etc.*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Appointment of Agents*

The Paying Agents, the Registrar, the Transfer Agents and any Calculation Agent initially appointed by the Company and their respective specified offices are listed below. The Paying Agents, the Registrar, the Transfer Agents and any Calculation Agent act solely as agents of the Company and do not assume any obligation or relationship of agency or trust for or with any holder. The Company reserves the right at any time to vary or terminate the appointment of any Paying Agent, the Registrar, any Transfer Agent or any Calculation Agent and to appoint additional or other Paying Agents, Registrar or Transfer Agents or Calculation Agent (if applicable), provided that it will at all times maintain (i) a Principal Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a Calculation Agent where the Conditions so

require one, (v) a Principal Paying Agent or a Paying Agent and a Transfer Agent having a specified office in a major European city which, so long as the Notes are listed on the Luxembourg Stock Exchange, shall be Luxembourg, (vi) a Paying Agent in such city as may be required by any stock exchange on which the Notes may be listed, and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Company shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 8(c).

Notice of any such change or any change of any specified office will be given promptly to the Noteholders in accordance with Condition 13.

(f) *Unmatured Coupons*

- (i) Upon the due date for redemption of any Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (ii) Where any Note is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provisions of such indemnity as the Company may require.
- (iii) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note which only bears interest after its Maturity Date or date of redemption shall be payable on redemption of such Note against presentation thereof.

(g) *Non-Business Days*

If any date for payment in respect of any Note or Coupon is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "Business Day" means a day which is a Local Business Day and a Payment Business Day.

"Local Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation of any Note or Coupon.

"Payment Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the Payment Business Day Centre or Centres specified in the Supplemental Trust Deed and, in the case of a payment in euro, a day which is a TARGET Business Day.

"TARGET Business Day" means a day on which the TARGET System is operating.

## **9 Events of Default and Enforcement**

(a) *Events of Default*

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of Notes then outstanding, or if so directed by an

Extraordinary Resolution of such holders, shall give notice (subject in each case to being indemnified to its satisfaction) to the Company that such Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Redemption Amount, together with accrued interest (if any) thereon and thereupon an Early Termination Date in respect of the Swap Agreement shall be deemed to have been designated on such date of notification to the Company and the Security constituted by the Trust Deed shall become enforceable, as provided in the Trust Deed, in any of the following events (each an "Event of Default"):

- (i) the Company defaults in the payment of the Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, as the case may be, or defaults for a period of 14 days or more in the payment of any sum other than the Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, as the case may be, due in respect of the Notes or any of them; or
- (ii) the Company defaults in making the Collateral Entitlement due in respect of the Notes or any of them available for delivery for a period of seven days or more; or
- (iii) if the Company fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (unless such failure is, in the opinion of the Trustee, incapable of remedy in which case no such notice as is referred to in this paragraph shall be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Company of notice requiring the same to be remedied; or
- (iv) if any order shall be made by any competent court or any resolution passed for the winding up or dissolution of the Company save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution.

(b) *Enforcement*

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Company as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding, and (ii) it shall have been indemnified to its satisfaction,

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders, Couponholders and the Counterparty (if any) and no Noteholder, Couponholder or Counterparty is entitled to proceed against the Company unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so.

For each Series, the Trustee, the Counterparty (if any) and the relevant Noteholders and Couponholders shall have recourse only to the Mortgaged Property in respect of such Series and, the Trustee having realised the same or, in the case of a partial redemption pursuant to Condition 7(c), the Repayable Assets together with a corresponding part of the security, and distributed the net proceeds in accordance with Condition 4, the Trustee, the Counterparty and the Noteholders and Couponholders or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Company to recover any further sum (save for lodging a claim in the liquidation of the Company initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Company) and the right to receive any such sum shall be extinguished.

In particular, neither the Trustee, the Counterparty, nor any Noteholder or Couponholder, nor any other party to a Supplemental Trust Deed shall be entitled to petition or take any other step for the winding-up of the Company, nor shall any of them have any claim in respect of any sum arising in respect of the Mortgaged Property for any other Series.

## **10 Prescription**

Claims in respect of Notes and Coupons shall be prescribed and become void unless made within 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

## **11 Agents**

In acting under the Agency Agreement and the Custody Agreement, the agents which are party to the Agency Agreement and the Custodian act solely as agents of the Company unless an Event of Default or Potential Event of Default (as defined in the Trust Deed occurs), when such agents and the Custodian will, if required to do so, act as agents of the Trustee, and will not assume any obligation or relationship of agency or trust to or with the Noteholders or the Couponholders. The Company has agreed in the Trust Deed to perform and observe the obligations imposed upon it under the Agency Agreement and the Custody Agreement. Such agreements may be amended by the parties thereto with the approval of the Trustee if, in the opinion of the Trustee, the amendment is not materially prejudicial to the interests of the Noteholders. The Company may not, without the consent of the Trustee, replace the Custodian.

## **12 Replacement of Notes and Coupons**

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Principal Paying Agent in London (in the case of Bearer Notes or Coupons) and of the Registrar (in the case of Registered Notes) in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment or as the case may be, for exchange for further Coupons, there will be paid to the Company on demand the amount payable by the Company in respect of such Notes, Coupons or further Coupons) and otherwise as the Company may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **13 Notices**

Notices to holders of Registered Notes will be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

All notices to holders of Bearer Notes and Registered Notes will be published in a daily newspaper with circulation in Europe which, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, will be a newspaper of daily circulation in Luxembourg, which is expected to be the *Luxemburger Wort*. Any such notice to holders of Bearer Notes and Registered Notes shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Notes in accordance with this Condition.

## **14 Meetings of Noteholders; Modification; Waiver; etc.**

### *(a) Meetings of Noteholders; modification and waiver*

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of the terms and conditions of the Notes. The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting, one or more persons being or representing Noteholders, whatever the principal amount of the Notes so held or represented, except that, *inter alia*, the terms of the Security and certain terms concerning the amount and currency and the postponement of the due dates of payment of the Notes and the Coupons (except where such modification is not materially prejudicial to Noteholders), or the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, may be modified only by resolutions passed at a meeting the quorum at which shall be one or more persons holding or representing two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they were present at such meeting, and on the holders of Coupons. The Trustee, without consulting the Noteholders or holders of Coupons, may determine that an event which would otherwise be an Event of Default shall not be so treated. The Trustee may agree, without the consent of the Noteholders or holders of Coupons, to (i) any modification of any of the provisions of the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any modification (except as aforesaid), waiver or authorisation of any breach or proposed breach of any of the provisions of the Trust Deed which, in any such case, is not in the opinion of the Trustee materially prejudicial to the interests of the Noteholders. Any such determination, modification, authorisation or waiver shall be binding on the Noteholders and holders of Coupons, and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter.

### *(b) Substitution*

Subject to such amendment of the Trust Deed and such other conditions as the Trustee may require including the transfer of the Security, but without the consent of the Noteholders or Couponholders, the Trustee may agree (with the consent of the Counterparty (if any)) to the substitution of any other company in place of the Company as principal debtor under the Trust Deed and the Notes and in place of the Company under any Related Agreement (as defined in the Trust Deed) in respect of any one or more Series. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or Couponholders but with the consent of the Counterparty (if any), to a change of the law governing the Notes, the Coupons and/or the Trust Deed and/or any Related Agreement provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. The Trustee, the Counterparty (if any) and the Company will use all reasonable efforts to effect a substitution if to do so would be likely to avoid a downgrading or lead to an upgrading of the rating of any other Series provided that such efforts should not result in the Trustee, the Counterparty or the Company incurring irrecoverable costs. Subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or Couponholders, the Trustee may also agree (with the consent of the Counterparty (if any)) to the change of the branch or office of the Counterparty (if any) or

the Custodian. Any such substitution may be effected in respect of any one or more Series of Notes.

(c) *Exercise of Powers*

In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution as aforesaid) the Trustee shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholders or Couponholders be entitled to claim, from the Company any indemnification or payment in respect of any tax consequence of any exercise upon individual Noteholders or Couponholders.

(d) *Meetings*

The Trust Deed provides *inter alia* that (a) except where the Conditions specifically state that one meeting of Noteholders of more than one Series will be held, separate meetings of Noteholders of each separate Series will normally be held although the Trustee may from time to time determine that meetings of Noteholders of each separate Series issued by the Company may be held together; (b) a resolution that in the opinion of the Trustee affects one Series alone shall be deemed to have been duly passed if passed at a separate meeting of the holders of Notes of the Series concerned; (c) a resolution which in the opinion of the Trustee affects the holders of more than one Series of Notes issued by the Company but does not give rise to a conflict of interest between the holders of the other Series of Notes concerned shall be deemed to have been duly passed if passed at a single meeting of the holders of Notes of all the relevant Series provided that for the purposes of determining the votes that a Noteholder is entitled to cast, each Noteholder shall have one vote in respect of each USD100 principal amount of Notes held, converted, if such Notes are not denominated in U.S. dollars, at prevailing exchange rates; (d) a resolution that in the opinion of the Trustee affects the holders of more than one Series of Notes and gives or may give rise to a conflict of interest between the holders of the other Series of Notes concerned shall be deemed to have been duly passed only if it shall be duly passed at separate meetings of the holders of the relevant Series of Notes, except where the Conditions specifically state that one meeting of Noteholders of more than one Series will be held; and (e) if the Company proposes to exchange part of an existing Series of Notes for Notes of a new Series, only the Notes to be exchanged shall be deemed to be Notes of the relevant Series.

(e) *Mortgaged Property*

Except where the Conditions or the Swap Agreement expressly so provide, the Company will not exercise any rights or take any action in its capacity as holder of the Mortgaged Property unless directed to do so by the Trustee or by an Extraordinary Resolution of the Noteholders, in each case after prior consultation with the Counterparty (if any), and, if such exercise or action is in the reasonable opinion of the Counterparty (if any) likely to affect the value of the Mortgaged Property or the Notes, it shall not be done without the prior written consent of the Counterparty (if any). If such direction is given, the Company will act only in accordance with such directions.

## **15 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including for the exercise of any voting rights in respect of the Collateral, for the validity, sufficiency and enforceability (which the Trustee has not investigated) of the Security.

The Trustee is not obliged to take any action under the Trust Deed unless indemnified to its satisfaction. The Trustee and any affiliate is entitled to enter into business transactions with the Company, any issuer or guarantor (where applicable) of any of the Collateral, the Counterparty or any of their subsidiary, holding or associated companies without accounting to the Noteholders for profit resulting therefrom.

The Trustee is exempted from liability with respect to any loss or theft or reduction in value of the Collateral, from any obligation to insure or to procure the insuring of the Collateral and from any claim arising from the fact that the Collateral will be held in safe custody by the Custodian or any custodian selected by the Trustee (in each case, if applicable). The Trustee is not responsible for supervising the performance by any other person of its obligations to the Company.

## **16 Further Issues**

Subject to Condition 5 and the provisions of the Trust Deed, the Company may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single Series with the notes of any Series (including the Notes); provided that, unless otherwise approved by an Extraordinary Resolution of Noteholders, the Company provides additional assets as security for such further notes of the same proportionate composition as those forming part of the Mortgaged Property for the Notes and in the same proportion to the existing Collateral that the principal amount of such new notes bears to the Notes and the Company enters into, or has the benefit of, additional or supplemental Swap Agreements extending the terms of any existing Swap Agreement to the new Notes on terms no less favourable than such existing documents and agreements. In addition, the Company may create and issue further securities upon such terms as the Company may determine at the time of their issue. The total aggregate principal amount of Notes outstanding at any time issued by any individual Company shall not exceed the Individual Programme Limit applicable to that Company (or its equivalent in any other currency or currencies at spot rates at the time of issue of such further securities). References in these Conditions to the Notes and to Mortgaged Property include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single Series with the Notes and the assets securing such securities respectively.

## **17 Taxation**

All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Company or the Registrar or any Transfer Agent or any Paying Agent is required by applicable law to make any such payment in respect of the Notes subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event the Company or such Paying Agent, Registrar or Transfer Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Company nor any Paying Agent, Registrar or Transfer Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

## **18 Governing Law**

The Notes and Coupons are governed by and shall be construed in accordance with the laws of England. The Company has in the Trust Deed submitted to the jurisdiction of the English courts for all purposes in connection with the Notes and the Coupons. The Company has irrevocably appointed Hackwood Secretaries Limited at One Silk Street, London EC2Y 8HQ as its agent in

England to receive service of process in any proceedings in England based on any of the Notes or the Coupons.

**REGISTERED OFFICE OF THE COMPANY**

13 Castle Street  
St Helier  
Jersey JE4 5UT

**ARRANGER AND CALCULATION AGENT**

**Credit Suisse International**

One Cabot Square  
London E14 4QJ

**TRUSTEE**

**The Bank of New York Mellon, acting through its London Branch**

One Canada Square  
London E14 5AL

**PRINCIPAL PAYING AGENT AND CUSTODIAN**

**The Bank of New York Mellon**

One Canada Square  
London E14 5AL

**LEGAL ADVISERS**

*To the Arranger as to English law*

**Ashurst Hong Kong**

Jardine House  
Central  
Hong Kong

*To the Company as to Jersey Law*

**Mourant Ozannes**

22 Grenville Street  
St Helier  
Jersey JE4 8PX