

Dated 28 October 2014

**EMERALD CAPITAL LIMITED**  
*(incorporated with limited liability in Ireland)*

## **SERIES PROSPECTUS**

**SERIES NO: 2014-01**  
**USD 50,000,000 8.25 per cent. Fixed Rate Notes due 2024**  
**to be consolidated and form a single series with Series**  
**2014-01 USD 200,000,000 8.25 per cent. Fixed Rate Notes**  
**due 2024 forming a total issue size of USD 250,000,000**

**issued pursuant to its**

**Emerging Markets Secured Note Issuance Programme**  
**arranged by**  
**CITIGROUP GLOBAL MARKETS LIMITED**

The attention of investors is drawn to the section headed "Risk Factors" on page 4 of  
this Series Prospectus

**Citi**

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On 9 October 2014, Emerald Capital Limited (the “**Issuer**”) issued its Series No. 2014-01 USD 200,000,000 8.25 per cent. Fixed Rate Notes due 2024 (the “**Existing Notes**”). On the New Notes Issue Date (as defined herein), the Issuer will issue its Series No. 2014-01 USD 50,000,000 8.25 per cent. Fixed Rate Notes due 2024 (the “**New Notes**” and, together with the Existing Notes, the “**Notes**”), such that the total aggregate principal amount of the Issuer’s Series 2014-01 shall amount to USD 250,000,000. This Series Prospectus dated 28 October 2014 (hereinafter, the “**Series Prospectus**”) should be read in conjunction with, pages 1 to 406 of the Base Prospectus dated 16 July 2014 relating to the Emerging Markets Secured Note Issuance Programme (the “**Programme**”) and the Issuer Disclosure Annex to the Base Prospectus dated 17 July 2014 (together, the “**Base Prospectus**”) relating to the issuance by the Issuer of secured notes under the Programme. Terms defined in the Base Prospectus have the same meaning in this Series Prospectus. The Series Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under Directive 2003/71/EC (the “**Prospectus Directive**”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This Series Prospectus constitutes a Prospectus for the purposes of Regulation 13 of the Prospectus (Directive 2003/71/EC) Regulations 2005 and Article 5 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. Application has been made to the Irish Stock Exchange for the New Notes to be admitted to the official list and trading on its regulated market. This Series Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference.

Capitalised terms used but not otherwise defined herein or in the Base Prospectus have the meaning given to them in Annex 1 and, if not defined in Annex 1, such terms shall have the meaning given to them in the deposit agreement between the Issuer and the Collateral Account Bank dated 9 October 2014, as amended and restated on 29 October 2014 (the “**Deposit Agreement**”). The Annexes to this Series Prospectus form part of, and should be read together with, this Series Prospectus.

**Investors are advised to refer to the form of the Deposit Agreement attached as Annex 3.**

The delivery of this Series Prospectus at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

The Issuer accepts responsibility for the information contained in this Series Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Series Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Collateral Account Bank accepts responsibility for the information regarding the Collateral Account Bank contained in this Series Prospectus. To the best of the knowledge and belief of the Collateral Account Bank (which has taken all reasonable care to ensure that such is the case) the information contained in this Series Prospectus regarding the Collateral Account Bank is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in this Series Prospectus in connection with the issue and sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or Citigroup Global Markets Limited (“**CGML**”, in such capacity, the “**Dealer**”).

The net proceeds of the issue of the Notes, comprising the net proceeds of the Existing Notes and the net proceeds of the New Notes will be USD 250,000,000. The net proceeds of the Existing Notes amounted to USD 200,000,000 and was deposited (less the fees payable to the Dealer) by the Issuer

with the Collateral Account Bank on the Deposit Start Date (as defined in the Deposit Agreement). The net proceeds of the New Notes will be USD 50,000,000 and will be deposited (less the fees payable to the Dealer) by the Issuer with the Collateral Account Bank on or around the New Notes Issue Date (as defined herein).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”), the operator of the Issuer is not registered as a commodity pool operator under the U.S. Commodity Exchange Act of 1936 and the rules of the Commodity Futures Trading Commission thereunder (the “**CFTC Rules**”), and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, (i) U.S. persons (as such term is defined under Rule 902(k)(1) of Regulation S under the Securities Act) or (ii) persons who are not Non-United States persons (as such term is defined under CFTC Rule 4.7). For a description of certain further restrictions on offers and sales of Notes and distribution of the Base Prospectus and the Series Prospectus, see “Subscription and Sale and Transfer Restrictions” in the Base Prospectus.

If the Issuer is deemed to be a covered fund, then, in the absence of regulatory relief, the provisions of the Volcker Rule and its related regulatory provisions will impact the ability of U.S. banking institutions to hold an ownership interest in the Issuer or enter financial transactions with the Issuer. Investors are required to independently consider the potential impact of the Volcker Rule in respect of any investment in the Notes. See “Risk Factors – Risk Factors relating to the Market – Volcker Rule” below.

This Series Prospectus does not constitute, and may not be used for the purposes 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 this Series Prospectus in any jurisdiction where such action is required.

The credit ratings included or referred to in the Series Prospectus have been either issued or endorsed by Moody’s Investors Service Limited (“**Moody’s**”), Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”) and Fitch Ratings Limited (“**Fitch**”) unless otherwise stated. Moody’s, S&P and Fitch are established in the European Union and registered under Regulation (EC) 1060/2009 on credit rating agencies. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

In this Series Prospectus, references to “**USD**” are to United States Dollars.

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## **Risk Factors**

**THE CONSIDERATIONS SET OUT BELOW ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY NOTES.**

**PROSPECTIVE INVESTORS SHOULD ALSO READ THE RISK FACTORS RELATING TO THE COLLATERAL ACCOUNT BANK SET OUT IN THE PROSPECTUS OF THE COLLATERAL ACCOUNT BANK DATED 9 JUNE 2014 (THE “COLLATERAL ACCOUNT BANK PROSPECTUS”) AND AS INCORPORATED BY REFERENCE HEREIN.**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. The Issuer is not in a position to express a view on the likelihood of any contingency highlighted by a risk factor occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Series Prospectus (including any documents incorporated by reference herein and, in particular, the risk factors relating to the Collateral Account Bank set out in the Collateral Account Bank Prospectus) and reach their own views prior to making any investment decision.*

### **The Notes**

The Notes are complex instruments that involve substantial risks and are suitable only for sophisticated investors who have sufficient knowledge and experience and access to such professional advisers as they shall consider necessary in order to make their own evaluation of the risks and the merits of such an investment (including without limitation the tax, accounting, credit, legal, regulatory and financial implications for them of such an investment) and who have considered the suitability of such Notes in light of their own circumstances and financial condition. Prospective investors should ensure that they understand the nature of the risks posed by an investment in the Notes, and the extent of their exposure as a result of such investment in the Notes and, before making their investment decision, should consider carefully all of the information set forth in the Base Prospectus, the information relating to the Collateral Account Bank as set out in the Collateral Account Bank Prospectus and, in particular, the considerations set forth below and in this Series Prospectus. Owing to the structured nature of the Notes, their price may be more volatile than that of unstructured securities.

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of any deposit protection scheme.

### **Investors**

Each prospective investor in the Notes should have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal and interest may reduce as a result of the occurrence of different events whether related to the creditworthiness of any entity or otherwise or changes in particular rates, prices or indices, or where the currency for principal or interest payments is different from the prospective investor's currency.

Investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should therefore consult its professional advisers to determine whether and to what extent (i) the Notes are legal investments for it, and/or (ii) other restrictions apply to its purchase or, if relevant, pledge of any Notes. Financial institutions should consult their professional advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### **No fiduciary role**

None of the Issuer, the Arranger, the Dealer, the Trustee or the Agents (excluding the Issuer, the “**Transaction Parties**”) or any of their respective affiliates is acting as an investment adviser, and none of them (other than the Trustee) assumes any fiduciary obligation to any purchaser of Notes or any other party, including the Issuer.

None of the Issuer, the Transaction Parties, or any of their respective affiliates assumes any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of the Collateral Account Bank.

Investors may not rely on the views or advice of the Issuer or the Transaction Parties for any information in relation to any person other than such Issuer or such Transaction Party.

### **No reliance**

A prospective purchaser may not rely on the Issuer or the Transaction Parties or any of their respective 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.

### **No representations**

None of the Issuer or the Transaction Parties or any of their respective affiliates in respect of the Notes makes any representation or warranty, express or implied, in respect of the Collateral or the Collateral Account Bank or in respect of any information contained in any documents prepared, provided or filed by or on behalf of the Collateral Account Bank.

## **Risk Factors relating to the Issuer**

### **The Issuer is a special purpose vehicle**

The Issuer’s sole business is the raising of money by issuing notes or other obligations for the purposes of purchasing assets and entering into related derivatives, making deposits and other contracts. The Issuer has covenanted not to, as long as any of the Notes (if any) remain outstanding, without the consent of the Trustee, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person, declare any dividends or issue any shares (other than such shares as were in issue on the date of its incorporation). As such, the Issuer has, and will have, no assets other than its issued and paid-up share capital, such fees (as agreed) payable to it in connection with the issue of Notes or entry into other obligations from time to time and any Mortgaged Property and any other assets on which Notes or other obligations are secured. There is no day-to-day management of the business of the Issuer.

### **Regulation of the Issuer by any regulatory authority**

The Issuer is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws or regulations of its jurisdiction of incorporation. There is no

assurance, however, that in the future such regulatory authorities would not take a contrary view regarding the applicability of any such laws or regulations to the Issuer. There is also no assurance that the regulatory authorities in other jurisdictions would not require the Issuer to be licensed or authorised under any securities, commodities, insurance or banking laws or regulations of those jurisdictions. Any requirement to be licensed or authorised could have an adverse effect on the Issuer and on the holders of the Notes.

### **Preferred creditors under Irish law**

Under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security that may have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (that may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) that have been approved by the Irish courts (see "Examinership" below).

The holder of a fixed security over the book debts of an Irish tax resident company (that would include the Issuer) may be required by the Irish Revenue Commissioners, by notice in writing from the Irish Revenue Commissioners, to pay to them sums equivalent to those that the holder received in payment of debts due to it by the company.

Where notice has been given to the Irish Revenue Commissioners of the creation of the security within 21 calendar days of its creation by the holder of the security, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issuance of the Irish Revenue Commissioners' notice to the holder of fixed security.

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax, whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of any Irish tax resident company that are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

The essence of a fixed charge is that the chargor does not have liberty to deal with the assets that are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the moneys or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer, any charge constituted by the Trust Deed may operate as a floating, rather than a fixed charge.

In particular, the Irish courts have held that in order to create a fixed charge on receivables, it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the chargor from withdrawing or otherwise dealing with the moneys standing to the credit of such account without the consent of the chargee.

Depending upon the level of control actually exercised by the chargor, there is therefore a possibility that the fixed security purported to be created by the Trust Deed would be regarded by the Irish courts as a floating charge.

Floating charges have certain weaknesses, including the following:

they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and the chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;

as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;

they rank after certain insolvency remuneration expenses and liabilities;

the examiner of a company has certain rights to deal with the property covered by the floating charge; and

they rank after fixed charges.

## **Examinership**

Examinership is a court procedure available under the Irish Companies (Amendment) Act 1990, as amended to facilitate the survival of Irish companies in financial difficulties.

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer, are each entitled to petition either (i) the appropriate Irish Circuit Court or (ii) the High Court of Ireland (each an “**Irish Court**”) for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after his appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to his appointment. Furthermore, he may sell assets which are the subject of a fixed charge. However, if such power is exercised, he must account to the holders of the fixed charge for the amount realised and discharge the amount due to them out of the proceeds of sale.

During the period of protection, the examiner will formulate proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the relevant Irish Court when at least one class of creditors has voted in favour of the proposals and the relevant Irish Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by the implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Conditions), the Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Trustee would also be entitled to argue at the relevant Irish Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals include a writing down of the value of amounts due by the Issuer to the Noteholders. The primary risks to the holders of Notes if an examiner were to be appointed in respect of the Issuer are as follows:

- (i) the potential for a scheme of arrangement to be approved involving the writing down of the debt owed by the Issuer to the Noteholders as secured by the Trust Deed;

the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and



in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the relevant Irish Court) will take priority over the moneys and liabilities which from time to time are or may become due, owing or payable by the Issuer to each of the secured creditors under the Notes or under any other secured obligations.

### **Anti-money laundering**

The Issuer may be subject to anti-money laundering legislation in its jurisdiction of incorporation. If the Issuer were determined by the relevant authorities to be in violation of any such legislation, it could become subject to substantial criminal penalties. Any such violation could materially and adversely affect the timing and amount of payments made by the Issuer to Noteholders in respect of the Issuer's Notes.

## **Risk Factors relating to the Notes**

### **Limited recourse obligations**

The Notes are direct, secured, limited recourse obligations of the Issuer payable solely out of the Mortgaged Property by the Issuer in favour of the Trustee on behalf of the Noteholders and other secured parties. The Issuer will have no other assets or sources of revenue available for payment of any of its obligations under the Notes. No assurance can be made that the proceeds available for and allocated to the repayment of the Notes at any particular time will be sufficient to cover all amounts that would otherwise be due and payable in respect of the Notes. If the proceeds of the realisation of the Security received by the Trustee for the benefit of the Noteholders prove insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency, and, following distribution of the proceeds of such realisation, the Issuer will have no further obligation to pay any amounts in respect of such deficiency.

Further, none of the Noteholders nor any other secured party will be entitled at any time to proceed against the Issuer unless the Trustee having become bound to proceed fails or neglects to do so.

No person other than the Issuer will be obliged to make payments on the Notes.

### **Trustee indemnity**

In certain circumstances, the Noteholders may be dependent on the Trustee to take certain actions in respect of the Notes, in particular if the security in respect of the Notes becomes enforceable under the Conditions. Prior to taking such action, the Trustee may require to be indemnified to its satisfaction. If the Trustee is not satisfied with its indemnity it may decide not to take such action, without being in breach of its obligations under the Trust Deed. Consequently, the Noteholders may have to either arrange for such indemnity or accept the consequences of such inaction by the Trustee. Noteholders should be prepared to bear the costs associated with any such indemnity and/or the consequences of any such inaction by the Trustee. Such inaction by the Trustee will not entitle Noteholders to proceed themselves directly against the Issuer.

### **Priority of claims**

During the term of the Notes and on an enforcement of the security granted by the Issuer in favour of the Trustee, the rights of the Noteholders to be paid amounts due under the Notes will (subject to the provisions set out in the Supplemental Trust Deed) be subordinated to (i) the fees, costs, charges, expenses and liabilities due and payable to the Trustee including costs incurred in the enforcement of the security and the Trustee's remuneration and (ii) the other claims (if any) specified in the Supplemental Trust Deed relating to the Series that rank in priority to the Notes.

### **No gross-up on payments under Notes**

In the event that any withholding tax or deduction for tax is imposed on payments on the Notes, the Noteholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax nor be reimbursed for the amount of any shortfall and no Event of Default shall occur as a result of any such withholding or deduction (but see “Early redemption for tax or other reasons” below).

### **Early redemption for tax or other reasons**

Upon giving notice to the Trustee, the Issuer may redeem Notes earlier than the Maturity Date for either (a) specified tax or other reasons, including as a result of actual or potential withholding on account of FATCA (as defined below), as detailed in Condition 7.3 or (b) any illegality, as detailed in Condition 7.12. If the Issuer redeems the Notes early, the Issuer will, if and to the extent permitted by applicable law, redeem the Notes at their Early Redemption Amount as specified in the Conditions. Such Early Redemption Amount is not principally protected and will be equal to the sale proceeds from the disposal of the Collateral minus the Unwind Costs, as detailed in the Conditions.

### **Modification, waivers and substitution**

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

The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of any of the Conditions or any of the provisions of the Trust Deed that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error, (ii) any other modification (except as mentioned in the Trust Deed) and any waiver or authorisation of any breach or proposed breach of any of the Conditions or any provisions of the Trust Deed that are in the opinion of the Trustee not materially prejudicial to the interest of the Noteholders or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer.

### **Market value of Notes**

The market value of the Notes will be affected by a number of factors, including, but not limited to (i) the value and volatility of the Collateral and the creditworthiness of the Collateral Account Bank, (ii) market perception, interest rates, yields and foreign exchange rates and (iii) the time remaining to the maturity date. Any price at which Notes may be sold prior to the maturity date may be at a discount, which could be substantial, to the value at which the Notes were acquired on the issue date.

Prospective purchasers should be aware that not all market participants would determine prices in respect of the Notes in the same manner, and the variation between such prices may be substantial. Accordingly, any prices provided by a Dealer may not be representative of prices that may be provided by other market participants. For this reason, any price provided or quoted by a Dealer should not be viewed or relied upon by prospective purchasers as establishing, or constituting advice by that Dealer concerning, a mark-to-market value of the Notes. The price (if any) provided by a Dealer is at the absolute discretion of that Dealer and may be determined by reference to such factors as it sees fit. Any such price may take into account fees, commissions or arrangements entered into by that Dealer with a third party in respect of the Notes and that Dealer shall have no obligation to any Noteholder to disclose such arrangements. Any price given would be prepared as of a particular date and time and would not therefore reflect subsequent changes in market values or any other factors relevant to the determination of the price.

### **Change of law**

The Conditions, and any non-contractual obligations arising out of or in connection with them, are governed by English law in effect as at the New Notes Issue Date. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the New Notes Issue Date.

### **Provision of information**

None of the Issuer, the Transaction Parties or any affiliate of such persons makes any representation as to the credit quality of the Collateral Account Bank. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Collateral or the Collateral Account Bank. None of such persons is under any obligation to make such information directly available to Noteholders. None of such persons is under any obligation to make available any information relating to, or keep under review on the Noteholders' behalf, the business, financial conditions, prospects, creditworthiness or state of affairs of the Collateral Account Bank or conduct any investigation or due diligence in relation thereto.

### **Non-registration under the Securities Act and restrictions on transfer**

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes are being issued and sold in reliance upon exemptions from registration provided by such laws. Consequently, the transfer of the Notes will be subject to satisfaction of legal requirements applicable to transfers that do not require registration under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. In addition, the Notes are subject to certain transfer restrictions as described under "Subscription and Sale and Transfer Restrictions" in the Base Prospectus, which may further limit the liquidity of the Notes.

### **Foreign Account Tax Compliance Withholding**

Certain provisions of U.S. federal income tax law, commonly known as "FATCA", impose a withholding tax of 30 per cent. on certain U.S. source payments and proceeds from the sale of certain assets that give rise to U.S. source payments, as well as a portion of certain payments by non-U.S. entities, to persons that fail to meet requirements under FATCA. This withholding tax may be imposed on (i) payments to the Issuer if it does not enter into and comply with an agreement with the Internal Revenue Service (the "IRS") (an "IRS Agreement") to obtain and report information about the holders of Notes, or (ii) if the Issuer does enter into an IRS Agreement, a portion of payments to (a) holders or beneficial owners of Notes that fail to provide certain information requested by the Issuer (or any intermediary), and (b) any recipient of a payment that is a non-participating foreign financial institution as the term is used in FATCA. Withholding would be imposed from (x) 1 July 2014 in respect of certain U.S. source payments made on or after that date, (y) 1 January 2017 in respect of proceeds from the sale of certain assets that give rise to U.S. source payments and (z) 1 January 2017, at the earliest, in respect of "foreign passthru payments". Because payments on the Notes generally should not be treated as U.S. source payments, withholding should not be required with respect to payments on the Notes before 1 January 2017 and then only on Notes issued or materially modified on or after the date that is six months after the date on which the final regulations defining "foreign passthru payments" are filed in the Federal Register.

The application of FATCA to interest, principal or other amount paid with respect to the Notes and the information reporting obligations of the Issuers and other entities in the payment chain is still developing. In particular, a number of jurisdictions (see below in relation to Ireland) have entered into, or have announced their intention to enter into, intergovernmental agreements (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreements in

such jurisdictions) on reporting and withholding responsibilities under FATCA is unclear. The Issuer and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (i) to obtain an exemption from FATCA withholding on payments they receive and/or (ii) to comply with applicable law in their jurisdiction. It is not yet certain how the United States and the jurisdictions which enter into intergovernmental agreements will address withholding on “foreign passthru payments” (which may include payments on the Notes) or if such withholding will be required at all.

Ireland entered into a Model 1 IGA with the United States on 21 December 2012. Under the terms of that IGA the Issuer is not required to enter into an agreement with the IRS, but instead, pursuant to the Financial Accounts Reporting (United States of America) Regulations 2014 (the “**Regulations**”), introduced into law in Ireland with effect from 1 July 2014, it is required to register with the IRS for a GIIN and then comply with the aforementioned Irish legislation giving effect to the IGA. The Issuer is obliged to register with the IRS under the Regulations by no later than 31 December 2014. Under the terms of the IGA, withholding will not be imposed on payments made to the Issuer, or on payments made by the Issuer to the Noteholders (other than perhaps certain passthru withholding), unless the IRS has specifically listed the Issuer as a non-participating financial institution, or the Issuer has otherwise assumed responsibility for withholding under United States tax law. To the extent that the Notes are listed on a recognised stock exchange (which includes the Irish stock exchange) the Issuer should have no reportable accounts in a tax year. The Irish Revenue Commissioners in published draft guidance notes have indicated that listing of itself is sufficient in this regard. Where the Issuer has no reportable accounts in a tax year it is required to make a nil return for that year to the Irish Revenue Commissioners.

FATCA is particularly complex and its application to the Issuer is uncertain at this time. Each Noteholder should consult its own tax adviser to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in its particular circumstance.

### **Legality of purchase**

None of the Issuer, the Trustee, Citigroup Global Markets Limited or any affiliate of such persons has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes (whether for its own account or for the account of any third party), whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser (or any such third party) with any law, regulation or regulatory policy applicable to it.

### **Suspension of payments upon a Sanctions Event**

Noteholders may be exposed to the risk that any Note, Noteholder, the Issuer, the Collateral, the Trustee, the Issuing and Paying Agent, the Dealer and/or any other entity involved in the Notes is subject to a Sanction that results in a Sanctions Event, causing payments under the Notes to that Noteholder to be suspended. Prospective investors should note that, during the existence of a Sanctions Event, Noteholders will have no right to take any action to compel the Trustee or the Issuer to take any action or enforce the Collateral and that the Calculation Agent has broad discretion to determine the amounts (if any) due to Noteholders following the occurrence of a Sanctions Event.

### **Risks Relating to the Paying Agent**

Any payments made to Noteholders in accordance with the Conditions will be made by the Paying Agent on behalf of the Issuer. Pursuant to the Agency Agreement, the Issuer is to transfer to the Paying Agent such amount as may be due under the Notes, on or before each date on which such payment in respect of the Notes becomes due.

If the Paying Agent, while holding funds for payment to Noteholders in respect of the Notes, is declared insolvent, the Noteholders may not receive all (or any part) of any amounts due to them in respect of the Notes from the Paying Agent. The Issuer will still be liable to Noteholders in respect of such unpaid amounts but the Issuer will have insufficient assets to make such payments (or any part thereof) and Noteholders may not receive all, or any part, of any amounts due to them. Consequently, the Noteholders are relying not only on the creditworthiness of the Notes, but also on the creditworthiness of the Paying Agent in respect of the performance of its obligations under the Agency Agreement to make payments to Noteholders.

## **Conflicts of Interest**

### **The Trustee**

In connection with the exercise of its functions, the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

## **Risk Factors relating to the Collateral**

### **Deposit and the Collateral Account Bank**

Potential investors should note that the performance of the Notes is dependent on the performance of the Deposit placed by the Issuer with the Collateral Account Bank and should make their own investigations in respect of both the Collateral Account Bank and the Deposit, including having regard to the terms of the Deposit Agreement and the disclosure, risks and investment considerations relating to the Collateral Account Bank, as set out in the Collateral Account Bank Prospectus. In particular, potential investors should read each of the risk factors in the sections entitled “*Risks Relating to the Bank*” on pages 10 to 18 of the Collateral Account Bank Prospectus and “*Risks Factors relating to the Republic of Azerbaijan*” on pages 18 to 23 of the Collateral Account Bank Prospectus.

No investigations, searches or other enquiries have been made by or on behalf of the Issuer or the Transaction Parties in respect of the Deposit or the Collateral Account Bank. No representations or warranties, express or implied, have been given by the Issuer, the Transaction Parties or any other person on their behalf in respect of the Deposit or Collateral Account Bank.

### **Collateral**

Noteholders are exposed to the market value of the Collateral (which comprises the Issuer’s interests in the Deposit held with the Collateral Account Bank, as outlined in Annex 2 hereto). The Issuer may have to fund its payments by the sale of some or all of the Collateral at its market value. The market value of the Collateral will generally fluctuate with, among other things, the liquidity and volatility of the financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the Collateral Account Bank. Additionally, Noteholders will be deemed to have accepted and agreed that they will be relying solely on the credit and financial standing of the Collateral Account Bank in respect of the payment obligations of the Issuer under the Notes.

For example, the occurrence of certain events, including, *inter alia*, the Deposit becoming repayable prior to its stated maturity as a result of an Event of Default occurring pursuant to Clause 7 of the Deposit Agreement or a Termination Event occurring pursuant to Clause 8 of the Deposit Agreement, may result in the Notes redeeming early. In such circumstances, the Issuer will sell the Collateral and Noteholders will then receive a *pro rata* share of the net realised sale proceeds of the Collateral.

Depending on the market price of the Collateral, any of these events may cause significant losses to the Noteholders and may result in the Notes redeeming at zero. In addition, pursuant Clause 11.2 of the Deposit Agreement, any assignment, sale, delivery, novation or transfer of the Collateral shall not result in any change of the holder of the Deposit Accounts. Such restrictions may adversely affect the market value of the Collateral and impair the ability to make accurate valuations or calculations thereof.

The Arranger and the Dealer may have acquired, or during the terms of the Notes may acquire, confidential information or enter into transactions with respect to the Deposit and they shall not be under any duty to disclose such confidential information or the nature of any transaction to any Noteholder or the Issuer.

### **Enforcement in Azerbaijan**

Enforcement and foreclosure of Collateral is subject to Azerbaijani law which is in the state of rapid change. Since the break-up of the Soviet Union, the government of Azerbaijan has introduced laws, regulations and legal structures to foster the development of a market system and integration with the

world economy. However, the legislation is frequently contradictory, inadequate or incomplete and is susceptible to conflicting interpretations and overlapping jurisdictions between government bodies. In certain cases, legislation or implementing regulations may be unpublished or unavailable. Moreover, the absence of definitive interpretations of many of the provisions of these new laws, and the absence of a tradition in Azerbaijan of a judiciary that is insulated from current political or other considerations, can make the application of laws uncertain.

Legal redress for breach or unlawful action may not be readily available, or may be subject to significant delays. These factors, which are not uncommon to transitional legal systems, make Collateral subject to higher risks and greater uncertainties than would be the case for collateral from a more developed legal system. In addition, Azerbaijani law does not contain any mechanisms or provisions for perfection, registration or filing of security interests pertaining to most of movable assets and intangibles, including the rights derived from deposit agreements, which makes difficult to get certainty on the ranking of conflicting security interests. Thus, while pledge created under the Pledge Agreement in favour of the Trustee is represented by the Issuer to be the first-ranking pledge, it is not possible to independently verify the accuracy of this representation.

### **Risk Factors relating to business relationships and capacity of Citigroup Global Markets Limited and its affiliates**

The Issuer, CGML and any of its affiliates may have existing or future business relationships with the Collateral Account Bank (including, but not limited to, lending, depository, risk management, advisory, sponsorship and banking relationships), and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect their or its interests arising therefrom without regard to the consequences for a Noteholder. In addition, the Issuer, CGML and any of its affiliates may make a market or hold positions in respect of the Collateral relating to any particular transaction. From time to time, CGML and its affiliates may own significant amounts of Notes.

CGML and its affiliates may act in a number of capacities in respect of the Notes including, without limitation, Dealer and Calculation Agent. CGML and its affiliates acting in such capacities in connection with the Notes shall have only the duties and responsibilities expressly agreed to by such entities in the relevant capacity and shall not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. CGML and its affiliates in their various capacities in connection with the Notes may enter into business dealings, from which they may derive revenues and profits in addition to any fees, without any duty to account therefor.

### **Risk Factors relating to the Market**

#### **Current market conditions**

The current liquidity shortage and volatility in the credit markets has introduced a variety of increased risks relating to several aspects of the Issuer's operations. Such additional risks include the inability of the Issuer to sell its assets which, among other things, may render it unable to dispose of the Collateral and satisfy its obligations in respect of the redemption of the Notes. Such market conditions may also lead to the inability of the Issuer to determine a reliable valuation of its assets. All of such factors could materially adversely affect the interests of Noteholders.

#### **Limited liquidity of the Notes**

The Existing Notes have been admitted to the Official List of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange. Although application has been made to admit the New Notes to the Official List of the Irish Stock Exchange and admit them to trading on the

regulated market of the Irish Stock Exchange, there is currently no secondary market for the Notes. There can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity or that it will continue for the life of the Notes. Consequently, any investor of the Notes must be prepared to hold such Notes for an indefinite period of time or until redemption of the Notes. If the Arranger or any Dealer begins making a market for the Notes, it is under no obligation to continue to do so and may stop making a market at any time.

### **Exchange rate risks and exchange controls**

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

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

### **Volcker Rule**

Section 619 of the U.S. Dodd-Frank Act (the "**Volcker Rule**"), amongst other things, imposes significant restrictions and conditions on a banking entity's ability to acquire or retain any equity, partnership or other ownership interest in, or sponsor, any "hedge fund" or "private equity fund", together "covered funds", each as defined in the rule. The Volcker Rule imposes a prohibition on such ownership or sponsorship, but there are a number of exceptions to that prohibition.

An "ownership interest" is defined widely and may arise through a holder's exposure to the profit and losses of the covered fund, as well as through any right of the holder to participate in the selection of an investment advisor, manager or board of directors of the covered fund. Accordingly the Notes may constitute ownership interests.

A "covered fund" is defined widely, and includes any issuer which would be an investment company under the Investment Company Act 1940 (the "**ICA**") but is exempt from registration under section 3(c)(1) or 3(c)(7) of that Act. Accordingly, the Issuer may be a covered fund.

For the avoidance of doubt, if the Issuer is deemed to be a "covered fund," then, in the absence of regulatory relief, the provisions of the Volcker Rule and its related regulatory provisions will impact the ability of certain banking institutions to hold an ownership interest in the Issuer. If Citi is considered the "sponsor" of the Issuer under the Volcker Rule, Citi may be able to rely on an exception from the Volcker Rule's prohibition on covered fund sponsorship by "banking entities" to continue in its role as the Programme's arranger. Reliance on such an exception may, however, impose significant restrictions on Citi and its affiliates' ability to enter into certain types of financial transactions, including derivative transactions, with the Issuer. This could adversely impact the ability of Citi to enter into new transactions with the Issuer and may require amendments to certain existing transactions and arrangements.



Any entity that is a “banking entity” as defined under the Volcker Rule and is considering an investment in ownership interests of the Issuer should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally.

### **Interest rate risks**

Investment in Notes may involve the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

## **Risks relating to global events**

### **General**

Since mid-2007, the global economy and financial markets have experienced extreme levels of instability.

The initial trigger for the instability was a downturn in the U.S. housing market. By mid-2007, concerns about the value of mortgage assets held by global commercial banks, investment banks, government sponsored entities, hedge funds, structured investment vehicles and institutional investors led to a general tightening of available credit and liquidity in the global financial markets.

During 2008, the initial instability intensified into a severe global financial crisis.

In response to the crisis, various governments and central banks took substantial measures to ease liquidity problems and enacted fiscal stimulus packages and measures to support certain entities affected by the crisis. Such measures included establishing special liquidity schemes and credit facilities, bank recapitalisation programmes and credit guarantee schemes.

In an attempt to counteract recessionary pressures, the central banks of the U.S., the UK and certain other countries and the European Central Bank also lowered interest rates, in some cases to record low levels.

No assurance can be given that any recovery will be sustained or that certain economies will not encounter a “double dip” recession. In particular, a number of countries have accumulated significant levels of public debt both absolutely and relative to GDP. This has led to international “bail-outs” of certain countries and resulted in general concerns about sovereign credit defaults which could undermine any recovery and could have the effect of taking the credit crisis into a new recessionary phase.

The above factors have also led to substantial volatility in markets across asset classes, including (without limitation) stock markets, foreign exchange markets, fixed income markets and credit markets.

There can be no assurance that the steps taken by governments or international or supra-national bodies to ameliorate the global financial crisis will be successful or that any recovery will continue. The structure, nature and regulation of financial markets in the future may be fundamentally altered as a consequence of the global financial crisis, possibly in unforeseen ways. There can be no assurance that similar or greater disruption may not occur in the future for similar or other reasons. In addition, the attempts being taken to reduce the high level of sovereign debt may themselves contribute to a further global recession.

There can be no assurance as to how severe the global recession will be or as to how long it will last. There can be no assurance that government actions or the actions of international or supra-national bodies to limit the impact of the crisis will be successful and that they will not instead lead or

contribute to a deeper and/or longer-lasting recession. Economic prospects are subject to considerable uncertainty.

Prospective investors should ensure that they have sufficient knowledge and awareness of the global financial crisis and the response thereto and of the economic situation and outlook as they consider necessary to enable them to make their own evaluation of the risks and merits of an investment in the Notes. In particular, prospective investors should take into account the considerable uncertainty as to how the global financial crisis and the wider economic situation will develop over time.

Any person who had held securities during the periods considered above, particularly structured securities, would be highly likely to have suffered significant adverse effects as a result of such holding, including, but not limited to, major reductions in the value of those securities and a lack of liquidity. Prospective investors should consider carefully whether they are prepared to take on similar risks by virtue of an investment in the Notes.

### **Impact on liquidity**

The events outlined above have had an extremely negative effect on the liquidity of financial markets generally and in the markets in respect of certain financial assets or in the obligations of certain obligors. This has particularly been the case with respect to the market for structured assets and the obligations of financial institutions and certain sovereigns. Such assets may either not be saleable at all or may only be saleable at significant discounts to their estimated fair value or to the amount originally invested. No assurance can be given that liquidity in the market generally, or in the market for any particular asset class or in the obligations of any particular financial institution or sovereign, will improve or that it will not worsen in the future. Such limited liquidity may have a negative impact on the value of the Notes or the value of the Collateral, in terms of the assets or indices referenced. In particular, should the Notes be redeemed early, Noteholders will be exposed to the realisation value of the Collateral, which value might be affected (in some cases significantly) by such lack of liquidity.

Concerns about the creditworthiness of the Issuing and Paying Agent may also impact the value of the Notes.

### **Impact on credit**

The events outlined above have negatively affected the creditworthiness of a number of entities or governments, in some cases to the extent of collapse or requiring rescue from governments or international or supra-national bodies. Such credit deterioration has and may continue to be widespread. The value of the Notes or of the amount of payments under them may be negatively affected by such widespread credit deterioration. Prospective investors should note that recoveries on assets of affected entities have, in some cases, been *de minimis* and that similarly low recovery levels may be experienced with respect to other entities or governments in the future which may include the obligors of the Collateral (or any guarantor or credit support provider in respect thereof). Prospective investors should also consider the impact of a default by a Issuing and Paying Agent and possible delays and costs in being able to access property held with a failed agent.

### **Impact on valuations and calculations**

Since 2007, actively traded markets for a number of asset classes and obligors either have ceased to exist or have reduced significantly. To the extent that valuations or calculations in respect of instruments related to those asset classes were based on quoted market prices or market inputs, the lack or limited availability of such market prices or inputs has significantly impaired the ability to make

accurate valuations or calculations in respect of such instruments. No assurance can be given that similar impairment may not occur in the future.

Furthermore, in a number of asset classes, a significant reliance has historically been placed on valuations derived from models that use inputs that are not observable in the markets and/or that are based on historical data and trends. Such models often rely on certain assumptions about the values or behaviour of such unobservable inputs or about the behaviour of the markets generally or interpolate future outcomes from historical data. In a number of cases, the extent of the market volatility and disruption has resulted in the assumptions being incorrect to a significant degree or in extreme departures from historical trends. Where reliance is placed on historical data, in certain instances such data may only be available for relatively short time periods (for example, data with respect to prices in relatively new markets) and such data may not be as statistically representative as data for longer periods.

Prospective investors should be aware of the risks inherent in any valuation or calculation that is determined by reference to a model and that certain assumptions will be made in operating the model which may prove to be incorrect and give rise to significantly different outcomes to those predicted by the model.

### **Impact of increased regulation and nationalisation**

The events since 2007 have seen increased involvement of governmental and regulatory authorities in the financial sector and in the operation of financial institutions. In particular, governmental and regulatory authorities in a number of jurisdictions have imposed stricter regulatory controls around certain financial activities and/or have indicated that they intend to impose such controls in the future. The United States of America, the European Union and other jurisdictions are actively considering or are in the process of implementing various reform measures. Such regulatory changes and the method of their implementation may have a significant impact on the operation of the financial markets. It is uncertain how a changed regulatory environment will affect the Issuer, the treatment of instruments such as the Notes, the Arranger and the other Transaction Parties. In addition, governments have shown an increased willingness, wholly or partially, to nationalise financial institutions, corporates and other entities in order to support the economy. Such nationalisation may impact adversely on the value of the stock or other obligations of any such entity. In addition, in order to effect such nationalisation, existing obligations or stock might have their terms mandatorily amended or be forcibly redeemed. To the extent that the obligors of the Collateral (or any guarantor or credit support provider in respect thereof) or any other person or entity connected with the Notes is subject to nationalisation or other government intervention, it may have an adverse effect on a holder of a Note.

### **Systemic risk**

Financial institutions and other significant participants in the financial markets that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This risk is sometimes referred to as “systemic risk”. Financial institutions such as the Arranger, the Dealer(s), the Trustee, the Collateral Account Bank and the Agents (or any affiliate of any of them) and any obligors of the Collateral (or any guarantor or credit support provider in respect thereof) that are financial institutions or are significant participants in the financial markets are likely routinely to execute a high volume of transactions with various types of counterparties, including brokers and dealers, commercial banks, investment banks, insurers, mutual and hedge funds, and institutional clients. To the extent they do so, they are and will continue to be exposed to the risk of loss if counterparties fail or are otherwise unable to meet their obligations. In addition, a default by a financial institution or other significant participant in the financial markets, or concerns about the ability

of a financial institution or other significant participant in the financial markets to meet its obligations, could lead to further significant systemic liquidity problems and other problems that could exacerbate the global financial crisis and, as such, have a material adverse impact on other entities.

## **Incorporation by Reference**

The provisions of the Base Prospectus, which constitutes a Base Prospectus for the purposes of the Prospectus Directive, shall be deemed to be incorporated into and form part of this Series Prospectus in its entirety, save that any statement contained in the Base Prospectus shall be deemed to be modified or superseded for the purpose of this Series Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Series Prospectus. This Series Prospectus must be read in conjunction with the Base Prospectus and full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this document and the Base Prospectus.

The Collateral Account Bank Prospectus, containing risk factors relating to the Collateral Account Bank and Azerbaijan, is also deemed to be incorporated into and form part of this Series Prospectus.

As at the Existing Notes Issue Date, the Base Prospectus, the Issuer Disclosure Annex, the Issuer's audited financial statements in respect of its financial year ended 31 December 2012 (contained within Annex 1 of the Issuer Disclosure Annex) and the Collateral Account Bank Prospectus were also available for viewing on the website of the Irish Stock Exchange using the following links:

[http://www.ise.ie/debt\\_documents/Prospectus%20-%20Standalone\\_4ad83c73-19ce-4274-a138-6c7aad019e6c.PDF](http://www.ise.ie/debt_documents/Prospectus%20-%20Standalone_4ad83c73-19ce-4274-a138-6c7aad019e6c.PDF)

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_3016c3f3-62a0-47f7-a5cd-33aeadaa1988.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_3016c3f3-62a0-47f7-a5cd-33aeadaa1988.PDF)

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_743d1333-c5a9-410a-b8d4-f9c0399dc037.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_743d1333-c5a9-410a-b8d4-f9c0399dc037.PDF)

## Terms and Conditions of the Notes

The terms and conditions of the Notes shall consist of the terms and conditions set out in the Base Prospectus as amended or supplemented below.

### Provisions appearing on the face of the Notes

- |           |  |  |
|-----------|--|--|
| <b>1</b>  | Issuer:  | Emerald Capital Limited  |
| <b>2</b>  | Relevant Dealer/Lead Manager (including, if Syndicated Issue, Managers):               | Citigroup Global Markets Limited (“ <b>CGML</b> ”)   |
| <b>3</b>  | Series:  | 2014-01  |
| <b>4</b>  | Tranche No:  | 2  |
| <b>5</b>  | ISIN:  | XS1118037651   |
| <b>6</b>  | Common Code:   | 111803765  |
| <b>7</b>  | Currency (or Currencies in the case of Dual Currency Notes):                           | United States Dollars (“ <b>USD</b> ”)   |
| <b>8</b>  | Principal Amount:  | <p>(i) USD 200,000,000 in respect of the Series 2014-01 USD 200,000,000 8.25 per cent. Fixed Rate Notes due 2024 (the “<b>Existing Notes</b>”); and</p> <p>(ii) USD 50,000,000 in respect of the Series 2014-01 USD 50,000,000 8.25 per cent. Fixed Rate Notes due 2024 (the “<b>New Notes</b>” and, together with the Existing Notes, the “<b>Notes</b>”), amounting in aggregate to USD 250,000,000.</p> <p>Following any purchase and cancellation of the Notes pursuant to Condition 7.4 (<i>Purchase</i>) or exercise of the Noteholders’ Option pursuant to Condition 7.7 (<i>Redemption at the Option of Noteholders and Exercise of Noteholders’ Options</i>), the Principal Amount shall be reduced accordingly to the product of the Denomination and the Number of Notes outstanding.</p> |
| <b>9</b>  | <p>(i) Issue Date:</p> <p>(ii) Date Board approval for issuance of Notes obtained:</p> | <p>9 October 2014 in respect of the Existing Notes (the “<b>Existing Notes Issue Date</b>”) and 29 October 2014 in respect of the New Notes (the “<b>New Notes Issue Date</b>”).</p> <p>29 September 2014 in respect of the Existing Notes and 22 October 2014 in respect of the New Notes.</p>  |
| <b>10</b> | Issue Price:   | 100 per cent.  |

### Provisions appearing on the back of the Notes

- |           |       |            |
|-----------|-------|------------|
| <b>11</b> | Form: | Registered |
|-----------|-------|------------|

<b>12</b>	Denomination(s):	USD 2,000,000
<b>13</b>	Status:	Secured and limited recourse obligations of the Issuer, secured as provided below.
<b>14</b>	Interest Commencement Date (if different from Issue Date):	<p>(i) In respect of the Existing Notes, the “Deposit Start Date”, as defined in the Deposit Agreement, being 9 October 2014 subject to adjustment in accordance with Clause 3.2 of the Deposit Agreement; and</p> <p>(ii) In respect of the New Notes, the New Notes Issue Date.</p>
<b>15</b>	Interest Basis:	Fixed Rate, as described in paragraphs 16 and 35.
<b>16</b>	Interest Rate:	<p>The interest payable in respect of the Notes is dependent on interest payments made by the Collateral Account Bank to the Issuer in respect of the Collateral Deposit Amount pursuant to the Deposit Agreement. Any event that causes the Collateral Account Bank not to make all or part of any scheduled interest payments in respect of the Collateral Deposit Amount, or to delay any such scheduled interest payments, or any decision by the Collateral Account Bank not to make all or any part of any scheduled interest payments or to delay any such scheduled interest payments, will result in corresponding reductions or delays to the interest payable in respect of the Notes. In such circumstances, a Deposit Event of Default will occur and the Issuer shall deliver a Mandatory Redemption Notice pursuant to Condition 7.2.1.</p> <p>If interest relating to the Collateral Deposit Amount is not subject to any such reductions or delays, each Note will pay interest at the Collateral Rate of Interest.</p>
<b>17</b>	Interest Payment Date(s):	Two Business Days following each “Interest Payment Date” as defined in the Deposit Agreement, subject to adjustment in accordance with the Modified Following Business Day Convention.
<b>18</b>	Relevant Time (Floating Rate Notes):	Not applicable
<b>19</b>	Determination Date(s) (if applicable):	Not applicable
<b>20</b>	Interest Determination Date (Floating Rate Notes):	Not applicable
<b>21</b>	Primary Source for Floating Rate (Floating Rate Notes):	Not applicable
<b>22</b>	Reference Banks (Floating Rate Notes):	Not applicable
<b>23</b>	Relevant Financial Centre	Not applicable

	(Floating Rate Notes):	
<b>24</b>	Benchmark (Floating Rate Notes):	Not applicable
<b>25</b>	Broken Amount (Fixed Rate Notes):	(i) In respect of the Existing Notes: Not applicable; and (ii) In respect of the New Notes: USD 1,856,250.00 per New Note, payable on the Interest Payment Date falling on or around 9 April 2015.
<b>26</b>	Representative Amount (Floating Rate Notes):	Not applicable
<b>27</b>	Relevant Currency (Floating Rate Notes):	Not applicable
<b>28</b>	Effective Date (Floating Rate Notes):	Not applicable
<b>29</b>	Specified Duration (Floating Rate Notes):	Not applicable
<b>30</b>	Margin (Floating Rate Notes):	Not applicable
<b>31</b>	Rate Multiplier (if applicable):	Not applicable
<b>32</b>	Maximum/Minimum Interest Rate (if applicable):	Not applicable
<b>33</b>	Maximum/Minimum Instalment Amount (if applicable):	Not applicable
<b>34</b>	Maximum/Minimum Redemption Amount (if applicable):	Not applicable
<b>35</b>	Interest Amount:	The Interest Amount payable in respect of each Note shall be an amount in USD calculated by the Calculation Agent as being equal to its <i>pro rata</i> share of any Collateral Interest Amount received by the Issuer in respect of the Collateral Interest Calculation Date relating to such Collateral Interest Amount.  Interest will be payable in arrear on the Interest Payment Dates.
<b>36</b>	Day Count Fraction:	Not applicable
<b>37</b>	Interest Period Date(s) (if applicable):	Not applicable
<b>38</b>	Redemption Amount:	
	(a) Redemption Amount payable on final maturity pursuant to	Final Redemption Amount



Condition 7.1:

	(b) Redemption Amount payable on mandatory redemption pursuant to Condition 7.2:	Early Redemption Amount
	(c) Redemption Amount payable on mandatory redemption pursuant to Condition 7.3:	Early Redemption Amount
	(d) Redemption Amount payable on exercise of Issuer's option pursuant to Condition 7.6:	Not applicable
	(e) Redemption Amount payable on exercise of Noteholder's option pursuant to Condition 7.7:	An amount per Note equal to the sum of (a) the Denomination plus (b) the accrued interest paid by the Collateral Account Bank in respect of the portion of the Deposit withdrawn up to the Early Repayment Date of the Collateral divided by the Number of Notes being redeemed pursuant to such exercise.
	(f) Redemption Amount payable upon illegality pursuant to Condition 7.12:	Early Redemption Amount
	(g) Redemption Amount payable upon an Event of Default pursuant to Condition 11:	Early Redemption Amount
<b>39</b>	<b>Maturity Date:</b>	Two Business Days following the "Repayment Date" as defined in the Deposit Agreement (being 9 October 2024 subject to adjustment in accordance with Clause 4.8 of the Deposit Agreement), subject to adjustment in accordance with the Modified Following Business Day Convention.
<b>40</b>	<b>Redemption for taxation reasons permitted on days other than Interest Payment Dates:</b>	Yes
<b>41</b>	<b>Index/Formula (Indexed Notes):</b>	Not applicable
<b>42</b>	<b>Calculation Agent:</b>	CGML
<b>43</b>	<b>Dual Currency Notes:</b>	Not applicable

44	Partly Paid Notes:	Not applicable
45	Amortisation Yield (Zero Coupon Notes):	Not applicable
46	Terms of redemption at the option of the Issuer or other Issuer's option (if applicable):	Not applicable
47	Terms of redemption at the option of the Noteholders or other Noteholders' Option (if applicable):	<p>Noteholders' Optional Redemption Date: the date falling on the first Interest Payment Date after the date on which the Notes are deposited and the Noteholders' Put Notice (as defined in Condition 7.7) is delivered in accordance with Condition 7.7 (<i>Redemption at the Option of Noteholders and Exercise of Noteholders' Options</i>).</p> <p>Physical Optional Early Redemption will not apply. The final paragraph of Condition 7.7 shall be deemed to be deleted in its entirety and replaced with the following paragraph for the purposes of the Notes only:</p> <p>"To exercise such option, the holder must:</p> <ul style="list-style-type: none"> <li>(i) deposit such Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office; and</li> <li>(ii) deliver a duly completed option notice substantially in the form set out in Schedule 4 to the Agency Agreement (a "<b>Put Notice</b>") to the Issuer, copying the Registrar, Transfer Agent, Deposit Service Agent, Issuing and Paying Agent and Trustee, specifying the Note(s) it wishes to redeem and the intended Noteholders' Optional Redemption Date, at least five Deposit Business Days prior to such intended Noteholders' Optional Redemption Date,</li> </ul> <p>provided that the Issuer must consent to such Put Notice or Option Notice within two Deposit Business Days of the receipt thereof. No Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer."</p> <p>If the Issuer consents to the exercise of the Noteholders' option in accordance with Condition 7.7, it shall deliver an Early Repayment Notice (as defined in the Deposit Agreement) to the Collateral Account Bank in accordance with Clause 4.7 of the Deposit Agreement.</p> <p>A Noteholder may exercise its put option pursuant to Condition 7.7 in relation to some or all of the Notes held by such Noteholder, provided that upon exercise of such option each Note deposited with the Registrar or Transfer Agent is redeemed in full.</p>

48	Issuer's Option Period:	Not applicable
49	Noteholders' Option Period:	See paragraph 47 above.
50	Instalment Date(s) (if applicable):	Not applicable
51	Instalment Amount(s) (if applicable):	Not applicable
52	Unmatured Coupons to become void upon early redemption:	Not applicable
53	Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon (Bearer Notes):	Not applicable
54	Business Day Jurisdictions for Condition 8.8 (jurisdictions required to be open for payment):	London, New York and TARGET
55	Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 13.1 (if applicable):	None
56	Details of any other additions or variations to the Conditions:	<p><b>Mandatory Redemption Events</b></p> <p>The first sentence of Condition 7.2.1 shall be deemed to be deleted and replaced with the following for the purposes of the Notes only:</p> <p>"If (i) any of the Collateral becomes repayable or, unless the Trustee otherwise agrees, becomes capable of being declared due and repayable prior to its stated date of maturity in accordance with its terms; (ii) (unless the Trustee otherwise agrees) there is a payment default in respect of any of the Collateral; or (iii) a Deposit Event of Default or Deposit Termination Event (each as defined in the Series Prospectus) occurs under the deposit relating to the Collateral, the Issuer shall give notice thereof to the Trustee, the Noteholders and the Irish Stock Exchange in accordance with Condition 16 (a "<b>Mandatory Redemption Notice</b>")."</p>
57	The Agents appointed in respect of the Notes are:	<p>Citibank, N.A., London Branch</p> <p>Citigroup Centre</p> <p>Canada Square</p> <p>Canary Wharf</p>

		<p>London E14 5LB  as Issuing and Paying Agent  Citigroup Global Markets Limited  Citigroup Centre  Canada Square  Canary Wharf  London E14 5LB  as Calculation Agent, Deposit Service Agent and Disposal Agent  Citigroup Global Markets Deutschland AG  Agency and Trust Department  Reuterweg 16  60323 Frankfurt  Germany  as Registrar  Arthur Cox Listing Services Limited  Earlsfort Centre  Earlsfort Terrace  Dublin 2  as Irish Listing Agent</p>
<b>58</b>	Purchase by the Issuer of Notes:	The Issuer may purchase Notes
<b>59</b>	Settlement method:	Delivery free of payment

#### **Provisions applicable to Global Notes and Certificates**

<b>60</b>	How Notes will be represented on issue:	Global Certificate
<b>61</b>	Applicable TEFRA exemption:	Not applicable
<b>62</b>	Whether Temporary/ Permanent Global Note/ Global Certificate is exchangeable for Definitive Notes/Individual Certificates at the request of the holder:	Yes, in limited circumstances, for Individual Certificates.
<b>63</b>	New Global Note:	No
<b>64</b>	Intended to be held in a manner which would allow Eurosystem eligibility:	No

#### **Provisions relating only to the sale and listing of the Notes**

<b>65</b>	Details of any additions or variations to the Dealer Agreement:	The following shall be deemed to be added to the Dealer Agreement as a new Clause 7.4 for the purposes of the Notes only:
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**“7.4 Collateral Account Bank:** The Dealer, by accepting delivery of the Series Prospectus and the Notes, will be deemed to have represented and agreed that it will be relying solely on the credit and financial standing of the Collateral Account Bank in respect of the payment obligations of the Issuer under the Notes.”

- |           |       |   |   |
|-----------|-------|---|---|
| <b>66</b> | (i)   | Listing and admission to trading:                           | The Series Prospectus has been approved by the Central Bank of Ireland (the “ <b>Central Bank</b> ”), as competent authority under Directive 2003/71/EC (the “ <b>Prospectus Directive</b> ”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. The Existing Notes have been admitted to the official list of the Irish Stock Exchange and admitted to trading on its regulated market. Application has been made to the Irish Stock Exchange for the New Notes to be admitted to the official list and trading on its regulated market. |
|           | (ii)  | Estimate of total expenses related to admission to trading: | EUR 2,541.20  |
|           | (iii) | Date on which the Notes will be admitted to trading:        | The Existing Notes were admitted to trading on 9 October 2014 and the New Notes will be admitted to trading on 29 October 2014.   |
| <b>67</b> |       | Dealers’ commission (if applicable):                        | None  |
| <b>68</b> |       | Method of Issue:  | Individual Dealer   |
| <b>69</b> |       | The following Dealer is subscribing to the Notes:           | CGML  |
| <b>70</b> |       | Rating (if applicable):                                     | The Notes will be rated Ba3 by Moody’s Investors Service Limited (“ <b>Moody’s</b> ”).  |

Moody’s is established in the European Union and registered under Regulation (EC) 1060/2009 on credit rating agencies. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

## The Security Arrangements

- |           |                     |  |
|-----------|---------------------|--|
| <b>71</b> | Mortgaged Property: |  |
|           | (a)                 | Collateral:  |
|           |                     | See Annex 2.   |
|           | (b)                 | Security (order of priorities):  |
|           |                     | See Annex 2. The Trustee shall apply all moneys received by it under the Trust Deed in connection with the realisation or enforcement of the security constituted by or pursuant to the Trust Deed in accordance with Noteholder Priority. |
|           | (c)                 | Option Agreement   |
|           |                     | Not applicable   |

	(if applicable):	
	Option Counterparty(ies):	Not applicable
	Option Guarantor (if applicable):	Not applicable
(d)	Swap Agreement (if applicable):	Not applicable
	Swap Counterparty(ies):	Not applicable
	Swap Guarantor (if applicable):	Not applicable
	Swap Guarantee:	Not applicable
(e)	Details of Credit Support Document (if applicable):	Not applicable
	Credit Support Provider:	Not applicable
(f)	Details of Securities Lending Agreement (if applicable):	Not applicable
<b>72</b>	Noteholder Substitution of Collateral:	Not applicable

### **Noteholders' reliance on the Collateral Account Bank**

Noteholders will be deemed to have accepted and agreed that they will be relying solely on the credit and financial standing of Collateral Account Bank in respect of the payment obligations of the Issuer under the Notes.

## **Annex 1**

### **Defined Terms**

**“Business Day”** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and New York and on which the TARGET System is operating.

**“Collateral”** has the meaning given to such term in Annex 2.

**“Collateral Account Bank”** means the Open Joint Stock Company ‘International Bank of Azerbaijan’, a bank registered under the laws of the Republic of Azerbaijan, having its registered office at 67 Nizami Street, Baku, AZ1005, Azerbaijan.

**“Collateral Account Bank Notes”** means the USD 500,000,000 5.625 per cent. notes due 2019 (ISIN: XS1076436218) issued by the Collateral Account Bank.

**“Collateral Account Bank Prospectus”** means the prospectus of the Collateral Account Bank dated 9 June, relating to the Collateral Account Bank Notes.

**“Collateral Deposit Amount”** means the “Deposit Amount” as defined in the Deposit Agreement, being USD 200,000,000 for the period from and including the Deposit Start Date to but excluding the New Notes Issue Date and USD 250,000,000 for the period from and including the New Notes Issue Date, subject to reduction following withdrawals pursuant to the exercise of the Noteholders’ Option.

**“Collateral Interest Amount”** means any interest amount payable in respect of the Collateral Deposit Amount, including but not limited to scheduled payments of Interest (as defined in the Deposit Agreement), to the extent that the relevant interest amount is actually received by the Issuer and subject to any adjustment due to tax deduction or withholding and any other or further adjustments to such amounts, as set out in the Deposit Agreement.

**“Collateral Interest Calculation Date”** means in respect of a Collateral Interest Amount, the Collateral Interest Payment Date relating thereto or, if later, the later of (i) the date on which the Issuer receives payment of the Collateral Interest Amount relating to such Collateral Interest Payment Date and (ii) the date on which the Calculation Agent is notified by or on behalf of the Issuer of the Collateral Interest Amount relating to such Collateral Interest Payment Date and has received any information required in order to enable the Calculation Agent to determine the related Interest Amount.

**“Collateral Interest Payment Date”** means any date on which a Collateral Interest Amount is payable.

**“Collateral Rate of Interest”** means the “Interest Rate” as defined in the Deposit Agreement, being 8.25 per cent. per annum.

**“Deposit”** has the meaning given to such term in Annex 2.

**“Deposit Business Day”** means any day on which commercial banks are open for general business in London, Baku, New York, Dublin and in such other city as may be agreed upon in writing between the Issuer and the Collateral Account Bank in relation to the Deposit.

**“Deposit Event of Default”** means the occurrence, at any time with respect to the Collateral Account Bank, of any of the following events:

- (a) The Collateral Account Bank does not pay on the due date any amount payable pursuant to the Deposit Agreement;

- (b) Any representation or statement made by the Collateral Account Bank in the Deposit Agreement is or proves to have been incorrect or misleading in any material respect when made;
- (c) The Collateral Account Bank's failure to comply with any obligations under the Deposit Agreement;
- (d) Any Indebtedness of the Collateral Account Bank is not paid when due nor within any originally applicable grace period;
- (e) Any Indebtedness of the Collateral Account Bank is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);
- (f) Any commitment for any Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described);
- (g) Any creditor of the Collateral Account Bank becomes entitled to declare any Indebtedness of the Collateral Account Bank due and payable prior to its specified maturity as a result of an event of default (however described);
- (h) The Collateral Account Bank is insolvent or unable, or admits its inability, to pay its debts as they fall due, suspends making payments of any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Indebtedness;
- (i) The value of the assets of the Collateral Account Bank is less than its liabilities (taking into account contingent and prospective liabilities);
- (j) The Collateral Account Bank shall at all times maintain (a) a BIS Capital Adequacy Ratio of not less than 10 per cent., (b) such other minimum BIS Capital Adequacy Ratio percentage as may be required by the BIS from time to time; and (c) a BIS Tier 1 Risk Weighted Ratio of not less than 6 per cent., and (d) such other minimum BIS Tier 1 Risk Weighted Ratio percentage as may be required by the BIS from time to time, where:
  - (i) **"BIS Capital Adequacy Ratio"** means, at any time, the ratio which the Collateral Account Bank's capital bears to its BIS Risk-Weighted Assets, provided that all such terms as are used in this definition are to be interpreted in accordance with the requirements of BIS;
  - (ii) **"BIS Tier 1 Risk Weighted Ratio"** means, at any time, the ratio which the Collateral Account Bank's BIS Tier 1 Capital bears to its BIS Risk-Weighted Assets;
  - (iii) **"BIS Tier 1 Capital"** means the tier 1 capital as such term is interpreted in accordance with Basel I and, once the Collateral Account Bank transitions to Basel II, Basel II;
  - (iv) **"BIS Risk-Weighted Assets"** means the risk-weighted assets as such term is interpreted in accordance with Basel I and, once the Collateral Account Bank transitions to Basel II, Basel II; and
  - (v) **"BIS"** means Bank for International Settlements with its headquarters in Basel, Switzerland;
- (k) Its ACB Capital Adequacy Ratio is at all times no less than 12 per cent, where:
  - (i) **"ACB Capital Adequacy Ratio"** means, at any time, the ratio which the Collateral Account Bank's Aggregate Capital bears to its ACB Risk-Weighted Assets;



- (ii) **“ACB Capital Adequacy Rules”** means, the Azerbaijani Central Bank Rules on the Calculation of Banking Capital and its Adequacy, approved by the Central Bank on 25 July 2012, and/or other Azerbaijani banking regulations from time to time;
  - (iii) **“ACB Risk-Weighted Assets”** means, the risk-weighted assets of the Collateral Account Bank as such term is interpreted in accordance with the provisions of the ACB Capital Adequacy Rules;
  - (iv) **“Aggregate Capital”** means the aggregate tier 1 capital and tier 2 capital, each as interpreted and calculated for the purpose of calculation of the aggregate capital in accordance with the provisions of the ACB Capital Adequacy Rules;
- (l) Tangible Net Worth shall at no time be less than USD 375,000,000, where:
- “Tangible Net Worth”** means, on any date, the aggregate of the amount paid up or credited as paid up on the contributed capital of the Collateral Account Bank and the amount standing to the credit of the capital reserve account of the Collateral Account Bank (including any retained earnings and revenue reserve), based on the latest audited balance sheet of the Collateral Account Bank but adjusted by:
- (i) deducting any amounts attributable to any intangible asset included as an asset in the Collateral Account Bank’s latest consolidated balance sheet;
  - (ii) deducting any capital accounts or reserves derived from any writing up of the book value of any assets of any member of the Group above historic cost less accumulated depreciation at any time after the date of this Agreement;
  - (iii) deducting any accruals attributable to deferred taxation;
  - (iv) deducting any amount attributable to goodwill or any other intangible assets, including exchange gains and losses arising on consolidation accounted for through reserves; and
  - (v) adding or deducting, as the case may be, any credit or any debit balance on the Group’s consolidated profit and loss account (but not to the extent that the same arises as a result of any extraordinary items) attributable to the period in relation to which the calculation falls to be made;
- (m) Past Due Loan Ratio shall not at any time exceed 8 per cent, where:
- “Past Due Loan Ratio”** means the ratio expressed as a percentage, calculated by dividing (a) the total principal balance, accrued interest, fees and other amounts on all financial indebtedness owed to the Collateral Account Bank at any time any part of which is due but remains unpaid for a period longer than 90 days, less the specific provisions established to cover potential losses in such financial indebtedness by (b) the total principal balance, accrued interest, fees and other amounts on all financial indebtedness owed to the Collateral Account Bank at that time;
- (n) The long-term foreign currency rating of the Collateral Account Bank is withdrawn or reduced to below B1 by Moody’s or BB- by either Fitch or S&P (if the long-term credit rating of the Collateral Account Bank is at any time given by S&P);
  - (o) A moratorium (or equivalent) is declared in respect of any Indebtedness of the Collateral Account Bank;

- (p) The Collateral Account Bank seeks or consents to the introduction of proceedings for its liquidation or the appointment of a liquidator;
- (q) The presentation or filing of a petition (or similar document) in respect of the Collateral Account Bank in any court, or before any agency in respect of the bankruptcy, insolvency, dissolution, administration, reorganisation or liquidation of the Collateral Account Bank, unless such petition is demonstrated to the reasonable satisfaction of the Issuer to be vexatious or frivolous or is withdrawn within 30 Deposit Business Days;
- (r) The financial condition of the Collateral Account Bank does not substantially meet the requirements of the Central Bank of the Republic of Azerbaijan and/or the Collateral Account Bank meets the insolvency criteria set out in the insolvency laws of the Republic of Azerbaijan applicable to banks;
- (s) Any other corporate action is taken by the Collateral Account Bank, or any other legal proceeding is commenced, in relation to the bankruptcy, insolvency, winding-up, dissolution, administration, reorganisation or liquidation of the Collateral Account Bank;
- (t) Any event occurs which under the laws of any relevant jurisdiction that has an analogous effect to any of the events referred to in paragraphs (p) to (s) above;
- (u) A general banking license granted to (or a provision of it applicable upon any operations of) the Collateral Account Bank is suspended or revoked or is otherwise modified materially and adversely affecting the activities and operations of the Collateral Account Bank for the purposes of the Deposit Agreement, or, without any such suspension or revocation or modification, any applicable authority of the Republic of Azerbaijan taking any measures, which, in the reasonable opinion of the Issuer, may have a negative effect upon standing, operations, activities or assets of the Collateral Account Bank; or
- (v) A material adverse change in its business, operations, assets or financial or other condition has occurred and is continuing.

**“Deposit Termination Event”** means the occurrence, at any time, of the following events:

- (a) it becomes unlawful for the Collateral Account Bank or the Issuer to perform any of its obligations as contemplated by the Deposit Agreement;
- (b) the Ministry of Finance of the Republic of Azerbaijan ceases to hold directly or indirectly a majority stake in excess of 50 per cent. of the voting capital stock;
- (c) it becomes impossible, in the sole opinion of the Issuer, for the Deposit Account Bank or the Issuer to perform any of its obligations as contemplated by the Deposit Agreement; or
- (d) if the Collateral Account Bank does not increase the payments for Increased Cost (as defined under 10.3 of the Deposit Agreement).

**“Indebtedness”** means, in relation to the Collateral Account Bank, its obligation (whether present or future, actual or contingent, as principal or surety) for the payment or repayment of money (whether in respect of interest, principal or otherwise) in aggregate in excess of USD 20,000,000 (or its equivalent in any other currency) incurred in respect of: (a) moneys borrowed or raised; (b) any bond, note, loan stock, debenture or similar instrument; (c) any acceptance credit, bill discounting, note purchase, factoring or documentary credit facility; (d) any derivative transaction; (e) any counter-indemnity obligation; (f) any liability in respect of any guarantee, undertaking, or indemnity for any of the foregoing; or (g) any other transaction to which it is a party and having the commercial effect of a borrowing.

**“Number of Notes”** means, as at the New Issue Date, 125 in aggregate and, following any purchase and cancellation of any Notes by the Issuer pursuant to Condition 7.4 (*Purchase*) or exercise of the Noteholders’ Option pursuant to Condition 7.7 (*Redemption at the Option of Noteholders and Exercise of Noteholders’ Options*), such lesser number of Notes outstanding.

**“Pledge Agreement”** has the meaning given to such term in Annex 2.

**“Unwind Costs”** means the fees, costs, charges, expenses and liabilities incurred by the Issuer in connection with the redemption of the Notes in the circumstances described in paragraphs 38(b) to (g) above.

## Annex 2

### Security and Collateral

#### Description of the Collateral

Pursuant to the Deposit Agreement, on the Deposit Start Date the Issuer deposited with the Collateral Account Bank USD 200,000,000 (being the proceeds of the issuance of the Existing Notes) less the fees payable to the Dealer (the “**Initial Deposit**”). On the New Notes Issue Date, the Issuer will increase the Initial Deposit by depositing with the Collateral Account Bank USD 50,000,000 (being the proceeds of the issuance of the New Notes) less the fees payable to the Dealer (the “**Additional Deposit**”, and together with the Initial Deposit, the “**Deposit**”). The Collateral Account Bank shall pay interest in respect of the Deposit to the Issuer on the terms set out in the Deposit Agreement.

The Issuer’s rights to the Initial Deposit under or in connection with the Deposit Agreement constitutes the “**Initial Collateral**” as at the Existing Notes Issue Date. The Issuer’s rights to the Additional Deposit under or in connection with the Deposit Agreement will constitute the “**Additional Collateral**” (and together with the Initial Collateral, the “**Collateral**”) as at the New Notes Issue Date.

#### Collateral Account Bank

The following summary of the Collateral Account Bank has been extracted from the Collateral Account Bank Prospectus and is qualified by the provisions therein. The Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from the information published by the Collateral Account Bank Prospectus, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Collateral Account Bank: Open Joint Stock Company ‘International Bank of Azerbaijan’

Country of Incorporation: Azerbaijan

Principal Address of

Collateral Account Bank: 67 Nizami Street, Baku, AZ1005, Azerbaijan

Principal Business of

Collateral Account Bank: Corporate banking:

The Collateral Account Bank is primarily a corporate bank with corporate loans comprising 88.6 per cent. of total loans and corporate deposits comprising 20.3 per cent. of total customer deposits, as at 31 December 2013. The Collateral Account Bank’s corporate customer base consists of over 13,800 corporates, comprised of almost all large and medium sized companies operating in Azerbaijan as well as many smaller companies. The Collateral Account Bank has a number of principal products and services which it offers to corporate clients including short-term, medium-term, project finance and credit facilities denominated in Azerbaijani Manats and foreign currencies, predominantly U.S. Dollars, as well as transactional services including trade finance, foreign exchange and payment service loans. The Collateral Account Bank is actively involved in trade financing through a number of different instruments including letters of credit, guarantees and collections. The Collateral Account Bank facilitates a significant part of the total business activity in Azerbaijan and has a near-monopoly position in financing state projects to develop local infrastructure due to its size and capabilities.

#### Retail banking:

The Collateral Account Bank has been steadily growing its retail portfolio and offerings. The Bank is currently the largest retail bank in Azerbaijan by retail loans and has over 861,700 retail customers. The Collateral Account Bank offers its retail customers a range of products including loans, debit and credit cards and deposit and current accounts. As of 31 December 2013, the Collateral Account Bank's retail loans accounted for 11.4 per cent. of its total loans, the Collateral Account Bank's retail term deposits accounted for 79.7 per cent. of its total term deposits and the Collateral Account Bank's retail customer accounts accounted for 52.6 per cent. of its total customer accounts. According to the Central Bank of the Republic of Azerbaijan, the Collateral Account Bank had the largest number of payment cards among its competitors (excluding social security cards issued by formerly state-owned banks) in Azerbaijan and was the largest provider of money transfer systems in Azerbaijan measured by the value of transfers as at 31 December 2013. As at 31 December 2013, the Collateral Account Bank had issued approximately 2,022,249 cards, of which 1,957,016 were debit cards and 65,233 were credit cards.

#### Other banking and financial services:

The Collateral Account Bank also provides other banking and financial services including securities markets operations and treasury operations. The Collateral Account Bank's securities portfolio consists of different investment assets including promissory notes, Eurobonds and corporate bonds. One of the group companies, the Open Joint Stock Company "International Insurance Company" is licensed to perform certain types of insurance activities.

Rating: As at the date of the Collateral Account Bank Prospectus, the Collateral Account Bank had been assigned long-term foreign currency issuer default rating of BB (stable outlook) by Fitch and long-term foreign currency deposit rating Ba3 (positive outlook) by Moody's in respect of its long-term, unsecured and unsubordinated debt ratings.

Listing: The Collateral Account Bank Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange.

#### Deposit

The following summary of the Deposit is qualified by reference to the detailed terms and Conditions of the Deposit Agreement, under which the Issuer's rights to the Deposit were constituted (the form of which is included in Annex 3 hereto).

Deposit Amount: USD 250,000,000

Deposit Start Date: 9 October 2014

Repayment Date: 9 October 2024

Representations: Please refer to Clause 5 of the Deposit Agreement. In particular, prospective investors should refer to Clause 5.7 describing the

	Collateral Account Bank's breach of statutory ratios (as outlined in its audited financial statements for the year ended 31 December 2013).
Events of Default:	Please refer to Clause 7 of the Deposit Agreement.
Termination Events:	Please refer to Clause 8 of the Deposit Agreement.
Interest Rate:	8.25 per cent. per annum.
Interest Payment Dates:	9 April and 9 October in each year from and excluding the Deposit Start Date to but including the Repayment Date.
Withdrawal:	Please refer to Clause 4.7 of the Deposit Agreement.
Governing law:	English law

### Security Arrangements

The Issuer will, under a pledge agreement between itself and the Trustee dated the Existing Notes Issue Date as amended and restated on the New Notes Issue Date (the "**Pledge Agreement**"), create a pledge in favour of the Trustee (for the Trustee itself and in its capacity as trustee under the Trust Deed) over all of the Issuer's right, title and interest in and to the Deposit to secure the obligations of the Issuer under the Notes. The Pledge Agreement is an "Other Security Document" for the purposes of this Series of Notes.

Subject as set out below, and in addition to the security interests created under the Pledge Agreement, the obligations of the Issuer under the Notes are secured pursuant to the Trust Deed by:

- (i) a first fixed charge over the Collateral in favour of the Trustee;
- (ii) an assignment by way of security in favour of the Trustee of all the Issuer's rights, title and interest attaching to or relating to the Collateral and all sums derived therefrom;
- (iii) an assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest against the Collateral Account Bank and the Disposal Agent, to the extent that they relate to the Collateral;
- (iv) an assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest under and in respect of the Agency Agreement, to the extent that they relate to the Notes;
- (v) an assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest under and in respect of the Deposit Agreement, to the extent that they relate to the Notes; and
- (vi) a first fixed charge in favour of the Trustee of (a) all sums held by the Issuing and Paying Agent to meet payments due in respect of the obligations and duties of the Issuer under the Trust Deed, the Agency Agreement the Deposit Agreement and the Notes and (b) all sums held by the Disposal Agent under the Agency Agreement,

(the rights and assets of the Issuer referred to in this paragraph being the "**Mortgaged Property**").

A charge, although expressed in words which would suffice to create a fixed charge, may be treated as a floating charge, particularly if it appears that it was intended that the chargor should have licence to dispose of the assets charged in the course of its business without the consent of the chargee.

**In the event that the Mortgaged Property described above is realised by the Trustee on behalf of the Noteholders, there can be no assurance that the proceeds of realisation thereof will be sufficient to repay the principal amount and any other amount that is due under the Notes.**

### Annex 3

#### Form of Deposit Agreement

*Set out below is the form of the Deposit Agreement.*

#### AMENDED AND RESTATED DEPOSIT AGREEMENT dated 9<sup>th</sup> October, 2014, as amended and restated on 29<sup>th</sup> October, 2014

This Amended and Restated Deposit Agreement (this “**Agreement**”) has been entered into by and between:

- (1) **Emerald Capital Limited**, 53 Merrion Square, Dublin 2, Ireland (the “**Client**”), represented by Jacqueline O’Rourke, acting as Director;

and

- (2) **Open Joint Stock Company International Bank of Azerbaijan**, a bank registered under the laws of the Republic of Azerbaijan, having its registered office at 67 Nizami Street, Baku, AZ1005, Azerbaijan (the “**Bank**”), represented by Mr. Emil Mustafayev, acting as its First Deputy Chairman on the basis of the Power of Attorney No. 01/2200 dated 4<sup>th</sup> July 2013, and Mr. Rashad Hajiyev, acting as its Deputy Chairman and Chief Financial Officer on the basis of Power of Attorney No. 01/2201 dated 4<sup>th</sup> July, 2013,

hereinafter each of them individually referred to as a “**Party**” and collectively the “**Parties**”.

#### WHEREAS:

- on 9<sup>th</sup> October, 2014, the Client issued its Series No. 2014-01 USD 200,000,000 8.25 per cent Fixed Rate Notes due 2024 (the “**Existing Notes**”). On or about 29<sup>th</sup> October, 2014 the Client will issue its Series No. 2014-01 USD 50,000,000 8.25 per cent Fixed Rate Notes due 2024 (the “**New Notes**” and together with the Existing Notes, the “**Notes**”), such that the total aggregate principal amount of the Client’s Series No. 2014-01 Notes shall amount to USD 250,000,000.
- the Client has funds in USD that it wishes to place on deposit with the Bank for an agreed term and receive interest thereon;
- the Bank agrees to open a deposit account for the Client on the terms set out in this Agreement;

IT IS AGREED as follows:

#### 1. Scope and Subject of this Agreement and Definitions

- 1.1. On the Deposit Start Date, the Client shall place with the Bank, and the Bank shall accept from, and repay to the Client, a fixed-term deposit (the “**Deposit**”). The Bank shall account for the Deposit in a deposit account in the name of the Client held with the Bank with account number AZ86IBAZ40190018401117386120, and BIC IBAZAZ2X for the deposit denominated in USD (the “**Deposit Account**”), which shall be opened by the Bank on or before the first Business Day following the date of this Agreement. The Client shall not be subject to any costs, expenses or fees associated with opening and maintaining the Deposit Account. All such costs, expenses and fees are to be borne by the Bank.
- 1.2. For the purpose of this Agreement, defined terms shall have the meaning set out below, or if not defined in this Agreement, such terms shall have the meaning set out in the Emerald Capital Limited Emerging Markets Secured Note Issuance Programme Base Prospectus dated 16<sup>th</sup> July 2014 (as may be amended, supplemented and/or replaced from time to time) or the series prospectus for Series No.: 2014-01 dated 28<sup>th</sup> October, 2014, pursuant to which the Client will issue the New Notes.

“**Additional Deposit Amount**” means USD 50,000,000.

“**Business Day**” means any day on which commercial banks are open for general business in London, Baku, New York, Dublin and in such other city as may be agreed upon in writing between the Parties in connection with this Deposit.



**“Day Count Fraction”** means the actual number of days lapsed in the period of the calculation of the relevant Interest amount divided by 360.

**“Deposit Amount”** means: (i) in respect of the period from and including the Deposit Start Date to but excluding the New Notes Issue Date, the Initial Deposit Amount; and (ii) in respect of the period from and including the New Notes Issue Date to but excluding the Repayment Date, USD 250,000,000, subject to adjustment in accordance with the terms set out herein.

**“Deposit Repayment Account”** means Correspondent Bank: Citibank, N.A., New York Branch, Correspondent Bank Swift: CITIUS33, Final Beneficiary Name: Citibank, N.A., London Branch, Reference: Emerald Capital Limited 2014-01.

**“Deposit Start Date”** means 9<sup>th</sup> October, 2014.

**“First Fee Letter”** means the fee letter in respect of the Initial Deposit Amount, entered into by the Client and Citigroup Global Markets Limited on 9<sup>th</sup> October, 2014.

**“Group”** includes any holding company of the Bank and any subsidiary undertaking of it or any such holding company.

**“Initial Deposit Amount”** means USD 200,000,000.

**“Interest Payment Date”** means 9<sup>th</sup> April and 9<sup>th</sup> October in each calendar year from and excluding the Deposit Start Date to but including the Repayment Date.

**“Interest Rate”** means 8.25 per cent. The Parties hereby acknowledge and confirm that the Bank shall not have any right of unilateral modification of the Interest Rate for the entire term of this Agreement.

**“Mortgaged Property”** has the meaning ascribed to it in the Principal Trust Deed.

**“New Notes Issue Date”** means 29<sup>th</sup> October, 2014.

**“OFAC”** means the Office of Foreign Assets Control of the United States Department of the Treasury.

**“Principal Trust Deed”** means the principal trust deed dated 16<sup>th</sup> July 2014 relating to the Programme.

**“Programme”** means the Emerging Markets Secured Note Issuance Programme relating to the issuance of the Notes.

**“Repayment Date”** means 9<sup>th</sup> October, 2024.

**“Restricted Person”** means an individual, company, entity, body or vessel (a **“Person”**):

- (a) that is, or is directly or indirectly owned or controlled by, a Person that is listed on a Sanctions List or is otherwise the target of Sanctions;
- (b) that is located or resident in, or doing business or operating from, or organised under the laws of a Sanctioned Country;
- (c) that is acting or purporting to act on behalf of any of the Persons listed in paragraphs (a) and (b) above; or
- (d) with which any other Person is otherwise prohibited from dealing with or otherwise engaging in any transaction pursuant to any Sanctions.

**“Sanctions”** means any economic or financial sanctions, regulations, trade embargoes or other restrictive measures imposed, administered, enacted or enforced from time to time by any Sanctions Authority.

“**Sanctions Authority**” means OFAC, the U.S. Department of State, the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom or other relevant sanctions authority.

“**Sanctioned Country**” means a country or territory which is, or whose government is, at any time the subject or target of country-wide or territory-wide Sanctions.

“**Sanctions List**” means any of the lists of specially designated nationals and blocked persons or designated Persons (or equivalent) maintained by a Sanctions Authority, in each case as amended, supplemented or substituted from time to time.

“**Second Fee Letter**” means the fee letter in respect of the Additional Deposit Amount, entered into by the Client and Citigroup Global Markets Limited on or around the date of this Agreement.

“**Secured Parties**” has the meaning ascribed to it in the Principal Trust Deed.

“**Supplemental Trust Deed**” means the second supplemental trust deed dated 29<sup>th</sup> October 2014 relating to the Notes.

## **2. Deposit Agreement**

- 2.1. Subject to Clause 2.2 below, the Client agrees to deposit into the Deposit Account: (i) on the Deposit Start Date, the Initial Deposit Amount; and (ii) on the New Notes Issue Date, the Additional Deposit Amount. The Bank agrees to operate the Deposit Account subject to this Agreement.
- 2.2. The Client shall deduct all fees from the amount payable to the Bank in respect of the Initial Deposit Amount and the Additional Deposit Amount, as set out in the First Fee Letter and Second Fee Letter respectively. The fees are non-refundable even in the case of any early termination events, including but not limited to Events of Default, Termination Events and Early Repayment Notice.

## **3. Deposit**

- 3.1. The Client shall transfer the Initial Deposit Amount less the fees set out in the First Fee Letter so that the Bank receives the Initial Deposit Amount (less the fees set out in the First Fee Letter) on the Deposit Start Date, by 5:00 p.m. London time, unless otherwise agreed between the parties.
- 3.2. The Client shall transfer the Additional Deposit Amount less the fees set out in the Second Fee Letter so that the Bank receives the Additional Deposit Amount (less the fees set out in the Second Fee Letter) on the New Notes Issue Date, by 5:00 p.m. London time, unless otherwise agreed between the parties.
- 3.3. The Bank shall credit the Initial Deposit Amount and the Additional Deposit Amount to the Deposit Account on the day of receipt with value of such date. The Bank shall treat the Initial Deposit Amount and the Additional Deposit Amount as forming part of the same Deposit relating to the Notes, with effect from the day the Additional Deposit Amount is received by the Bank.
- 3.4. In case the Client does not comply with the provisions of Clause 3.1 or 3.2, by the relevant time referenced therein, Interest shall be deemed to accrue from the date on which the Bank actually receives the Initial Deposit Amount or the Additional Deposit Amount, as applicable (less the fees set out in the relevant fee letter).

## **4. Interest**

- 4.1. The Bank shall be entitled to use the funds accounted on the Deposit Account in its lawful day to day banking business from the Deposit Start Date until the Repayment Date.
- 4.2. Interest shall accrue on the Deposit from and including the Deposit Start Date up to but excluding the Repayment Date in accordance with Clause 4.4 hereof (the “**Interest**”). The Bank shall pay the Interest by crediting the Deposit Repayment Account with the relevant amounts, on each payment date specified in Clause 4.3 hereof, as applicable, or on such earlier date as the Client withdraws the whole of the

Deposit balance from the Deposit Account by debiting the Deposit Repayment Account with the relevant amount by no later than 10:00 am London time. For the avoidance of doubt, notwithstanding the deduction of the fees set out in Clause 3.1 and 3.2 hereof, Interest shall accrue on the full Deposit Amount (as may be adjusted from time to time pursuant to any withdrawals or further deposits, including the addition of the Additional Deposit Amount).

- 4.3. Interest shall be paid in instalments by the Bank to the Deposit Repayment Account on each Interest Payment Date. The Bank shall submit within 1 Business Day following request of the Client a written statement in form and substance satisfactory to the Client setting out all movements in (including the payment of Interest) and the balance of the Deposit Account during the period since the date of the previous statement submitted pursuant to this Clause.
- 4.4. Interest shall be calculated by the Bank in accordance with the following formula in relation to the Deposit:
- $$\text{Deposit Amount} \times \text{Day Count Fraction} \times \text{Interest Rate}$$
- 4.5. If the Bank fails to or delays in meeting its obligation to repay the Deposit and/or to make any payment of Interest, the Bank shall pay to the Client daily delayed interest on the outstanding amount at the Interest Rate applicable to the Deposit plus three percentage points.
- 4.6. The Bank shall repay the Deposit on the Repayment Date to the Deposit Repayment Account.
- 4.7. The Client may, by giving not less than two Business Days' prior written notice, terminate the Deposit, in whole or in part, early on any date (the "**Early Repayment Date**") specified in the Early Repayment Notice (Annex 1) subject to consent being provided by the Bank in writing within one Business Day of receiving the notice. In the event of an early termination, the Bank shall repay the Deposit to the Client on such Early Repayment Date together with amount of interest at the Interest Rate applicable to such Deposit and accrued but unpaid up to the Early Repayment Date. The Bank hereby confirms that no additional fees, costs or charges will be payable in connection with the early termination of the Deposit. The Parties agree that any termination notices which the Client sends by fax, SWIFT, Bloomberg Terminal, Reuters' dealing system or signed by an electronic signature shall be deemed written notices of the Client. For the avoidance of doubt, notwithstanding the deduction of the fees set out in Clause 3.1 and 3.2 hereof, the amount repayable pursuant to this Clause 4.7 shall comprise the full Deposit Amount together with any Interest accrued thereon (as may be adjusted from time to time pursuant to any withdrawals or further deposits, including the addition of the Additional Deposit Amount).
- 4.8. Whenever any payment under this Agreement would fall due on a day which is not a Business Day, then the due date for payment thereof shall be postponed to the next succeeding Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not or if the next Business Day would occur after the Repayment Date).

## **5. Representations**

The Bank hereby declares and represents as follows on the date of execution of this Agreement:

- 5.1 that it is duly organised and validly existing under the laws of the Republic of Azerbaijan;
- 5.2 that it is a legal entity registered under the laws of the Republic of Azerbaijan with full power and capacity to enter into this Agreement and that it has a licence for the deposit-taking activity under the laws of the Republic of Azerbaijan and unlimited power and capacity to accept Deposits from the Client under the terms hereof and as subsequently agreed for such Deposit, and otherwise to carry out its obligations under this Agreement;
- 5.3 that its obligations under this Agreement and the Deposit constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms;
- 5.4 that this Agreement and the Deposit have been duly authorised by all appropriate governing bodies of the Bank and that the execution of this Agreement and the Deposit and the compliance with the terms thereof: (1) will not result in any violation of the Bank's constitutional documents and all guidelines or any provision contained in any law applicable to the Bank; (2) will not conflict with or result in the

breach of any provision of, or require any consent under, any agreement or instrument to which the Bank is a party or by which the Bank or any of its assets is bound or any order or judgement of any court or other agency of government applicable to it or any of its assets; and (3) will not constitute a default or an event which with the giving of notice, the passage of time or the making of any determination, or any combination thereof, would constitute a default under any such agreement or instrument;

- 5.5 that the claims of the Client against it under the Agreement and the Deposit rank and will rank at least pari passu with the claims of all its other unsecured depositors, except for claims mandatorily preferred by the applicable laws;
- 5.6 that there is not pending or, to its knowledge, threatened against it or any of its subsidiaries any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or its ability to perform its obligations under this Agreement;
- 5.7 that the Bank is in compliance with all statutory ratios and other requirements established by the Central Bank of the Republic of Azerbaijan and the applicable laws of the Republic of Azerbaijan with respect to Azerbaijani commercial banks, other than compliance with certain statutory ratios as outlined in the audited financial statements for the year ended 31<sup>st</sup> December 2013 (page 74: Compliance with covenants) (the “**Ratio Limits Breach**”). The timeline to rectify such Ratio Limit Breaches are outlined in the same section of the financial statements. The Bank has not been granted any exemption from such compliance and no fines or other sanctions have been imposed on it for failing to comply with any such normatives or requirements (including the regulations of the Central Bank of Azerbaijan);
- 5.8 that the Bank is not subject to, nor is it threatened by or is aware of any possible occurrence of, any liquidation, reorganization, temporary administration or insolvency proceedings;
- 5.9 that neither the Bank nor any other member of the Group, nor any of its or their respective directors, officers or employees nor, to the best of its knowledge any of its or their respective agents, representatives or affiliates:
  - (a) is a Restricted Person;
  - (b) is engaging in or has engaged in any business, activity or transaction of, with or related to, or for the benefit of, any Restricted Person that could reasonably be expected to result in it or any other Person or the Client being in breach of any Sanctions or otherwise becoming a Restricted Person;
  - (c) is or has ever been subject to, or has received notice of or is otherwise aware of, any claim, proceeding, formal notice or investigation with respect to Sanctions.
- 5.10 that the Deposit Amount does not exceed the 25 per cent. of the value of the net assets of the Bank that would necessitate approval of the Agreement by the general meeting of shareholders of the Bank nor is such approval required under any corporate resolution, document of the Bank or applicable law.
- 5.11 that a security interest over the Client’s rights to the Deposit may be granted by the Client in favour of the holder of the Notes and/or the trustee relating to the Notes.

## **6. Undertakings**

The Bank hereby undertakes as follows:

- 6.1 The Bank shall waive any and all rights of set-off, counterclaim, deduction or retention against or in respect of any of its payment obligations under this Agreement or any other agreements with the Client, which it might have as a matter of law or otherwise, moreover, that it undertakes irrevocably not to set-off between the Deposit Accounts and any other account opened by the Client at the Bank;
- 6.2 The Bank shall supply, or procure that there are supplied, to the Client:
  - (a) as soon as the same become available, but in any event within 180 days after the end of each of its financial years, its audited annual consolidated or unaudited unconsolidated financial statements for that financial year; and

- (b) as soon as the same become available, but in any event within 150 days after the end of the first six months of each of its financial years, its unaudited unconsolidated or audited semi-annual consolidated financial statements for that financial half year.

Each set of financial statements delivered by the Bank pursuant to this paragraph shall be audited by an internationally recognised firm of auditors.

- 6.3 The Bank shall (and shall procure that each other member of the Group shall) comply with all Sanctions.
- 6.4 The Bank has (and shall procure that each other member of the Group has) implemented and will maintain in effect policies and procedures designed to ensure compliance by it and its directors, officers, employees and agents with all Sanctions.
- 6.5 The Bank shall not and shall procure that no member of the Group or its or their respective directors, officers and employees shall, directly or indirectly, use all or any of the proceeds of the Deposit, or lend, permit, contribute or otherwise make available all or any of such proceeds to any Person:
  - (a) for the purpose of funding, financing or facilitating any activities, business or transaction of, with or related to, or for the benefit of, any Restricted Person, or in any Sanctioned Country, which, at the time of such funding, financing or facilitation, is included in any Sanctions List or is otherwise the subject or target of any Sanctions; or
  - (b) in any manner or for any purpose that is prohibited by any Sanctions or would cause any Person or the Client to be in breach of any Sanctions or to otherwise become the subject or target of any Sanctions.
- 6.6 The Bank shall not (and shall procure that no member of the Group shall) fund all or part of any repayment required to be made pursuant to this Agreement, out of proceeds directly or indirectly derived from any business, activities or transactions which would be prohibited by Sanctions or which would otherwise cause any Person or the Client to be in breach of Sanctions or to otherwise become the subject or target of Sanctions.

## **7. Events of Default**

- 7.1 The occurrence at any time with respect to the Bank of any of the following events constitutes an event of default (an “**Event of Default**”):
  - (a) The Bank does not pay on the due date any amount payable pursuant to this Agreement;
  - (b) Any representation or statement made by the Bank in this Agreement is or proves to have been incorrect or misleading in any material respect when made;
  - (c) The Bank’s failure to comply with any obligations under this Agreement;
  - (d) Any Indebtedness of the Bank is not paid when due nor within any originally applicable grace period;
  - (e) Any Indebtedness of the Bank is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);
  - (f) Any commitment for any Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described);
  - (g) Any creditor of the Bank becomes entitled to declare any Indebtedness of the Bank due and payable; prior to its specified maturity as a result of an event of default (however described);
  - (h) The Bank is insolvent or unable, or admits its inability, to pay its debts as they fall due, suspends making payments of any of its debts or, by reason of actual or anticipated financial difficulties,

- commences negotiations with one or more of its creditors with a view to rescheduling any of its Indebtedness;
- (i) The value of the assets of the Bank is less than its liabilities (taking into account contingent and prospective liabilities);
  - (j) The Bank shall at all times maintain (a) a BIS Capital Adequacy Ratio of not less than 10 per cent., (b) such other minimum BIS Capital Adequacy Ratio percentage as may be required by the BIS from time to time; and (c) a BIS Tier 1 Risk Weighted Ratio of not less than 6 per cent., and (d) such other minimum BIS Tier 1 Risk Weighted Ratio percentage as may be required by BIS from time to time, where:
    - (i) **“BIS Capital Adequacy Ratio”** means, at any time, the ratio which the Bank’s capital bears to its BIS Risk-Weighted Assets, provided that all such terms as are used in this definition are to be interpreted in accordance with the requirements of BIS;
    - (ii) **“BIS Tier 1 Risk Weighted Ratio”** means, at any time, the ratio which the Bank’s BIS Tier 1 Capital bears to its BIS Risk-Weighted Assets;
    - (iii) **“BIS Tier 1 Capital”** means the tier 1 capital as such term is interpreted in accordance with Basel I and, once the Bank transitions to Basel II, Basel II;
    - (iv) **“BIS Risk-Weighted Assets”** means the risk-weighted assets as such term is interpreted in accordance with Basel I and, once the Bank transitions to Basel II, Basel II; and
    - (v) **“BIS”** means Bank for International Settlements with its headquarters in Basel, Switzerland;
  - (k) its ACB Capital Adequacy Ratio is at all times no less than 12 per cent, where:
    - (i) **“ACB Capital Adequacy Ratio”** means, at any time, the ratio which the Bank’s Aggregate Capital bears to its ACB Risk-Weighted Assets;
    - (ii) **“ACB Capital Adequacy Rules”** means, the Azerbaijani Central Bank Rules on the Calculation of Banking Capital and its Adequacy, approved by the Central Bank on 25<sup>th</sup> July 2012, and/or other Azerbaijani banking regulations from time to time;
    - (iii) **“ACB Risk-Weighted Assets”** means, the risk-weighted assets of the Bank as such term is interpreted in accordance with the provisions of the ACB Capital Adequacy Rules;
    - (iv) **“Aggregate Capital”** means the aggregate tier 1 capital and tier 2 capital, each as interpreted and calculated for the purpose of calculation of the aggregate capital in accordance with the provisions of the ACB Capital Adequacy Rules;
  - (l) Tangible Net Worth shall at no time be less than USD 375,000,000, where:
 

**“Tangible Net Worth”** means, on any date, the aggregate of the amount paid up or credited as paid up on the contributed capital of the Bank and the amount standing to the credit of the capital reserve account of the Bank (including any retained earnings and revenue reserve), based on the latest audited balance sheet of the Bank but adjusted by:

    - (i) deducting any amounts attributable to any intangible asset included as an asset in the Bank’s latest consolidated balance sheet;
    - (ii) deducting any capital accounts or reserves derived from any writing up of the book value of any assets of any member of the Group above historic cost less accumulated depreciation at any time after the date of this Agreement;
    - (iii) deducting any accruals attributable to deferred taxation;

- (iv) deducting any amount attributable to goodwill or any other intangible assets; including exchange gains and losses arising on consolidation accounted for through reserves; and
  - (v) adding or deducting, as the case may be, any credit or any debit balance on the Group's consolidated profit and loss account (but not to the extent that the same arises as a result of any extraordinary items) attributable to the period in relation to which the calculation falls to be made;
- (m) Past Due Loan Ratio shall not at any time exceed 8 per cent, where:
- "Past Due Loan Ratio"** means the ratio expressed as a percentage, calculated by dividing (a) the total principal balance, accrued interest, fees and other amounts on all financial indebtedness owed to the Bank at any time any part of which is due but remains unpaid for a period longer than 90 days, less the specific provisions established to cover potential losses in such financial indebtedness by (b) the total principal balance, accrued interest, fees and other amounts on all financial indebtedness owed to the Bank at that time;
- (n) The long-term foreign currency rating of the Bank is withdrawn or reduced to below B1 by Moody's or BB- by either Fitch or S&P (if the long-term credit rating of the Bank is at any time given by S&P);
  - (o) A moratorium (or equivalent) is declared in respect of any Indebtedness of the Bank;
  - (p) The Bank seeks or consents to the introduction of proceedings for its liquidation or the appointment of a liquidator;
  - (q) The presentation or filing of a petition (or similar document) in respect of the Bank in any court, or before any agency in respect of the bankruptcy, insolvency, dissolution, administration, reorganisation or liquidation of the Bank, unless such petition is demonstrated to the reasonable satisfaction of the Client to be vexatious or frivolous or is withdrawn within 30 Business Days;
  - (r) The financial condition of the Bank does not substantially meet the requirements of the Central Bank of the Republic of Azerbaijan and/or the Bank meets the insolvency criteria set out in the insolvency laws of the Republic of Azerbaijan applicable to banks;
  - (s) Any other corporate action is taken by the Bank, or any other legal proceeding is commenced, in relation to the bankruptcy, insolvency, winding-up, dissolution, administration, reorganisation or liquidation of the Bank;
  - (t) Any event occurs which under the laws of any relevant jurisdiction that has an analogous effect to any of the events referred to in paragraphs (p) to (s) above;
  - (u) A general banking license granted to (or a provision of it applicable upon any operations of) the Bank is suspended or revoked or is otherwise modified materially and adversely affecting the activities and operations of the Bank for the purposes of this Agreement, or, without any such suspension or revocation or modification, any applicable authority of the Republic of Azerbaijan taking any measures, which, in the reasonable opinion of the Client, may have a negative effect upon standing, operations, activities or assets of the Bank; or
  - (v) A material adverse change in its business, operations, assets or financial or other condition has occurred and is continuing.

7.2 For the purposes of Clause 7.1, **"Indebtedness"** shall mean in relation to the Bank its obligation (whether present or future, actual or contingent, as principal or surety) for the payment or repayment of money (whether in respect of interest, principal or otherwise) in aggregate in excess of USD 20,000,000 (or its equivalent in any other currency) incurred in respect of: (a) moneys borrowed or raised; (b) any bond, note, loan stock, debenture or similar instrument; (c) any acceptance credit, bill discounting, note purchase, factoring or documentary credit facility; (d) any derivative transaction; (e) any counter-indemnity obligation; (f) any liability in respect of any guarantee, undertaking, or indemnity for any of

the foregoing; or (g) any other transaction to which it is a party and having the commercial effect of a borrowing.

- 7.3 If an Event of Default occurs then the Client may by written notice to the Bank demand that the Bank immediately repays to the Client the full amount of the Deposit together with the full amount of Interest accrued up to the date of repayment of such Deposit and all other amounts payable under this Agreement, and the Bank shall comply with such demand without any delay or objection of any kind. For the avoidance of doubt, notwithstanding the deduction of the fees set out in Clause 3.1 and 3.2 hereof, the amount repayable pursuant to this Clause 7.3 shall comprise the full Deposit Amount together with any Interest accrued thereon (as may be adjusted from time to time pursuant to any withdrawals or further deposits, including the addition of the Additional Deposit Amount).

## **8 Termination Events**

- 8.1 The occurrence at any time of any of the following events constitutes a termination event (each a **“Termination Event”**):
- (a) it becomes unlawful for the Bank or the Client to perform any of its obligations as contemplated by this Agreement; or
  - (b) the Ministry of Finance of the Republic of Azerbaijan ceases to hold directly or indirectly a majority stake in excess of 50 per cent. of the voting capital stock; or
  - (c) it becomes impossible, in the sole opinion of the Client, for the Bank or the Client to perform any of its obligations as contemplated by this Agreement; or
  - (d) if the Bank does not increase the payments for Increased Cost as defined under 10.3 of the Agreement.
- 8.2 If a Termination Event occurs then the Client may, but shall not be obliged to, by written notice to the Bank demand that the Bank immediately repays to the Client the full amount of the Deposit together with the full amount of Interest accrued up to the date of repayment of such Deposit and all other amounts payable under this Agreement, and the Bank shall comply with such demand without any delay or objection of any kind. For the avoidance of doubt, notwithstanding the deduction of the fees set out in Clause 3.1 and 3.2 hereof, the amount repayable pursuant to this Clause 8.2 shall comprise the full Deposit Amount together with any Interest accrued thereon (as may be adjusted from time to time pursuant to any withdrawals or further deposits, including the addition of the Additional Deposit Amount).

## **9 Term; Termination**

- 9.1 This Agreement shall enter into force on the date of signing hereof by duly authorised representatives of the Parties hereto and shall remain in force until the Repayment Date. Terms of termination can also be set forth in an additional written agreement between the Parties that would create an integral part hereof.
- 9.2 Notwithstanding the foregoing, the termination of this Agreement shall have no effect on the Deposit existing hereunder at the time of termination until such time when all of the mutual obligations of the Parties are settled in accordance with the originally agreed terms, unless otherwise agreed upon between the Parties in writing.
- 9.3 The Bank shall not be entitled to terminate the Deposit Account in the event the Deposit Account is not used by the Client for any period.
- 9.4 The Bank shall not impose any minimum amount requirement that should be mandatorily kept at the Deposit Account by the Client for the purposes of the validity of this Agreement, the Deposit Account, and any other accounts opened by the Bank for the Client in connection with this Agreement.



## 10 Taxation and Increased Cost

- 10.1 The Bank shall make all payments to be made by it without any cost, charge, fee, tax deduction, unless such cost, charge, fee, tax deduction is required by law, rule, directive, decree or regulation in the Republic of Azerbaijan. The Bank shall promptly notify the Client upon becoming aware that it must make a cost, charge, fee, tax deduction (or that there is any change in the rate or the basis of a cost, charge, fee, tax deduction). If a cost, charge, fee, tax deduction is required by law to be made by the Bank, the amount of the payment due from the Bank shall be increased to an amount which (after making any cost, charge, fee, tax deduction) leaves an amount equal to the payment which would have been due if no cost, charge, fee, tax deduction had been required.
- 10.2 The Bank shall, within the required time period, pay or cause to be paid over to the relevant taxation or other authority the full amount of any cost, charge, fee, deduction or withholding as referred to in Clause 10.1, and shall within 30 days provide the Client with an official letter executed by the Bank in form and substance satisfactory to the Client confirming *inter alia* in what amounts such payments have been made.
- 10.3 If the Client has incurred or will incur an increased cost, charge, fee or tax deduction in its place of incorporation or in relation to providing the Deposit and issuing the Notes including but not limited to charges incurred by the trustee and the administrator of the Client and the respective rating agencies rating the Notes (any of the above listed items the “**Increased Cost**”), the amount of any payment due from the Bank shall be increased to an amount which (after making any cost, charge, fee, tax deduction) leaves an amount equal to the payment which the Client would have received if no cost, charge, fee, tax deduction had been required.

## 11 Assignment

- 11.1 This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.
- 11.2 At any time during the term of this Agreement the Client shall be entitled to assign, sell, deliver, novate or transfer, as appropriate, any and all rights and obligations with respect to all or any part of the Deposit to any person without the consent of the Bank and the Bank shall execute all necessary documentation and take any other necessary actions to effect such assignment, sale, delivery, novation or transfer. In such case the Client shall notify the Bank thereof in writing and the Bank agrees to cooperate in connection with the foregoing. Any assignment, sale, delivery, novation or transfer under this Clause 11 shall not result in any change of the Deposit Account holder and the Client shall remain the holder of the Deposit Account and shall have rights and obligations in respect of any unassigned Deposit provided that the Client as the Deposit Account holder authorises the Bank to provide any information or documents in relation to the Deposit Account (which may be subject to a banking secrecy regime) to such assignee or transferee, as the case may be.

## 12 Amendment and variation

Any amendment or variation to any of the terms of this Agreement shall only be valid if agreed by the Parties and made in an additional agreement hereto signed by authorised representatives of both Parties.

## 13 Notices

- 13.1 Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by fax or letter. All notices and other communications shall be sent to the recipient at the address or facsimile number set out or referred to below or to such other address or facsimile number as any Party may notify to the others in writing by not less than five Business Days’ notice:

To the Client:	Emerald Capital Limited
Address:	53 Merrion Square, Dublin 2, Ireland
Telephone Number:	+353 1 614 6240
Attention:	The Directors at ireland@tmf-group.com

To the Bank: The International Bank of Azerbaijan  
Address: 67 Nizami str., Baku, Azerbaijan, AZ 1005  
Fax Number: +994 12 493 40 91  
Telephone Number: +994 12 493 00 91 (ext 1319) (ext 1982)  
Attention: Mr. Farhad Kerimov at [farhad.kerimov@ibar.az](mailto:farhad.kerimov@ibar.az), Mr. Miranar Jafarov at [miranar.jafarov@ibar.az](mailto:miranar.jafarov@ibar.az)

- 13.2 Any communication or document made or delivered by one person to another under or in connection with this Agreement will only be effective:
- (a) if by way of fax, when received in legible form; or
  - (b) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address; or
  - (c) if a particular department or officer is specified as part of its address details provided under Clause 13.1, if addressed to that department or officer.
- 13.3 Any communication or document to be made or delivered to the Client will be effective only when actually received by it and then only if it is expressly marked for the attention of the department or officer identified with its signature below (or any substitute department or officer as it shall specify for this purpose).
- 13.4 Any communication to be made between the Client and the Bank may be made by electronic mail or other electronic means, if the Client and the Bank:
- (a) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
  - (b) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
  - (c) notify each other of any change to their address or any other such information supplied by them, and
- any electronic communication made between the Client and the Bank will be effective only when actually received in readable form.
- 13.5 Any notice given or other communication made under or in connection with this Agreement must be in English.

## **14 Third Party Rights**

A person who is not a Party to this Agreement shall have no rights under or in connection with it by virtue of the Contracts (Rights of Third Parties) Act 1999.

## **15 Whole Agreement**

- 15.1 This Agreement contains all the terms which the Parties have agreed in relation to the subject matter of this Agreement and supersedes any prior written or oral agreements, representations or understandings between the Parties.
- 15.2 Any general terms of business that the Bank may have and which may otherwise govern its relationship with the Client are specifically not applicable to this Agreement and the Deposits hereunder, which are governed exclusively by the terms agreed herein.

## **16 Severability**

If any one or more of the provisions contained in this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or otherwise disturbed thereby.

## **17 Counterparts**

This Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original, but all the counterparts together constitute the same document.

## **18 Limited recourse and Non-Petition**

The Secured Parties shall have recourse only to the Mortgaged Property (or a part thereof if so provided in the Conditions) in respect of the Notes, subject always to the charges and other security interests created by the Principal Trust Deed and the Second Supplemental Trust Deed. If, following realisation of the Mortgaged Property by the Trustee and distribution of the net proceeds, such net proceeds are insufficient for the Client to make all payments which, but for the effect of this clause and similar limited recourse provisions, would then be due out of such net proceeds, such obligations of the Client will be limited to such net proceeds, and the other assets of the Client will not be available for payment of any shortfall arising therefrom. No Secured Party nor any person acting on behalf of any of them shall be entitled to take any further steps against the Client to recover any further sum, any outstanding claim or debt in respect of such further sum shall be extinguished and no debt shall be owed by the Client to such person in respect of any such further sum. In particular, following such extinguishment, no such Secured Party nor any person acting on behalf of any of them shall be entitled to petition or take any other step for the insolvency, examinership, winding-up or liquidation of the Client, nor shall any Secured Party nor any person acting on behalf of any of them have any claim in respect of any sum arising in respect of the extinguished claim or debt, in respect of the Mortgaged Property for any other series of Notes or any other assets secured for the benefit of any other obligation of the Client, provided that any Secured Party or person acting on behalf of any of them may prove or lodge a claim in the insolvency, examinership, winding-up or liquidation of the Client initiated by another party and provided further that any Secured Party or any person acting on behalf of any of them may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Client. The provisions of this Clause 18 shall survive the termination of this Agreement.

## **19 Governing Law**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by and construed in accordance with English law.

## **20 Jurisdiction**

Any dispute, controversy or claim, be it contractual or non-contractual, arising out of or in connection with this Agreement, including any question regarding its formation, existence, validity or termination shall be referred to and finally resolved:

- (a) By arbitration under the Rules of Arbitration of the London Court of International Arbitration (the “**LCIA**”) (the “**Rules**”). The Rules are deemed to be incorporated by reference into this Clause 20.
- (b) The number of arbitrators shall be three, each Party having the right to nominate one arbitrator. If one party fails to appoint an arbitrator within 30 days of receiving notice of the appointment of an arbitrator by the other party, then that arbitrator shall be appointed by the LCIA.
- (c) The third arbitrator, who shall act as chairman of the tribunal, shall be chosen by the two arbitrators chosen by or on behalf of the parties. If he is not chosen and appointed within 15 days of the date on which the later of the two-party appointed arbitrators is appointed, he shall be appointed by the LCIA.

- (d) The seat of arbitration shall be London, England where all hearings and meetings shall be held, unless the Parties agree otherwise. The language to be used in the arbitral proceedings shall be English.
- (e) The Parties reserve the right of appeal from an award of the arbitral tribunal to any court having jurisdiction on any question of fact or law. To the extent that it conflicts with this right, Rule 26.9 of the LCIA Rules is hereby disapplied.
- (f) It is agreed that the arbitrators shall have no authority to award exemplary or punitive damages of any type under any circumstances whether or not such damages may be available under the relevant applicable law, the Parties hereby waiving their right, if any, to recover such damages.
- (g) The Parties agree that the arbitrators shall have power to award on a provisional basis any relief that they would have power to grant on a final award.
- (h) This arbitration clause, including its validity and scope, shall be governed by English law.
- (i) Without prejudice to the powers of the arbitrators provided by the Rules, statute or otherwise, the arbitrators shall have power at any time, on the basis of written evidence and the submissions of the Parties alone, to make an award in favour of the claimant (or the respondent if a counterclaim) in respect of any claims (or counterclaims) to which there is no reasonably arguable defence, either at all or except as to the amount of any damages or other sum to be awarded.
- (j) Nothing in this Clause 20 shall be construed as preventing either Party from seeking conservatory or similar interim relief in any court of competent jurisdiction nor shall anything in this Clause 20 prohibit a party from bringing an action to enforce a money judgment in any other jurisdiction.
- (k) The parties agree that the arbitration and any facts, documents, awards or other information related to the arbitration or the dispute, controversy or claim to which it relates shall be kept strictly confidential and shall not be disclosed to any third party without the express written consent of the other party, unless such disclosure is required to comply with any legal or regulatory requirement.

On behalf of the Client

**Emerald Capital Limited**

**Name: Jacqueline O'Rourke**

**Signature:** \_\_\_\_\_

**Title: Director**

On behalf of the Bank

**Open Joint Stock Company International Bank  
of Azerbaijan**

**Name: Emil Mustafayev**

**Signature:** \_\_\_\_\_

**Title: First Deputy Chairman**

**Name: Rashad Hajiye**

**Signature:** \_\_\_\_\_

**Title: Deputy Chairman/CFO**

**Bank Seal:**

## Annex 1

to the Amended and Restated Deposit Agreement dated 29<sup>th</sup> October, 2014 between the Client and the Bank (the “Agreement”)

### FORM OF EARLY REPAYMENT NOTICE

**From** : Emerald Capital Limited (the “Client”)  
**To** : Open Joint Stock Company International Bank of Azerbaijan (the “Bank”)

Date: [●]

In regards to the deposit referenced below:

Note	Series 2014-01
Deposit Amount	[●] [ ] ( ) / [specify deposit amount in other currency numerically and in words]
Currency	United States dollars (“USD”)
Deposit Account No.	[●]
Sort Code	[●]
BIC	[●]
Deposit Start Date	[●]
Repayment Date	[●]
Interest Rate	[●]

and in accordance with the Agreement, please return the Deposit Amount on the Early Repayment Date specified below together with the full amount of Interest accrued up to the Early Repayment Date.

Early Repayment Date	[●]
Deposit Amount	[●][ ] ( ) / [specify deposit amount in other currency numerically and in words]
Accrued Interest	[●][ ] ( ) / [specify accrued interest in other currency numerically and in words]

#### Deposit Repayment Account:

Account No.	[●]
Sort Code	[●]
BIC	[●]
Account Name	[●]
Bank Name	[●]
Legal Entity	[●]

This Early Repayment Notice shall constitute an integral part of the Agreement.

#### On behalf of the Client

Name: [ ]

Signature:  
Position:

#### Accepted on behalf of the Bank

Name: [ ]

Signature:  
Position:

Signature:  
Position:

Bank Seal:

**Annex 4**  
**Annual Report and Audited Financial Statements of the Issuer**

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**EMERALD CAPITAL LIMITED**

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**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**



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EMERALD CAPITAL LIMITED

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EMERALD CAPITAL LIMITED

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COMPANY INFORMATION

<b>DIRECTORS</b>	Atif Kamal (appointed 13 March 2013) Jacqueline O'Rourke (appointed 15 November 2013) Kieran Desmond (resigned 13 March 2013) Imran Khan (resigned 15 November 2013)
<b>COMPANY SECRETARY AND REGISTERED OFFICE</b>	TMF Administration Services Limited 53 Merrion Square Dublin 2 Ireland
<b>TRUSTEE</b>	Citicorp Trustee Company Limited Citigroup Centre 14 <sup>th</sup> Canada Square Canary Wharf London E14 5LB United Kingdom
<b>ISSUING AND PAYING AGENT, REGISTRAR AND CUSTODIAN</b>	Citibank, N.A. London Branch Citigroup Centre Canada Square Canary Wharf London E14 5LB United Kingdom
<b>ARRANGER AND DEALER</b>	Citigroup Global Markets Limited Citigroup Centre Canada Square Canary Wharf London E14 5LB United Kingdom
<b>ADMINISTRATOR</b>	TMF Administration Services Limited 53 Merrion Square Dublin 2 Ireland
<b>INDEPENDENT AUDITORS</b>	Deloitte & Touche Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland
<b>IRISH PAYING AND TRANSFER AGENT</b>	Citibank International Plc 1 North Wall Quay IFSC Dublin 1 Ireland
<b>LEGAL ADVISORS</b>	A&L Goodbody International Financial Services Centre 25/28 North Wall Quay Dublin 1 Ireland

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EMERALD CAPITAL LIMITED

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COMPANY INFORMATION (CONTINUED)

**BANKERS**

Citibank, N.A., London Branch  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

Bank of Ireland  
Customs House Dock  
International Financial Services Centre  
Dublin1  
Ireland

**IRISH LISTING AGENT**

Arthur Cox Listing Services Limited  
Earlsfort Centre  
Earlsfort Terrace  
Dublin 2  
Ireland

**SWAP COUNTERPARTY**

Citigroup Global Markets Limited  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**SWAP GUARANTOR**

Citigroup Inc.  
399 Park Avenue  
New York, NY 10043  
United States of America

**REFERENCE NOTE ISSUER**

Citigroup Inc.  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

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## EMERALD CAPITAL LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their annual report, together with the audited financial statements of Emerald Capital Limited (the "Company") for the year ended 31 December 2013.

#### NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

The Company was incorporated on 31 January 2007 with the intention of raising funds through the issuance of notes (the "Notes") to investors (the "Noteholders") and using the proceeds to acquire assets. The Company currently holds two types of Notes: Credit Linked Notes and a Zero Coupon Note.

##### Credit Linked Notes

The Notes issued under Series 2011-02, Series 2011-03, Series 2013-02, Series 2013-03, Series 2013-04 and Series 2013-05 are credit linked to a portfolio of reference financial instruments (the "Reference Portfolio") issued by Citigroup Inc. each referencing to an issuer, which can be categorised under emerging market sovereign issuer and non-emerging market sovereign issuer. The proceeds from the issuance of Notes were used to purchase collaterals (the "Collateral") which are held by the Citibank N.A. London Branch (the "Custodian") as security for the relevant Notes issued. The Company also entered various swaps with Citigroup Global markets Limited (the "swap counterparty") with a credit exposure to the reference portfolios listed below.

<u>Series</u>	<u>Collateral</u>	<u>Reference Portfolio</u>
<i>Emerging market sovereign issue</i>		
Series 2011-02	USD 40,000,000 Floating Rate Notes issued by Bank Nederlandse Gemeenten	Republic of Algeria
Series 2011-03	USD 50,000,000 Floating Rate Notes issued by Bank Nederlandse Gemeenten	Republic of Algeria
Series 2013-05	USD 50,000,000 Floating Rate Notes issued by Bank Nederlandse Gemeenten	Republic of Algeria
<i>Non-emerging market sovereign issue</i>		
Series 2013-02	USD 20,000,000 6.125% Notes due 2018 issued by Citigroup Inc.	Transnet SOC Limited
Series 2013-03	USD 10,000,000 6.15% Notes due 2018 issued by The Goldman Sachs Group, Inc.	Transnet SOC Limited
Series 2013-04	EUR 20,000,000 3.25% Notes due 2016 issued by the Government of Romania	Unicredit SpA

In addition, the Company also entered into an interest rate swap ("IRS") with the Swap Counterparty to mitigate the interest mismatch between interest on the Collateral and the Notes. The Company also entered into equity option ("Equity Option") with the Swap Counterparty in connection to Series 2013-02 and 2013-03.

##### Zero Coupon Note

The Company issued USD 310,000,000 Zero Coupon Credit Linked Notes due 2030. The proceeds from the issue of the 2010-01 Notes were used to purchase USD 260,000,000 in principal amount of an issue by Nomura Bank International Public Limited Company of USD 260,000,000 Credit Linked Notes linked to The Bolivarian Republic of Venezuela due 26 June 2024 and Nomura Bank International Public Limited Company and a derivative instrument.

The recourse of the holders of the Notes issued by the Company is limited to the Company's interest in the derivatives and the financial assets.

#### BUSINESS REVIEW

##### Series 2008-01 Notes

On 3 June 2013, Series 2008-01 Notes were redeemed at 93.48429%. On 4 June 2013, the Series 2008-01 Notes listing on the Irish Stock Exchange were cancelled due to the redemption.

##### Series 2013-01 Notes

The Series 2013-01 Notes did not occur as planned and no notes were issued under this series.

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## EMERALD CAPITAL LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

#### BUSINESS REVIEW (CONTINUED)

##### *Series 2013-02 Notes*

On 15 April 2013, the Company issued Series 2013-02 Notes. This is a USD 20,000,000 Fixed to Floating Rate Transnet SOC Limited Credit Linked Note with Equity Exposure due 2018. The proceeds from the issuance of the Series 2013-02 Notes were used to purchase USD 20,000,000 6.125% Notes due 2018 issued by Citigroup Inc. The Company has also entered an equity option referencing the S&P 500 Index (the "Equity Option") whereby the Company purchased a European call option with a strike date of 15 April 2013, and under which the Company would receive the relevant equity amount from Citibank N.A., London Branch (the "Swap Counterparty"). The obligations of the Company under Series 2013-02 are limited to the Company's interest in the swap agreement and the net proceeds of the Collateral. On 24 April 2013, the Irish Stock Exchange ("ISE") approved the listing of Series 2013-02 USD 20,000,000 Notes.

##### *Series 2013-03 Notes*

On 13 May 2013, the Company issued Series 2013-03 Notes. This is a USD 10,000,000 Fixed to Floating Rate Transnet SOC Limited Credit Linked Note with Equity Exposure due 2018. The proceeds from the issuance of the Series 2013-03 Notes were used to purchase USD 10,000,000 6.25% Notes due 2018 issued by Goldman Sachs Group Inc. The Company has also entered into an equity option referencing the S&P 500 Index whereby the Company purchased a European call option with a strike date of 17 April 2013 and under which the Company would receive the relevant equity amount from the Swap Counterparty. The obligations of the Company under Series 2013-03 are limited to the Company's interest in the swap agreement and the net proceeds of the Collateral. On 16 May 2013, the ISE approved the listing of Series 2013-03 USD 10,000,000 Notes.

##### *Series 2013-04 Notes*

On 26 July 2013, the ISE approved the listing of Series 2013-04 90,000,000 Floating Rate Unicredit SpA Credit Linked Notes due 2016, denominated in Romanian Lou ("RON"). The proceeds from the issue of the Series 2013-04 Notes would be used to purchase EUR 20,000,000 3.25% Notes due 2016 issued by the Government of Romania. The Series 2013-04 Notes are credit-linked to a borrowed money obligation of Unicredit SpA by way of a credit default swap ("CDS") between the Company and the Swap Counterparty whereby the Company pays to the Swap Counterparty a floating amount and receives in return a fixed amount from the Swap Counterparty. The recourse of the holders of the Series 2013-04 Notes to the Company is limited to the Company's interest in the swap agreements and the net proceeds of the Collateral.

##### *Series 2013-05 Notes*

On 28 August 2013, the ISE approved the listing of Series 2013-05, a USD 50,000,000 Floating Rate Republic of Algeria Credit Linked Notes due 2018. The Series 2013-05 Notes are not rated. The Notes are credit-linked to a borrowed money obligation of the Republic of Algeria by way of a CDS between the Company and the Swap Counterparty.

#### FUTURE DEVELOPMENTS

The directors have no plans to significantly change the activities and operations of the Company in the foreseeable future.

#### PORTFOLIO PERFORMANCE

The fair value of the portfolio as at 31 December 2013 amounted to €186,046,154 (2012: €107,303,180). Note 11 to the financial statements provides detailed movement of the financial assets at fair value through profit and loss ("FVTPL") during the year. Note 19 (a) to the financial statements provides details of the credit rating of the financial assets.

#### RESULTS AND DIVIDENDS FOR THE YEAR

The key performance indicators are as follows

	2013	2012	Change
	€	€	%
(a) Profit after tax	1,500	-	100%
(b) Total assets	186,739,844	145,533,797	28%
(c) Financial assets at FVTPL	186,046,154	107,303,180	73%
(d) Financial liabilities at FVTPL	(163,784,758)	(129,509,629)	26%
(e) Derivative financial assets	-	38,146,879	(100%)
(f) Derivative financial liability	(22,266,421)	(15,945,455)	40%

The results for the year and the financial position are set out on pages 12 and 13.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**RESULTS AND DIVIDENDS FOR THE YEAR (CONTINUED)**

With the use of IRS to reduce the interest mismatch, interest income always equal to expense. Therefore, the key performance indicator for the Credit Linked Notes is the credit risk of the Reference Portfolio under CDS while the key performance indicator for the Zero Coupon Notes is the fair value of the Collateral. The credit risk of the Reference Portfolio is reflected in the fair value of the derivative financial instruments. Note 19 to the financial statements discusses the Company's exposure to credit risk and the underlying profile of the derivative financial instruments. The recourse of the Noteholders to the Company is limited to the Company's interest in the derivative financial instruments and the financial assets. During the year, the fair value of Collateral decreased by €2,215,375. There was a corresponding increase in the financial liabilities.

No dividends are recommended by the directors (2012: nil).

**DIRECTORS' AND COMPANY SECRETARY**

According to the register of directors and secretaries, none of the directors nor the company secretary had any direct interest in the share capital of the Company as at 31 December 2013 or at any point during the year. Kieran Desmond, Imran Khan and Jacqueline O'Rourke, directors of the Company during the year, are also directors of TMF Administration Services Limited (the "Administrator") during the year and in that capacity had a material interest in the fees for activities performed by the Administrator.

**FINANCIAL INSTRUMENTS AND RELATED RISKS**

The Company is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk. The principal risks and uncertainties are detailed in Note 19 to the financial statements.

**CORPORATE GOVERNANCE STATEMENT**

The Board of Directors (the "Board") is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include independently maintaining accounting records of the Company. The Administrator is obliged to maintain proper books and records as well as to prepare, review and seek approval by the Board of the annual report including financial statements intended to give a true and fair view.

The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time, the Board also examines and evaluates the Administrator's financial accounting and reporting routines and monitors and evaluates the external auditors' performance, qualifications and independence. The Administrator has operating responsibility for internal control in relation to the financial reporting process. The Administrator reports to the Board.

The Board is responsible for assessing the risk of irregularities, whether caused by fraud or error in financial reporting and ensuring the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

The Administrator is obliged to design and maintain control structures to manage the risks which the Board judges to be significant for internal control over financial reporting. These control structures include appropriate division of responsibilities and specific control activities, aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report.

The Board delegates the financial instrument valuation function to Citigroup Global Markets Limited (the "Arranger") as Arranger and Swap Counterparty whom operates a sophisticated system of controls to ensure appropriate valuation. The fair values of financial instruments were provided by the Arranger and the Swap Counterparty except for Series 2010-01 which was valued by the directors in accordance with the methodology as advised by the Arranger and the Swap Counterparty. In our opinion, they are the most appropriate and reliable source of such fair values in their capacity as Arranger and Swap Counterparty. We are satisfied that the amounts as stated in the Company's financial statements represent a reasonable approximation of those values.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

The Company's policies and the Board's instructions with relevance for financial reporting are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner.

The Board has an annual process to ensure that appropriate measures are taken to consider and address any measures recommended by the independent auditors.

Given the contractual obligations on the Administrator, the Board has concluded that there is currently no need for the Company to have a separate audit committee or internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process. The principal duties of the audit committee are completed by the Board as part of the current service agreement therefore, the Company has taken the exemption available for Section 110 Companies set out under SI 220 91 (10) not to have a separate audit committee.

No directors have a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, Irish statute comprising the Companies Acts, 1963 to 2013 and the Listing Rules of the ISE. The Articles of Association of the Company may be amended by special resolution of the shareholders.

**POWER OF DIRECTORS**

The Board is responsible for managing the business affairs of the Company in accordance with the Company's Articles of Association. The directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction of the directors.

**SHAREHOLDERS' MEETINGS**

Shareholders' rights and the operation of shareholders' meetings are defined in the Company's Articles of Association and must comply with the Companies Acts 1963 to 2013. The Company holds a general meeting each year as its annual general meeting in addition to any other meeting in that year. The annual general meeting is notified to the shareholders by way of a notice sent to the shareholders prior to the meeting. Subject to the aforesaid, annual general meetings will be held at such times as the directors appoint.

**RELATED PARTY TRANSACTIONS**

Citigroup Global Markets Limited acted as Arranger for all the Series issued by the Company. All the Company's expenses are paid by the Arranger. Citigroup Global Markets Limited also acts as Swap Counterparty for the majority of the derivative financial instruments entered into by the Company. All transactions with Citigroup Global Markets Limited have been contracted on an arm's length basis.

The Administrator provides accounting, management and corporate secretarial services to the Company at arm's length commercial rates. Kieran Desmond, Imran Khan and Jacqueline O'Rourke, directors of the Company during the year were also directors of the Administrator during the year and in that capacity had a material interest in the fees paid by the Company for the aforementioned services. There were no other contracts of any significance in relation to the business of the Company in which the directors had an interest, as defined in the Companies Act, 1990, at any time during the year.

**GOING CONCERN**

The directors are satisfied that the Company will continue as a going concern for the foreseeable future, for the following reasons:

- the directors have no plans to wind up the Company;
- The Company is a bankruptcy remote special purpose company with limited liability, which was incorporated under the laws of Ireland;
- The Notes issued are limited recourse debt obligations which are payable solely out of amounts received by or on behalf of the Company in respect of the Portfolio, the derivative agreements and other collateral securing the Notes.
- Some of the Notes are not due to mature until 2024.

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EMERALD CAPITAL LIMITED

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**SUBSEQUENT EVENTS**

*Series 2013-02 Notes*

The Company amended and restated the terms and conditions of the Notes by the prospectus dated 23 April 2014 (the "Amended and Restated Series Prospectus"). The amendments made in respect of the Notes are as follows:

- the Company and the Swap Counterparty have terminated the equity option evidenced by a confirmation with an effective date of 16 April 2013 as amended and restated on 13 November 2013;
- the Company and the Swap Counterparty have entered into a new equity option evidenced by a confirmation with an effective date of 23 April 2014; and
- as a result of the amendments, on 24 April 2014 the Swap Counterparty paid USD1,209,344 to the Company for the termination payment of the original equity option, received approximately USD457,619 from the Company as the premium of the new equity option and receive from the Company an amount equal to approximately USD9,397 as an additional Interest Amount on each Note.

*Series 2013-03 Notes*

The Company amended and restated the terms and conditions of the Notes by the prospectus dated 23 April 2014 (the "Amended and Restated Series Prospectus"). The amendments made in respect of the Notes are as follows:

- the Company and the Swap Counterparty have terminated the equity option evidenced by a confirmation with an effective date of 16 April 2013;
- the Company and the Swap Counterparty have entered into a new equity option evidenced by a confirmation with an effective date of 23 April 2014; and
- as a result of the amendments, on 24 April 2014 the Swap Counterparty paid USD601,552 to the Company for the termination payment of the original equity option, received approximately USD227,626 from the Company as the premium of the new equity option and receive from the Company an amount equal to approximately USD4,674 as an additional Interest Amount on each Note.

There were no other subsequent events noted after the year end that would require amendment or disclosure in the financial statements.

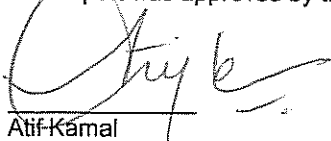
**KEEPING OF BOOKS OF ACCOUNT**


The directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act, 1990, are kept by the Company. The measures taken by directors to ensure compliance with the Company's obligation to keep proper books of account are the use of appropriate systems and procedures and by ensuring that a competent service provider is responsible for the preparation and maintenance of the books of account. The books of account are kept at the Company's registered address at 53 Merrion Square, Dublin 2.

**INDEPENDENT AUDITORS**

Deloitte & Touche, Chartered Accountants and Statutory Audit Firm, have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

This report was approved by the Board on 3 September 2014 and signed on its behalf by:

  
Atif Kamal  
Director

  
Jacqueline O'Rourke  
Director



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## EMERALD CAPITAL LIMITED

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with International Financial Reporting Standard ("IFRS") as adopted by the European Union ("EU") and comply with Irish statute comprising the Companies Acts, 1963 to 2013. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMERALD CAPITAL LIMITED

We have audited the financial statements of Emerald Capital Limited for the year ended 31 December 2013 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the affairs of the company as at 31 December 2013 and of the profit for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2013.

*Continued on next page/*

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMERALD CAPITAL LIMITED

### **Matters on which we are required to report by the Companies Acts, 1963 to 2013**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the company.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the directors' report is consistent with the financial statements.
- The net assets of the company, as stated in the Statement of Financial Position are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2013 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the provisions in the Companies Acts, 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Brian O'Callaghan  
For and on behalf of Deloitte & Touche  
Chartered Accountants and Statutory Audit Firm  
Dublin

Date 3/2/14

EMERALD CAPITAL LIMITED

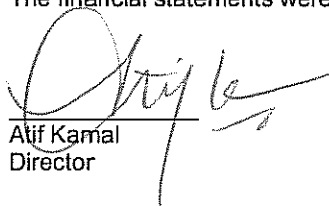
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2013

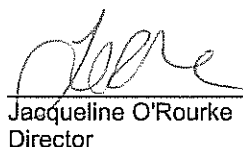
	Notes	Year ended 31 December 2013 €	Year ended 31 December 2012 €
<b>INCOME</b>			
Interest income	3	1,623,808	1,046,411
Other income	4	58,430	39,253
Net derivative financial instrument (expense)/income	6	(116,050)	306,941
Fair value movement on financial instruments	8	-	567
<b>TOTAL INCOME</b>		<b>1,566,188</b>	<b>1,393,172</b>
<b>EXPENSES</b>			
Interest expense	5	(1,507,758)	(1,353,352)
Operating expenses	7	(56,430)	(39,820)
<b>TOTAL EXPENSE</b>		<b>(1,564,188)</b>	<b>(1,393,172)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,000</b>	<b>-</b>
Taxation	9	(500)	-
<b>PROFIT FOR THE YEAR AFTER TAXATION</b>		<b>1,500</b>	<b>-</b>
Other comprehensive income for the year		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,500</b>	<b>-</b>

Income and expenses on ordinary activities before taxation have arisen solely from continuing operations.

The notes on pages 16 to 31 form an integral part of these financial statements.

The financial statements were approved by the Board on 3 September 2014 and signed on its behalf by:

  
Atif Kamal  
Director

  
Jacqueline O'Rourke  
Director

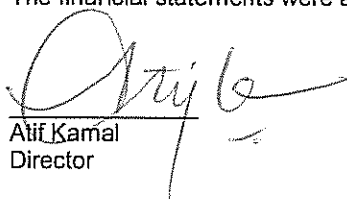
EMERALD CAPITAL LIMITED


STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013

		As at 31 December 2013 €	As at 31 December 2012 €
<b>ASSETS</b>	<b>Notes</b>		
Cash and cash equivalents	10	11,129	31,944
Interest and other receivables	14	682,561	51,794
Financial assets at FVTPL	11	186,046,154	107,303,180
Derivative financial assets	13	-	38,146,879
<b>TOTAL ASSETS</b>		<b>186,739,844</b>	<b>145,533,797</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	16	1,000	1,000
Retained earnings	18	4,850	3,350
		<b>5,850</b>	<b>4,350</b>
<b>LIABILITIES</b>			
Interest and other payables	15	682,815	74,363
Financial liabilities at FVTPL	12	163,784,758	129,509,629
Derivative financial liabilities	13	22,266,421	15,945,455
		<b>186,733,994</b>	<b>145,529,447</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>186,739,844</b>	<b>145,533,797</b>

The notes on pages 16 to 31 form an integral part of these financial statements.

The financial statements were approved by the Board on 3 September 2014 and signed on its behalf by:

  
Alif Kamal  
Director

  
Jacqueline O'Rourke  
Director

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EMERALD CAPITAL LIMITED

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STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2013

Year ended 31 December 2013

	Share capital	Retained earnings	Total
	€	€	€
Balance as at 1 January 2013	1,000	3,350	4,350
Total comprehensive income for the year	-	1,500	1,500
Balance as at 31 December 2013	1,000	4,850	5,850

Year ended 31 December 2012

	Share capital	Retained earnings	Total
	€	€	€
Balance as at 1 January 2012	1,000	3,350	4,350
Total comprehensive income for the year	-	-	-
Balance as at 31 December 2012	1,000	3,350	4,350

The notes on pages 16 to 31 form an integral part of these financial statements.

EMERALD CAPITAL LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2013

		Year ended 31 December 2013	Year ended 31 December 2012
	Note	€	€
<b>Cash from operating activities</b>			
Profit before taxation		2,000	-
<i>Adjustments</i>			
Interest income on financial assets	3	(1,623,808)	(1,046,411)
Interest expense on financial liabilities	5	1,507,758	1,353,352
Net derivative financial instrument expense/(income)	6	116,050	(306,941)
Fair value movement on financial assets	8	2,215,375	(20,519,036)
Fair value movement on financial liabilities	8	(2,571,214)	14,881,796
Fair value movement on derivative financial instruments	8	355,839	5,636,673
		2,000	(567)
<i>Changes in working capital</i>			
(Increase)/decrease in other receivables		(1,239)	19,271
(Decrease)/increase in other payables		(21,451)	3,740
Taxation paid		(125)	(250)
<b>Cash used in operating activities</b>		(20,815)	22,194
<b>Cash flow from investing activities</b>			
Purchase of financial assets	11	(80,958,349)	-
Sale of financial assets	11	-	15,644,887
Redemption of derivative financial instrument		44,112,006	-
Net derivative financial instrument income		234,815	306,941
Interest income received on financial assets		1,145,860	1,078,744
<b>Net cash (used in)/from investing activities</b>		(35,465,668)	17,030,572
<b>Cash flow from financing activities</b>			
Issuance of Notes	12	80,958,349	-
Redemption of Notes	12	(44,112,006)	(15,644,887)
Interest expense paid on financial liabilities		(1,380,675)	(1,385,685)
<b>Net cash from/(used in) financing activities</b>		35,465,668	(17,030,572)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(20,815)	22,194
Cash and cash equivalents at beginning of the year		31,944	9,750
Cash and cash equivalents at end of the year		11,129	31,944

The notes on pages 16 to 31 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**1 GENERAL INFORMATION**

The Company was incorporated on 31 January 2007 as a private limited liability company under the Irish Companies Acts, 1963 to 2013 (with registered number 433859). The Company is a special purpose company with limited liability and qualifies for the regime contained in Section 110 of the Irish Taxes Consolidation Act, 1997 ("TCA"). This provides that a qualifying company will be liable to corporation tax at the rate of 25% under Case III of Schedule D of the TCA in respect of taxable profits.

**2 ACCOUNTING POLICIES**

**(a) Basis of compliance**

The financial statements are prepared in accordance with IFRS as adopted by the EU and those parts of the Companies Acts 1963 to 2013 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis. The accounting policies adopted by the Company have been applied consistently.

**(b) Basis of preparation**

Judgements made by management in the application of IFRS that have significant effects on the financial statements are disclosed, where applicable, in the relevant notes to the financial statements. The principal accounting policies adopted by the Company are set out below.

**(c) New standards and interpretation adopted**

The Company has applied all relevant and applicable standards.

The following standards, interpretations and amendments to standards have been adopted by the Company during the year ended 31 December 2013.

- IFRS 13, Fair value measurement (effective for financial periods beginning on or after 1 January 2013) - The standard defines fair value, sets out in a single IFRS a framework for measuring fair value, and requires disclosures about fair value measurements. The standard applies to IFRS that requires or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. The standard explains how to measure fair value for financial reporting. It does not require fair value measurements in addition to those already required or permitted by other IFRS and is not intended to establish valuation standards or affect valuation practices outside financial reporting. This has had no impact on the financial statements of the Company.
- Amendment to IFRS 7, Disclosures: Offsetting financial assets and financial liabilities (effective for financial periods beginning on or after 1 January 2013) - The amendments require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. These disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This has had no impact on the financial statements of the Company.

**(d) New/revised standards and interpretations not yet adopted**

The likely impacts on future financial statements of IFRS which are issued by the IASB but not yet effective and have not been adopted in the financial statements are briefly outlined as follows:

- Amendment to IAS 32, Financial instruments: Presentation on Offsetting financial assets and financial liabilities (effective for financial periods beginning on or after 1 January 2014) - The amendments refer to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the Statement of Financial Position. This will have no impact on the financial statements of the Company.
- IFRS 9, Financial instruments (effective for financial period beginning on or after 1 January 2018) - The standard sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

2 ACCOUNTING POLICIES (CONTINUED)

(d) New/revised standards and interpretations not yet adopted (continued)

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This will impact on the classification of the financial assets of the Company when adopted.

- IFRS 10, Investment entities, exemption from consolidation requirements (effective for financial periods beginning on or after 1 January 2014) - IFRS 10 contains special accounting requirements for investment entities. Where an entity meets the definition of an 'investment entity', it does not consolidate its subsidiaries, or apply IFRS 3 Business Combinations when it obtains control of another entity. An entity is required to consider all facts and circumstances when assessing whether it is an investment entity, including its purpose and design. An investment entity should have (i) more than one investment, (ii) more than one investor, (iii) investors that are not related parties of the entity and (iv) ownership interests in the form of equity or similar interests. An investment entity is required to measure an investment in a subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. This will have no impact on the financial statements of the Company.
- IFRS 11 "Joint arrangements" and IFRS 12 "Disclosure of interests in other entities" are effective for financial periods beginning on or after 1 January 2014 and these standards will have no impact on the financial statements of the Company.

The Company has not adopted any other new standards or interpretations that are not mandatory. The directors anticipate that the adoption of those standards or interpretations will have no material impact on the financial statements of the Company in the period of initial application.

(e) Foreign currency

*Functional and presentation currency*

Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates. The financial statements of the Company are presented in Euro ("€"). The Company's functional currency is USD.

*Foreign currency translation*

Transactions in currencies other than USD are translated into USD using the rates of exchange prevailing on the dates of the transactions. At each reporting date, the functional currency balances are retranslated into the Company's presentational currency using the average rate during the year for the Statement of Comprehensive Income and closing rate at the year-end for the Statement of Financial Statements.

Monetary items denominated in foreign currency are retranslated at the rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary items that are denominated in foreign currencies are recognised in profit or loss in the period. Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognised together with other changes in the fair value.

Net foreign exchange gains or losses on monetary financial assets and liabilities other than those classified as at fair value through profit or loss are included in the line item "Fair value movement on financial instruments" in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

2 ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and liabilities

*Classification and measurement*

Financial assets and liabilities are classified as financial assets and liabilities at FVTPL. The classification is based on the nature and the purpose of the financial assets and is determined at the time of initial recognition.

Financial assets and financial liabilities designated at FVTPL at inception are those that are managed and their performance evaluated on a fair value basis. Information about these financial assets and liabilities are evaluated by the directors on a fair value basis together with other relevant financial information. Financial assets and liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in Statement of Comprehensive Income.

*Derivative financial instruments*

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are estimated by the Board based on values obtained from the Arranger and the Swap Counterparty. The Arranger's values are derived from recent market transactions and valuation techniques, including discounted cash flow models and option pricing models as appropriate. Derivatives are included in assets when their fair value is positive and liabilities when their fair value is negative, unless there is the legal ability and intention to settle net. Gains and losses arising from changes in the fair value of derivatives are included in the Statement of Comprehensive Income in the year in which they arise.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises profits on day one.

*Determination of fair values of financial instruments*

The Company measures fair values using the following hierarchy of methods:

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Board estimates are based on values obtained from the Arranger and the Swap Counterparty, who use a variety of different valuation techniques such as obtaining prices from specialist pricing vendors, discounted cash flow techniques, option pricing models or any other valuation technique that provides an estimate of values obtained should the financial instruments be traded. If other values were available for the financial instruments, they may be different to those presented and those differences could be material. Therefore, the realisable value of the Company's financial instruments may differ significantly from the fair value recorded. The ultimate outcome of these uncertainties cannot at present be determined.

The Notes are limited recourse obligations and, therefore, the fair value of Notes issued by the Company is determined by reference to the fair value of the associated financial assets designated at FVTPL and the fair value of derivative financial instruments. Any future change in the fair value of financial assets and derivatives will have an equal but opposite impact on the fair value of the Notes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

**2 ACCOUNTING POLICIES (CONTINUED)**

**(f) Financial assets and liabilities (continued)**

***Recognition and derecognition***

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. They are accounted for on a trade date basis.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Net realised gains and losses on the sale, transfer, discharge, cancellation or expiry of positions are determined using the first-in-first-out method and are included in the profit or loss for the year in which they arise.

***Offsetting financial instruments***

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**(g) Critical accounting estimates and judgements**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Fair value of derivatives and other financial instruments**

The fair values of derivatives are obtained from the Arranger except for Series 2010-01 which was valued by the directors in accordance with the methodology as advised by the Arranger.

The fair value of quoted investments in active markets is based on the current bid prices obtained from the Arranger. If the market for a particular investment is not active the Arranger establishes its fair value based on observable inputs which include using quoted prices in active markets for similar investments or quoted prices for similar investments in markets that are considered less active or other valuation techniques where all significant inputs are directly or indirectly observable from market data. In addition, certain inputs are unobservable data estimated by the Arranger based on the terms of the financial instruments.

Estimates and underlying assumptions are reviewed on an on-going basis. The Company's accounting policy for financial instruments is discussed in Note 2 (f).

In addition, the following are the critical judgements, apart from those involving estimations per above, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Financial liabilities at FVTPL**

The directors have considered the risk and return characteristics of the Notes in determining the accounting policy for Notes. Considering the risk and return of the Notes depends solely on the risk and return of the underlying assets and the derivative financial instruments which are both recorded at fair value, the directors believe that the financial liabilities should be recorded at fair value.

**Valuation methodology for fair value**

There are various valuation methodologies available for the valuation of financial assets at FVTPL, financial derivatives and financial liabilities at FVTPL. The directors have adopted the methodology based on the advice of the Arranger and the risk and return characteristics of the financial instruments as well as the availability of reliable and relevant market observable data.

**(h) Interest income and expense**

Interest income and expense is recognised in the Statement of Comprehensive Income, using the original effective interest rate of the instrument calculated at the acquisition or origination date. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

EMERALD CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

2 ACCOUNTING POLICIES (CONTINUED)

(i) Cash and cash equivalents

Cash and cash equivalents comprise bank balances and bank overdrafts, including short-term highly liquid investments with original maturities of three months or less. Cash equivalents are held at cost plus accrued interest.

(j) Taxation

Corporation tax is provided on taxable profits at current rates applicable to the Company's activities.

(k) Share capital

Ordinary shares are classified as equity as per the Company's Articles of Association.

(l) Derivative financial instrument (expense)/income

Swap income is recognised and is receivable from the Swap Counterparty on the payment date. Swap income is recognised in the Statement of Comprehensive Income.

A swap expense is recognised and becomes payable to the on the payment date of the coupons on the underlying assets in each series. Swap expenses are recognised in the Statement of Comprehensive Income.

(m) Limited recourse and receivable from/payable to Noteholders

If the net proceeds of realisation of the assets secured as collateral against the Notes are less than the aggregate amount payable by the Company to the Noteholders, the obligations of the Company will be limited to such net proceeds, which shall be applied in accordance with the prospectus. In such circumstances, the other assets (if any) of the Company will not be available for payment of such shortfall which shall be borne by the Noteholders and the other secured parties in accordance with the prospectus applied at the time of final settlement. Interest expense payable to the Noteholders is calculated by the calculation agent based on the applicable rate as defined in the prospectus. The returns made to the Noteholders over the life of the Company would include the effect of capital gains/losses as well as interest. At each reporting date, when the results of operations are computed, this gain or loss is recognised in the Statement of Comprehensive Income and added to or set off against the principal amounts due to Noteholders as a fair value adjustment.

3	INTEREST INCOME	Year ended 31 December 2013 €	Year ended 31 December 2012 €
	Interest on financial assets at FVTPL	1,623,808	1,046,411
4	OTHER INCOME	Year ended 31 December 2013 €	Year ended 31 December 2012 €
	Reimbursement of administration expenses from the Arranger	56,430	39,253
	Issuer fees	2,000	-
		58,430	39,253
5	INTEREST EXPENSE	Year ended 31 December 2013 €	Year ended 31 December 2012 €
	Interest on financial liabilities at FVTPL	(1,507,758)	(1,353,352)

EMERALD CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

6	NET DERIVATIVE FINANCIAL INSTRUMENT (EXPENSE)/INCOME	Year ended 31 December 2013 €	Year ended 31 December 2012 €
	Swap income	1,532,256	1,353,352
	Swap expense	(1,648,306)	(1,046,411)
		<u>(116,050)</u>	<u>306,941</u>
7	OPERATING EXPENSES	Year ended 31 December 2013 €	Year ended 31 December 2012 €
	Listing fees	-	(2,000)
	Auditors' fees	(18,450)	(18,450)
	Taxation fees	(4,920)	(4,920)
	Other fees	(33,060)	(14,450)
		<u>(56,430)</u>	<u>(39,820)</u>

The Company has no employees (2012: nil) and services required are contracted from third parties. The directors received no remuneration (2012: nil) from the Company in respect of qualifying services rendered during the year. Kieran Desmond, Imran Khan and Jacqueline O'Rourke, directors of the Company during the year were also directors of the Administrator during the year and in that capacity had a material interest in the fees paid by the Company to the Administrator. All the Company's expenses are paid by the Arranger.

Fees and expenses paid to the statutory auditor, Deloitte & Touche in respect of the financial year, entirely relate to the statutory audit of the financial statements and tax compliance fees of the Company. There were no fees or expenses paid in respect of other assurance, non-routine tax advisory or non-audit services provided by the statutory auditor for the year ended 31 December 2013 or 31 December 2012.

	Year ended 31 December 2013 €	Year ended 31 December 2012 €
Auditors' remuneration (exclusive of VAT) in respect of the year:		
Audit of individual accounts	15,000	15,000
Tax advisory services	4,000	4,000
Other assurance services	-	-
Other non-audit services	-	-
	<u>19,000</u>	<u>19,000</u>
8 FAIR VALUE MOVEMENT ON FINANCIAL INSTRUMENTS		
	Year ended 31 December 2013 €	Year ended 31 December 2012 €
Fair value movement on financial assets at FVTPL	(2,215,375)	20,519,036
Fair value movement on financial liabilities at FVTPL	2,571,214	(14,881,796)
Fair value movement on derivative financial instruments	<u>(355,839)</u>	<u>(5,636,673)</u>
	-	567

EMERALD CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

9 TAXATION

The reconciliation of the current tax charge (based on applying the standard rate of tax to the profit for the financial year) and the current tax charge reported in the financial statements is as follows:

	Year ended 31 December 2013 €	Year ended 31 December 2012 €
Profit on ordinary activities before taxation	2,000	-
Corporation tax based on a rate of 25%	500	-

The Company is a qualifying company within the meaning of Section 110 of the TCA. As such, the profits are chargeable to corporation tax under Case III of Schedule D of the TCA at a rate of 25% but are computed in accordance with the provisions applicable to Case I of Schedule D.

10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. The total amount of cash and cash equivalents held at 31 December 2013 was €11,129 (2012: €31,944). The Moody's long term credit rating of Bank of Ireland and Citibank N.A. were Ba2 (2012: Ba2) and A2 (2012: A1) respectively.

11 FINANCIAL ASSETS AT FVTPL

	As at 31 December 2013 €	As at 31 December 2012 €
Opening balance	107,303,180	102,429,031
Purchase of financial assets	80,958,349	-
Sale/redemptions of financial assets	-	(15,644,887)
	188,261,529	86,784,144
Fair value movement	(2,215,375)	20,519,036
Closing balance	186,046,154	107,303,180

Financial assets include collaterals held by the custodian as security for the relevant series of Notes issued:

CCY	Nominal 2013	Nominal 2012	Series	Collateral	Due date	Interest
USD	-	57,500,000	2008-01	Credit Linked Notes	2013	Variable
USD	260,000,000	260,000,000	2010-01	Zero Coupon Note	2024	Zero coupon
USD	40,000,000	40,000,000	2011-02	Floating Rate Notes issued by Bank Nederlandse Gemeenten	2016	LIBOR + 0.300%
USD	50,000,000	50,000,000	2011-03	Floating Rate Notes issued by Bank Nederlandse Gemeenten	2016	LIBOR +0.300%
USD	20,000,000	-	2013-02	6.125% Notes due 2018 issued by Citigroup Inc.	2018	6.125%
USD	10,000,000	-	2013-03	6.15% Notes due 2018 issued by The Goldman Sachs Group, Inc.	2018	6.150%
EUR	20,000,000	-	2013-04	3.25% Notes due 2016 issued by the Government of Romania	2016	3.250%
USD	50,000,000	-	2013-05	Floating Rate Notes issued by Bank Nederlandse Gemeenten	2018	LIBOR + 0.100%

Refer to Note 19 for further details of the financial assets at FVTPL.

EMERALD CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

12 FINANCIAL LIABILITIES AT FVTPL	As at 31 December 2013 €	As at 31 December 2012 €
Opening balance	129,509,629	152,282,379
New issuance	80,958,349	-
Sale/redemption of financial liabilities	(44,112,006)	(37,654,546)*
	166,355,972	114,627,833
Fair value movement on financial liabilities	(2,571,214)	14,881,796
Closing balance	163,784,758	129,509,629

\* Series 2012-01 was redeemed during the year 2012. The Noteholders transferred the Note in lieu of cash. The fair value of the Note on the date of transfer was €22,009,659.

Analysis of the Notes payable as at 31 December 2013:

CCY	Nominal 2013	Nominal 2012	Series	Class	Due date	Interest
USD	-	57,500,000	2008-01	Credit Linked Notes	2013	Variable
USD	310,000,000	310,000,000	2010-01	Zero Coupon Note	2030	Zero coupon
USD	40,000,000	40,000,000	2011-02	Emerging market sovereign issue	2016	LIBOR + 0.750% *
USD	50,000,000	50,000,000	2011-03	Emerging market sovereign issue	2016	LIBOR + 0.750% *
USD	20,000,000	-	2013-02	Non-emerging market sovereign issue	2018	LIBOR + 2.150%
USD	10,000,000	-	2013-03	Non-emerging market sovereign issue	2018	LIBOR + 2.150%
RON	90,000,000	-	2013-04	Non-emerging market sovereign issue	2016	RBOR + 3.150%
USD	50,000,000	-	2013-05	Emerging market sovereign issue	2018	LIBOR + 0.625%

\* Fixed rate of 0.70% for the period to June 2014.

The Company currently holds three categories of Notes: Credit Linked Notes for emerging market sovereign issue, Credit Linked Notes for non-emerging market sovereign issue and a Zero Coupon Note.

The credit linked notes are credit linked to the Reference Portfolio issued by Citigroup Inc. each referencing to either an issuer, which can be categorised into emerging market sovereign issue or non-emerging market sovereign issue.

The Company issued USD 310,000,000 Zero Coupon Credit Linked Notes due 2030 at an issue price of 9.603225%. The proceeds from the issue of the 2010-01 Notes were used to purchase USD 260,000,000 in principal amount of an issue by Nomura Bank International Public Limited Company of USD 260,000,000 Credit Linked Notes linked to The Bolivarian Republic of Venezuela due 26 June 2024 and Nomura Bank International Public Limited Company.

The recourse of the holders of each Series of Notes issued by the Company is limited to the Company's interest in the associated derivatives and the financial assets (if any).

The Notes are listed on the ISE. The Notes are secured and limited recourse obligations of the Company payable solely out of the assets charged by the Company in favour of the Trustee on behalf of the Noteholders and other secured parties.

EMERALD CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

13 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2013 €	As at 31 December 2012 €
Opening balance	22,201,424	49,847,756
Payment received during the year	(44,112,006)	(22,009,659)*
Fair value adjustment	(355,839)	(5,636,673)
Closing balance	<u>(22,266,421)</u>	<u>22,201,424</u>
<i>Analysed as follows:</i>		
Derivative financial assets	-	38,146,879
Derivative financial liabilities	<u>(22,266,421)</u>	<u>(15,945,455)</u>

\* During the year ended 31 December 2012, Series 2012-01 was redeemed. The Noteholders received the underlying assets in the reference portfolio in lieu of cash and the Note was extinguished. €22,009,659 represents the fair value of the Note on the date of transfer.

Refer to Note 19 for further details on the derivative financial instruments.

14 INTEREST AND OTHER RECEIVABLES

	As at 31 December 2013 €	As at 31 December 2012 €
Accrued interest on financial assets at FVTPL	502,445	24,497
Accrued interest on derivative financial instruments	151,580	-
Other receivables	28,536	27,297
	<u>682,561</u>	<u>51,794</u>

15 INTEREST AND OTHER PAYABLES

	As at 31 December 2013 €	As at 31 December 2012 €
Accrued interest on financial liabilities at FVTPL	151,580	24,497
Accrued interest on derivative financial instruments	502,445	-
Other payables	28,290	49,741
Corporation tax	500	125
	<u>682,815</u>	<u>74,363</u>

16 SHARE CAPITAL

	As at 31 December 2013 €	As at 31 December 2012 €
<b>Authorised</b>		
1,000 Ordinary shares of €1 each	<u>1,000</u>	<u>1,000</u>
<b>Issued</b>		
1,000 Ordinary shares of €1 each	<u>1,000</u>	<u>1,000</u>

The objective of the Company is to provide Noteholders with above average returns over the medium to long term through both capital growth and income. The Company aims to deliver this objective through the purchasing of assets and entering into related derivatives and other contracts. There were no changes in the policies and procedures during the year in respect of the Company's approach to its capital management program.



EMERALD CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

17 OWNERSHIP OF THE COMPANY

The Company has issued 1,000 shares in the Company to TMF Management (Ireland) Limited, who holds these on trust on behalf of Emerald Capital Trust.

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	As at 31 December 2013 €	As at 31 December 2012 €
Shareholders' funds at the beginning of the year	4,350	4,350
Total comprehensive income for the year	1,500	-
Shareholders' funds at the end of year	5,850	4,350

19 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Risk management

The Company is exposed to a variety of financial risks as a result of its activities. These risks include credit risk, liquidity risk, market risk (including currency risk, interest rate risk and price risk) and operational risk.

(a) Credit risk

The Noteholders bear the credit risk of the assets because it is a limited recourse obligation. Each class of Notes is a separate series and the holders of the Notes of any class will not have recourse to the Collateral or security relating to any other class or series of Notes. Investors in one series of Notes will have no recourse to the Company's assets that relate to any other series of Notes. Each series of Notes will have its own individual terms and conditions that may be different to other series of Notes. The Notes are not currently rated.

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company.

The maximum exposure to credit risk is as follows:

	As at 31 December 2013 €	As at 31 December 2012 €
Financial assets at FVTPL	186,046,154	107,303,180
Derivative financial assets	-	38,146,879
Interest and other receivables	682,561	51,794
Cash and cash equivalents	11,129	31,944
	186,739,844	145,533,797

The various Noteholders of the Company are exposed to some or all of the credit risk in respect of the following:

- Financial assets at FVTPL held by the Company, together with interest due;
- Derivative financial instruments; and
- Cash and other assets

Financial assets at FVTPL

The Moody's credit ratings of the Collateral held by the Company as at 31 December 2013 are as follows:

Series	Credit ratings 2013	Fair value 2013	Credit ratings 2012	Fair value 2012
Zero Coupon Note	Not rated	38,465,267	Not rated	38,309,363
Credit Linked Notes:				
- emerging market sovereign issue	Aaa	101,870,043	Aaa	68,993,817
- non-emerging market sovereign issue	Baa1 – Baa3	45,710,844	-	-
		186,046,154		107,303,180

EMERALD CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

19 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(a) Credit risk (continued)

Financial assets at FVTPL (continued)

Country	Industry profile	2013 €	2012 €
United Kingdom	Banking	38,465,267	38,309,363
United States	Banking	25,228,844	-
Netherlands	Banking	101,870,043	68,993,817
Romania	Public sector	20,482,000	-
		<u>186,046,154</u>	<u>107,303,180</u>

Derivative financial instruments

The ability of the Company to meet its obligations under the Notes partly depends on receipt of monies under the Swap Agreement. Consequently, the Company is exposed to the risk of the Swap Counterparty, failing to perform its obligations in respect of the swaps.

The currencies, maturities and notional values of the swaps in place are in line with the reference assets. The Swap Counterparty has a long term credit rating of Baa2 (2012: A). The obligations of the Swap Counterparty under the swap agreement are guaranteed by Citigroup Inc, who has a long term credit rating of Baa2 (2012: A3). As at 31 December 2013, there are no debt amounts past due under derivative financial instruments (2012: nil).

The Reference Portfolio of the derivative financial instruments and the credit ratings and the respective rating agency are as follows:

Series	Reference Portfolio	Credit rating	Rating agency
Series 2010-01	Nomura Bank International PLC and Bolivarian Republic of Venezuela	AA- Caa1	Japan Credit Agency Ltd Moody's
Series 2011-02	Republic of Algeria	BBB-	Dagong Global
Series 2011-03	Republic of Algeria	BBB-	Dagong Global
Series 2013-02	Transnet SOC Limited	A3	Moody's
Series 2013-03	Transnet SOC Limited	A3	Moody's
Series 2013-04	Unicredit SpA	Baa2	Moody's
Series 2013-05	Republic of Algeria	BBB-	Dagong Global

Cash and other assets

The credit risk on cash transactions and transactions involving derivative financial instruments is mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies. The Moody's long term credit rating of Bank of Ireland and Citibank N.A. were Ba2 (2012: Ba2) and A2 (2012: A1) respectively.

(b) Liquidity risk

The Company is principally exposed to liquidity risk in respect of the Swap Counterparty's ability to pay amounts due to the Noteholders.

The exposure to liquidity risk is managed by matching specific assets to each Note. The Company has also entered into various derivative financial instruments whereby the Swap Counterparty will pay periodic amounts equal to the interest payable on the Notes. In addition, the Notes are limited recourse obligations where the Company only required to pay to Noteholders the amounts received from the financial assets secured against each series of Notes. As at 31 December 2013, there are no debt amounts past due under derivative financial instruments (2012: nil). The amounts disclosed in the table below are the contractual undiscounted cash flows.

EMERALD CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

19 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(b) Liquidity risk (continued)

The maturity profile of the items is shown in the table below:

	1 – 3 months	3 months – 1 year	2 – 5 years	Over 5 years	Total
	€	€	€	€	€
<b>As at 31 December 2013</b>					
Liabilities:					
Financial liabilities at FVTPL	(162,351)	(2,132,372)	(147,624,285)	(224,784,280)	(374,703,288)
Derivative financial liabilities	(22,266,421)	-	-	-	(22,266,421)
Interest and other payables	(682,815)	-	-	-	(682,815)
	<u>(23,111,587)</u>	<u>(2,132,372)</u>	<u>(147,624,285)</u>	<u>(224,784,280)</u>	<u>(397,652,524)</u>
<b>As at 31 December 2012</b>					
Liabilities:					
Financial liabilities at FVTPL	-	(37,269,222)	(67,738,652)	(240,945,020)	(345,952,894)
Derivative financial liabilities	(15,945,455)	-	-	-	(15,945,455)
Interest and other payables	(74,363)	-	-	-	(74,363)
	<u>(16,019,818)</u>	<u>(37,269,222)</u>	<u>(67,738,652)</u>	<u>(240,945,020)</u>	<u>(361,972,712)</u>

Market risk is defined as the potential loss in value or earnings of an organisation arising from changes in external market factors. The Company is exposed to market risk from changes in market prices of financial instruments, mainly from movement in interest rates and foreign exchange rates.

(c) Market risk

(i) Currency risk

The Noteholders receive the principal and interest repayments in the currency stated on the loan Notes. The Notes are issued and interest is received in the same currency as the Collateral except for Series 2013-04 where the Notes are denominated in EUR while the Collaterals are denominated in RON. The exposure to currency risk is mitigated by the use of the existing derivative financial instruments in place whereby the Company exchange with the Swap Counterparty the initial principal, interest and principal at termination date so that there is no mismatch in net cash inflows and outflows.

(ii) Interest rate risk

At 31 December 2013	Less than 6 months	Floating 1-5 years	Floating Greater than 5 years	Fixed 1-5 years	Non-interest bearing	Total
Assets	€	€	€	€	€	€
Financial assets at FVTPL	-	101,870,043	-	45,710,844	38,465,267	186,046,154
Trade and other receivables	-	-	-	-	682,561	682,561
Cash and cash equivalents	11,129	-	-	-	-	11,129
	<u>11,129</u>	<u>101,870,043</u>	<u>-</u>	<u>45,710,844</u>	<u>39,147,828</u>	<u>186,739,844</u>
<b>Liabilities</b>						
Financial liabilities at FVTPL	-	(119,912,230)	(22,976,458)	(20,896,070)	-	(163,784,758)
Derivative financial liabilities	-	(664,889)	(15,955,474)	(5,646,058)	-	(22,266,421)
Interest and other payables	-	-	-	-	(682,815)	(682,815)
Total financial liabilities	<u>-</u>	<u>(120,577,119)</u>	<u>(38,931,932)</u>	<u>(26,542,128)</u>	<u>(682,815)</u>	<u>(186,733,994)</u>
<b>Total interest re- pricing gap</b>	<u>11,129</u>	<u>(55,089,234)</u>	<u>35,915,493</u>	<u>19,168,716</u>	<u>(254)</u>	<u>5,850</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**19 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)****(c) Market risk (continued)****(ii) Interest rate risk (continued)**

At 31 December 2012	Less than 6 months	Floating 1-5 years	Floating Greater than 5 years	Non-interest bearing	Total
Assets	€	€	€	€	€
Financial assets at FVTPL	-	68,993,817	38,309,363	-	107,303,180
Derivative financial assets	38,146,879	-	-	-	38,146,879
Interest and other receivables	-	-	-	51,794	51,794
Cash and cash equivalents	31,944	-	-	-	31,944
	<u>38,178,823</u>	<u>68,993,817</u>	<u>38,309,363</u>	<u>51,794</u>	<u>145,533,797</u>
<b>Liabilities</b>					
Financial liabilities at FVTPL	(38,146,879)	(67,562,203)	(23,800,547)	-	(129,509,629)
Derivative financial liabilities	-	(1,436,639)	(14,508,816)	-	(15,945,455)
Interest and other payables	-	-	-	(74,363)	(74,363)
Total financial liabilities	<u>-</u>	<u>(68,998,842)</u>	<u>(38,309,363)</u>	<u>(74,363)</u>	<u>(145,529,447)</u>
<b>Total interest re-pricing gap</b>	<u>31,944</u>	<u>(5,025)</u>	<u>-</u>	<u>(22,569)</u>	<u>4,350</u>

**Sensitivity analysis**

Interest rate risk is managed by the use of interest rate swaps. This ensures that the entity is not exposed to risk due to fluctuation of interest rates. The impact of a 50 basis point rise in interest rate is shown as follows:

	2013	2012
Description	€	€
50 basis point movement in interest rates on interest income	165,964	341,216
Adjustment to derivative financial instruments	(165,964)	(341,216)
Changes in profit for the year	<u>-</u>	<u>-</u>

A 50 basis point decline would have an equal and opposite effect. As this entity has a flat structure and all profits and losses are passed on to the Noteholders, there is no residual risk remaining.

**Fair value of financial assets and liabilities**

The tables below provide an analysis of the basis of measurement used by the Company to fair value its financial instruments into the following categories:

- Level 1: Quoted prices (unadjusted) in an active market for identical assets or liabilities,
- Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e.: prices) or indirectly (i.e.: derived from prices) and;
- Level 3: Inputs for the asset and liabilities that are not based on observable market data (management estimates based on unobservable inputs).

The accounting policy regarding the valuation of financial instruments is outlined in note 2 (f).

EMERALD CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

19 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(c) Market risk (continued)

(iii) Price risk

31 December 2013	Level 1	Level 2	Level 3	Total
Assets	€	€	€	€
<b>Financial assets</b>				
Financial assets at FVTPL	-	186,046,154	-	186,046,154
	-	186,046,154	-	186,046,154
<b>31 December 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial liabilities</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Financial liabilities at FVTPL	-	-	163,784,758	163,784,758
Derivative financial instruments	-	-	22,266,421	22,266,421
	-	-	186,051,179	186,051,179
<b>31 December 2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
<b>Financial assets</b>				
Financial assets at FVTPL	-	107,303,180	-	107,303,180
Derivative financial instruments	-	-	38,146,879	38,146,879
	-	107,303,180	38,146,879	145,450,059
<b>31 December 2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial liabilities</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Financial liabilities at FVTPL	-	-	(129,509,629)	(129,509,629)
Derivative financial instruments	-	-	(15,945,455)	(15,945,455)
	-	-	(145,455,084)	(145,455,084)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. There were no transfers during the year ended 31 December 2013 between level 1 and level 2.

The Company's price risk is borne by the Noteholders. Profits or losses arising from movements in price risk to the extent that they are not hedged pass to the Noteholders and therefore will have no impact on the profit or loss or the equity of the Company.

	Net derivative financial instruments	Financial liabilities at FVTPL
	€	€
<b>Level 3 reconciliation</b>		
Balance at 1 January 2013	22,201,424	129,509,629
Purchases	-	-
Notes issued	-	80,958,349
Redemptions/sales	(44,112,006)	(44,112,006)
Fair value movement	(355,839)	(2,571,214)
<b>Balance at 31 December 2013</b>	<b>(22,266,421)</b>	<b>163,784,758</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**19 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)****(iii) Price risk (continued)**

<b>Level 3 reconciliation</b>	<b>Net derivative financial instruments €</b>	<b>Financial liabilities at FVTPL €</b>
Balance at 1 January 2012	49,847,756	152,282,379
Redemptions/Sales	(22,009,659)	(37,654,546)
Fair value movement	(5,636,673)	14,881,796
<b>Balance at 31 December 2012</b>	<b>22,201,424</b>	<b>129,509,629</b>

**Effect of changes in significant assumptions of Level 3 financial instruments**

The Board estimates are based on values obtained from the Arranger and the Swap Counterparty, except for Series 2010-01 which was valued by the directors in accordance with the methodology as advised by the Arranger and the Swap Counterparty, who use a variety of different valuation techniques such as obtaining prices from specialist pricing vendors, discounted cash flow techniques, option pricing models or any other valuation technique that provides an estimate of values obtained should the financial instruments be traded. If other values were available for the financial instruments, they may be different to those presented and those differences could be material. Therefore, the realisable value of the Company's investments may differ significantly from the fair value recorded. The ultimate outcome of these uncertainties cannot at present be determined.

Fair values of the derivatives financial instruments are estimated by the Board based on values obtained from the Arranger. The Arranger's values are derived from recent market transactions and valuation techniques, including discounted cash flow models and option pricing models as appropriate. It is not practical for the directors to provide a sensitivity analysis of the various assumptions used to value the derivative financial instruments as certain assumptions, such as default probabilities and survival probabilities, are inter-related and it is inappropriate to estimate the impacts of a change in one assumption while assuming the remaining assumptions remain constant.

**Sensitivity analysis**

The Noteholders are exposed to price risk on their Investments. Profits or losses arising from movements in price are passed to the Noteholders.

At 31 December 2013, should the price of the financial assets at FVTPL have lowered by 5% per annum with all other variables remaining constant, the fair value of the Notes would decrease to approximately €154,482,450 (2012: €124,144,470) representing a movement of €9,302,308 (2012: €5,365,159). If the price had risen by 5% per annum, the impact would have been equal and the movement would be in the opposite direction.

**(d) Operational risk exposure**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company was incorporated with the purpose of engaging in those activities outlined in the preceding paragraphs. The Investment Management function is outsourced to Citigroup Global Markets Limited. All management and administration functions have been outsourced to the Administrator.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013

**20 OPERATING SEGMENTS**

IFRS 8 "Operating Segments", requires the Company to disclose information about its segments which enables users to evaluate the nature and financial effects of its business activities and the economic environments in which it operates. The Company is managed on the basis of a single operating segment.

The Company has only one operating segment. There are no inter-segment revenues. The interest income disclosed has been earned exclusively from external customers. The accounting policies used for operating segments are in-line with the accounting policies for the Company and there are no reconciling items arising due to a difference in the measurement basis or accounting treatment.

**21 RELATED PARTY TRANSACTIONS**

There were no other related party transactions other than those disclosed in the Director's Report.

**22 CONTINGENT LIABILITIES AND COMMITMENTS**

There are no contingent liabilities or commitments as of 31 December 2013 (2012: nil). Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits will be required for previously disclosed contingent liabilities, provisions are recognised in the year in which the changes in probability occur.

**23 CHARGES**

The debt securities issued by the Company are secured by way of a charge over the financial assets, undertakings or property of the Company.

**24 SUBSEQUENT EVENTS**

*Series 2013-02 Notes*

The Company amended and restated the terms and conditions of the Notes by the prospectus dated 23 April 2014 (the "Amended and Restated Series Prospectus"). The amendments made in respect of the Notes are as follows:

- the Company and the Swap Counterparty have terminated the equity option evidenced by a confirmation with an effective date of 16 April 2013 as amended and restated on 13 November 2013;
- the Company and the Swap Counterparty have entered into a new equity option evidenced by a confirmation with an effective date of 23 April 2014; and
- as a result of the amendments, on 24 April 2014 the Swap Counterparty paid USD1,209,344 to the Company for the termination payment of the original equity option, received approximately USD457,619 from the Company as the premium of the new equity option and receive from the Company an amount equal to approximately USD9,397 as an additional Interest Amount on each Note.

*Series 2013-03 Notes*

The Company amended and restated the terms and conditions of the Notes by the prospectus dated 23 April 2014 (the "Amended and Restated Series Prospectus"). The amendments made in respect of the Notes are as follows:

- the Company and the Swap Counterparty have terminated the equity option evidenced by a confirmation with an effective date of 16 April 2013;
- the Company and the Swap Counterparty have entered into a new equity option evidenced by a confirmation with an effective date of 23 April 2014; and
- as a result of the amendments, on 24 April 2014 the Swap Counterparty paid USD601,552 to the Company for the termination payment of the original equity option, received approximately USD227,626 from the Company as the premium of the new equity option and receive from the Company an amount equal to approximately USD4,674 as an additional Interest Amount on each Note.

There were no other subsequent events noted after the year end that would require amendment or disclosure in the financial statements.

**25 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board and authorised for issue on 3 September 2014.

## **General Information**

1. From the date of this Series Prospectus and for so long as the Notes remain outstanding, the following documents will be available for inspection in physical format during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the office of the Issuing and Paying Agent. Copies of the documents referred to below may be obtained free of charge from the specified office of the Issuing and Paying Agent:
  - (a) this Series Prospectus;
  - (b) the Agency Agreement in relation to the Programme;
  - (c) the Supplemental Trust Deeds in relation to the Notes; and
  - (d) the audited financial statements of the Issuer in respect of its financial year ended 31 December 2012 and 31 December 2013.
2. The issue of the Existing Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 29 September 2014 and the issue of the New Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 22 October 2014.
3. Save as set out herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2013 (such date being the date of the Issuer's latest audited financial statements). The Issuer's annual report and audited financial statements for the year ended 31 December 2013 are set out in Annex 4 hereto.
4. The Issuer has not been involved in any litigation, arbitration or governmental proceedings (including such proceedings which are pending or threatened or of which the Issuer is aware during the 12 months preceding the date of the Series Prospectus) which may have or have had in the recent past, significant effects on the financial position or profitability of the Issuer.
5. The Issuer does not intend to provide any post issuance transactional information on the Notes or the Collateral (as described in the Terms and Conditions above).
6. Arthur Cox Listing Services Limited has been appointed by the Issuer to act as its listing agent and as such is not seeking admission to listing of the Notes on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive on its own behalf, but as an agent on behalf of the Issuer.
7. References to any web or internet addresses in this document do not form part of the prospectus for the purpose of its approval or the listing of the Notes.



**REGISTERED OFFICE OF THE ISSUER**

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**TRUSTEE**

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**REGISTRAR**

**Citigroup Global Markets Deutschland AG**

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**ISSUING AND PAYING AGENT**

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**DEALER, CALCULATION AGENT, DEPOSIT**

**SERVICE AGENT AND DISPOSAL AGENT**

**Citigroup Global Markets Limited**

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**IRISH LISTING AGENT**

**Arthur Cox Listing Services Limited**

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law*

**Baker McKenzie CIS Ltd.**  
The Landmark Building  
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Baku AZ1010  
Azerbaijan

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This Series Prospectus is hereby executed by or on behalf of the Issuer.

**EMERALD CAPITAL LIMITED**

By:

Director

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