

**SERIES MEMORANDUM**

**MAGNOLIA FINANCE IX LIMITED**

*(incorporated with limited liability in Ireland)*

US\$5,000,000,000  
Programme for the issue of  
Limited Recourse Obligations

**Series 2013-1**

**USD 343,000,000 Secured Repackaged Notes due 2041**

**Credit Suisse International**

as Arranger and Dealer

The date of this Series Memorandum is 2 April 2013

*This Series Memorandum 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 Series Memorandum as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This Series Memorandum constitutes a Prospectus for the purposes of the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. However, the Notes were not so listed nor admitted on the Issue Date. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC.*

The provisions of the programme memorandum dated 08 August 2012 (the “**Programme Memorandum**”) relating to Magnolia Finance IX Limited (the “**Issuer**” or “**Magnolia**”) (a copy of the Programme Memorandum is available on the website of the Irish Stock Exchange at [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_11279ce9-7594-477f-8259-2dff93f90fa0.pdf](http://www.ise.ie/debt_documents/Base%20Prospectus_11279ce9-7594-477f-8259-2dff93f90fa0.pdf)) shall be deemed to be incorporated into and form part of this Series Memorandum in their entirety save that any other statement contained in the Programme Memorandum shall be deemed to be modified or superseded for the purpose of this Series Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by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 Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Series Memorandum.

This Series Memorandum must be read in conjunction with the Programme Memorandum 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 Programme Memorandum. Terms used but not otherwise defined herein shall have the meanings given to them in the Programme Memorandum provided that, for the avoidance of doubt, references in this Series Memorandum to the “Conditions” shall be to the Master Terms and Conditions incorporated by reference into the Programme Memorandum, as amended herein.

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

The information relating to the initial Underlying Assets and the issuers thereof has been accurately reproduced from the website of the London Stock Exchange, the website of the Luxembourg Stock Exchange and Bloomberg. So far as the Issuer is aware and is able to ascertain from information published the issuer of the initial Underlying Assets, no facts have been omitted which would render the reproduced information inaccurate or misleading. Any website referred to herein does not form part of this Series Memorandum.

The information included herein relating to Credit Suisse International and set out under the section of this Series Memorandum entitled “*Information relating to Credit Suisse International*” consists of information provided by Credit Suisse International (being the Arranger). Together with the Issuer, Credit Suisse International accepts responsibility for the information contained in the sections entitled “*Information relating to Credit Suisse International*”. To the best of the knowledge and belief of Credit Suisse International (having taken all reasonable care to ensure that such is the case), the information contained in the sections entitled “*Information relating to Credit Suisse International*” is in accordance with the facts and does not omit anything likely to affect the import of such information.

The delivery of this Series Memorandum at any time does not imply that any information

contained herein is correct at any time subsequent to the date thereof.

The Notes are issued on the terms set out in this Series Memorandum read together with the Programme Memorandum.

This Series Memorandum does not constitute an offer of the Notes 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 Memorandum in any jurisdiction where such action is required.

Moody's Investors Service Hong Kong Limited ("**Moody's**") is not established in the European Community and is not registered pursuant to Article 15 of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended).

The Notes are expected to be assigned, on the Issue Date, an "A3(sf)" rating by Moody's. Such rating shall address the timely payment of principal in respect of the Notes. A rating is not a recommendation to buy, sell, or hold securities and may be subject to suspension, change or withdrawal at any time by Moody's. A suspension, change or withdrawal of the rating in respect of the Notes may adversely affect the market price of the Notes.

*Each purchaser of the Notes is deemed to represent and agree as follows:*

*"(A) it is a sophisticated investor, (B) it understands and has such knowledge and experience in financial and business matters, the nature of, and risks associated with the Charged Assets such that it is capable of evaluating the merits, risks and suitability (including for tax, legal, regulatory, accounting and other financial purposes) of its prospective investment in the Notes and/or has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary, (C) it has made its own investment decisions based upon its own judgement and upon any advice from such advisers as it has deemed necessary and has determined that an investment in the Notes is suitable and appropriate for it, (D) it has no need for liquidity with respect to the Notes and no need to dispose of its interest in any Notes or portion thereof to satisfy any existing or contemplated indebtedness, obligations or other undertaking, and the aggregate amount paid by it to purchase the Notes (or any interest therein) is not disproportionate to its net worth, (E) it is able to bear any loss in connection with any Notes (including loss of the entirety of its original principal investment) and is otherwise capable and willing to assume such risks, (F) in making such investment it is not relying on the advice or recommendations of or any view expressed by the Issuer, the Arranger or any of their respective affiliates (or any representative or agent of either of the foregoing) and (G) it understands that the Notes comprise obligations of the Issuer only and not of any other party (including, without limitation, Credit Suisse International),"*

*and, accordingly, the Notes must not be purchased by any person who is unable to make all of the foregoing representations and agreements.*

*THE NOTES (OR ANY INTEREST IN THE NOTES) MAY NOT, DIRECTLY OR INDIRECTLY, BE OFFERED, SOLD, OR OTHERWISE TRANSFERRED TO OR TO THE ORDER OF ANY PERSON OTHER THAN A SOPHISTICATED INVESTOR. EACH HOLDER OF A NOTE (OR ANY INTEREST IN A NOTE) WILL BE DEEMED TO HAVE AGREED THAT IT SHALL BE A CONDITION TO ANY SALE OR OTHER TRANSFER TO IT THAT IT IS A SOPHISTICATED INVESTOR.*

## INVESTOR SUITABILITY

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

Before making an investment decision, prospective investors in the Notes should conduct such independent investigation and analysis regarding the Issuer, the Notes and the Charged Assets securing the Notes and all other relevant persons and such market, economic and any other factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes. As part of such independent investigation and analysis, prospective investors in the Notes should consider carefully all the information set out in this Series Memorandum and the considerations set out below.

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

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

- (a) are capable of bearing the economic risk of an investment in the Notes for the period up until the maturity date of the Notes and understand that the terms of the Notes are such that they may suffer a loss of some or all of their original principal investment;
- (b) recognise that in case the Notes need to be sold prior to maturity, an investor may have to do so at a substantial discount from the initial price, and as a result may suffer substantial losses;
- (c) have access to, and knowledge of, appropriate analytical tools to evaluate the merits and risks of an investment in the Notes and the impact the Notes will have on their overall investment portfolio in the context of their financial situation;
- (d) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Series Memorandum;
- (e) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the investor's currency;
- (f) understand thoroughly the terms of the Notes and are familiar with the behaviours of any relevant indices and financial markets; and
- (g) are able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect their investment and their ability to bear the applicable risks.

The "Risk Factors" section of this Series Memorandum contains a summary of certain risk factors involved in an investment in the Notes and your particular attention is drawn to that section. The risk factors described in the Series Memorandum are not, and are not intended to be, a comprehensive list of all considerations relevant to a decision to purchase or hold the Notes.

Credit Suisse International, as Arranger of the issue of the Notes, may, in its discretion, refuse to arrange for the issue or sale of Notes to any prospective investor even though that investor considers that it satisfies the foregoing suitability standards.

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

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## RISK FACTORS

*The purchase of the Notes involves substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Investors should note that the Notes are significantly different from ordinary, vanilla debt securities. Before making an investment decision, prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risk and consider carefully, in the light of their own financial circumstances and investment objectives (and those of any accounts for which they are acting), all the information set forth in this Series Memorandum, the Master Terms and Conditions which are incorporated in the Programme Memorandum and the information relating to the nature of any Underlying Assets that may constitute part of the Charged Assets and, in particular, but without limitation, the considerations set out below. The considerations set out below in respect of the Notes are not, and are not intended to be, a comprehensive list of all considerations relevant to a decision to purchase or hold the Notes.*

### GENERAL

It is intended that the Issuer will acquire exposure to financial assets with certain risk characteristics as described below. There can be no assurance that the Issuer's investments will be successful, that the Noteholders will receive the full amounts payable or scheduled to be payable by the Issuer under the Notes or that they will receive the expected return on their investment in the Notes. Prospective investors should therefore review this entire Series Memorandum together with the Programme Memorandum carefully and should consider, among other things, the risk factors set out in this section before deciding whether to invest in the Notes.

Prospective investors should determine whether an investment in the Notes is appropriate in their particular circumstances based on their own independent review and should consult with their legal, financial, regulatory and tax advisers to determine the consequences of an investment in the Notes and to arrive at their own evaluation of the investment (including to confirm such investment is fully consistent with its financial needs and objectives and investment restrictions and is a suitable investment for it).

In particular, each potential investor should:

- (a) be capable of bearing the economic risk of an investment in the Notes for the period up until the maturity date of the Notes and understand that the terms of the Notes are such that they may suffer a loss of some of all of their original principal investment;
- (b) recognise that in case the Notes need to be sold prior to maturity, the investor may have to do so at a substantial discount from the initial price, and as a result may suffer substantial losses;
- (c) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Series Memorandum;
- (d) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (e) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;

- (f) understand thoroughly the terms of the Notes and be familiar with the behaviours of any relevant indices and financial markets; and
- (g) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Investors may not rely on the Issuer, the Arranger, the Trustee, the Account Bank or any Agent or any of their respective owners, beneficiaries, agents, officers, directors, employees, affiliates, successors or assigns (together the “**Related Affiliates**”) in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to in Risk Factors section of this Series Memorandum. Neither the Issuer nor any of the Arranger, the Trustee, the Account Bank or any Agent or any of their Related Affiliates is acting as an investment adviser, or assumes any fiduciary obligation, to any investor in the Notes. The Arranger, the Trustee, the Account Bank, the Agents and the Issuer do not assume any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any Underlying Asset or any other party.

The Notes are not a conventional investment and carry various unique investment risks, which prospective investors should understand clearly before investing in the Notes. **In particular, an investment in the Notes involves the risk of a partial or total loss of investment.** An investment in the Notes does not provide the same exposure as a direct investment in the Charged Assets. The Charged Assets comprise the Underlying Assets held by or on behalf of the Issuer from time to time and any cash standing to the credit of the Cash Accounts from time to time.

Noteholders will have no direct rights against any party other than the Issuer and in certain circumstances will only have indirect rights (via the Trustee) against the Issuer.

## **RISKS RELATING TO THE NOTES GENERALLY**

### **Limited Recourse**

The Notes will constitute secured, limited recourse obligations of the Issuer, and are payable solely from the proceeds of the Mortgaged Property (which includes the Charged Assets). The recourse of Noteholders for payment of principal on the Notes is limited to the proceeds of realisation of the Charged Assets and other Mortgaged Property. No other assets of the Issuer will be available to satisfy claims of Noteholders.

If the Notes fall due for redemption early, in whole or in part, the Noteholders will be due the Early Redemption Amount. The Early Redemption Amount is based on any redemption amounts received in respect of the applicable Underlying Assets and/or the Final Price that is determined by the Determination Agent in respect of the applicable Underlying Assets. In addition, the Early Redemption Amount is net of any costs, fees, charges, taxes and expenses incurred in connection with the realisation of the Underlying Assets and the early redemption of the Notes which will include any costs of the Trustee and any Agent. If the Early Redemption Amount is less than the principal amount of the Notes being redeemed, the Noteholders will suffer a loss and no other assets of the Issuer will be available to meet such shortfall.

The holders of Notes will have no right to proceed directly against the obligors in respect of, or to take title to, or possession of, the Mortgaged Property. The Notes do not represent obligations of, nor are they insured or guaranteed by, the Trustee, the Arranger, the Determination Agent, the Custodian, the Principal Paying Agent, the Issue Agent, the



Account Bank, the Corporate Services Provider or any of their respective affiliates. None of the Noteholders, the Trustee, the Arranger, the Custodian, the Principal Paying Agent, the Determination Agent, the Account Bank, the Corporate Services Provider or any of their respective owners, beneficiaries, agents, officers, directors, employees, affiliates, successors or assigns will, in the absence of an express agreement to the contrary or as otherwise provided by law, be obliged to make payments in respect of the Notes. If distributions on such Mortgaged Property are insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency and, following realisation of the Mortgaged Property, no debt shall be owed in respect of any such deficiency.

None of the Noteholders, the Trustee, the Arranger, the Principal Paying Agent, the Determination Agent, the Custodian, the Account Bank or the Corporate Services Provider shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, examinership, arrangement, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the issuance of the Notes, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer in relation thereto.

### **Credit Risk on the Underlying Assets**

Noteholders are exposed to the risks relating to the Underlying Assets. To the extent that the Underlying Assets default in any way, such assets will be realised pursuant to the terms of the Notes and all or a proportion of the Notes may redeem. In such circumstances, the Early Redemption Amount paid to Noteholders will be less than the principal amount of the Notes the subject of the redemption, and may be zero.

None of the Trustee and the Arranger nor any other person on their behalf has made any investigation of, or makes any representation or warranty, express or implied, as to the existence or financial or other condition of the Mortgaged Property. None of the Issuer, the Trustee, the Arranger nor any other person acting on their behalf has, in connection with the Notes, made any investigation of, or makes any representation or warranty, express or implied, whether the Underlying Assets constitute legal, valid and binding obligations of their issuer. The Issuer and its affiliates are not responsible for the public disclosure of information by the issuers of the Underlying Assets.

Investment in the Notes may involve a loss of principal by virtue of the terms of the Notes even where there is no default by the Issuer. Noteholders, and prospective purchasers of Notes, will at all times be solely responsible for making their own independent appraisal of, and investigation into, the business, financial condition, prospects, creditworthiness, status and affairs of the issuers of the Underlying Assets. None of the Issuer, the Trustee, the Arranger nor any other person acting on their behalf will have any responsibility or duty to make any such investigations, to keep any such matters under review, to provide the Noteholders, or prospective purchasers of the Notes, with any information in relation to such matters or to advise as to the attendant risks.

The composition of the Underlying Assets may adjust from time to time in accordance with the terms of the Notes, including in respect of a right for Noteholders to replace Underlying Assets from time to time. Such right to replace Underlying Assets is exercisable only by the holders of all (and not some only) of the Notes and is subject to the satisfaction of various conditions, including eligibility criteria in respect of the proposed replacement Underlying Assets.

## **Limited Recourse and Non-Petition undertakings do not apply to certain Underlying Assets**

In connection with the acquisition of certain Underlying Assets, the Issuer is permitted to enter into agreements (such as a loan agreement where it will be the lender of record) which do not provide that the obligations of the Issuer thereunder are limited in recourse to specified assets of the Issuer and that all claims in respect of such Underlying Assets will be extinguished after application of the proceeds of realisation of the specified assets of the Issuer (such provisions being referred to as “**Limited Recourse and Non-Petition Provisions**”). The absence of such Limited Recourse and Non-Petition Provisions is highly unusual in the context of structured products programmes of special purpose vehicles, and means that the Issuer is exposed to the risk of a contractual counterparty having a claim against the Issuer which is not limited in recourse. In addition, such counterparty will not be restricted from taking action to wind up the Issuer where the Issuer is unable to meet its obligations to such counterparty. Any such action, if successful, would be an Event of Default in respect of the Notes and all other Series of the Issuer.

## **Exposure to Credit Suisse International where Issuer has obligations in respect of Underlying Assets**

In the event that the Issuer is required to make any payments or perform any obligation that may result in the Issuer incurring any costs, fees or expenses, in each case in its capacity as holder or obligee of such unlimited recourse Underlying Assets, the Issuer will not be able to meet such payment or performance obligation. In such circumstances, Credit Suisse International will be obliged to enter into a sub-participation agreement with the Issuer, pursuant to which Credit Suisse International will become the lender or record or holder of such Underlying Asset. In the event that Credit Suisse International does not comply with such obligation, Noteholders will have the option to pay to the Issuer an amount sufficient to cover the Issuer’s relevant payment or performance obligation. If the Noteholders fail to make such payment, the Notes will become subject to a Mandatory Redemption Event and the Issuer will proceed to liquidate the applicable Underlying Assets. In such circumstances, the liquidation proceeds received in respect of such Underlying Assets will be net of any amounts owed by the Issuer in respect of such Underlying Assets and may be zero.

If the proceeds of liquidation of the applicable Underlying Assets are not sufficient to meet the Issuer’s obligations under such Underlying Assets or the Issuer is unable to liquidate such Underlying Assets, all of the Notes will be redeemed early. Noteholders will be exposed to the risk that due to the Issuer’s unlimited liability under the liquidated Underlying Assets, the Early Redemption Amount in such case will be less than the principal amount of the Notes being redeemed and the Noteholders will suffer a loss without having recourse to any other assets of the Issuer to meet such shortfall.

## **Credit Risk on the Account Bank, Custodian and Paying Agents**

The Notes are exposed to the credit risk of the Issuer, the Custodian, the Principal Paying Agent and the Account Bank.

Payments of principal under the Notes will be dependent upon receipt of amounts from the obligors of the Charged Assets; the Account Bank crediting or debiting (as the case may be) amounts received or payable (as the case may be) by the Issuer; upon the Principal Paying Agent making the relevant payments when received; upon the Custodian meeting its delivery and/or payment obligations under the Custody Agreement; and upon all parties to the Series Documents performing their respective obligations thereunder.

If any such party does not make any payment when and where due by it under any of the Series Documents, payments of principal or other amounts due to the Noteholders may not

be paid by the Issuer or payment may be delayed and the Noteholders will have no recourse to any entity other than the Issuer (other than through the Trustee acting on their behalf in accordance with the Trust Deed or as otherwise provided therein). Accordingly, Noteholders are exposed, inter alia, to the creditworthiness of all of these entities and investment in the Notes may involve a loss of principal by virtue of the terms of the Notes even where there is no default by the Issuer and even if there is no default or event or default (howsoever described) with respect to the Underlying Assets.

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

Prospective investors should be willing and able, in the light of their circumstances and financial resources, to hold the Notes to maturity. Neither Credit Suisse International nor any of its affiliates will make a market in the Notes or offer to buy or be required (or likely) to buy them back. Other dealers may make a secondary market for the Notes but, if such a secondary market develops, there can be no assurance that it will continue or that it will be sufficiently liquid to allow Noteholders to resell the Notes. Therefore, if Noteholders need to sell the Notes prior to maturity, they may have to do so at a substantial discount from the initial price at which they purchased the Notes, and as a result may suffer substantial losses.

### **The value of the Notes may be volatile**

The value of the Notes may be highly volatile and several factors, many of which are beyond the control of Credit Suisse International or any of its affiliates or the Issuer, will influence the value of the Notes, including, without limitation, general economic conditions, the current European sovereign debt crisis, the conditions of financial markets including the general credit markets, the corporate loan markets, the leveraged loan markets, the collateralised loan markets and the asset-backed securities markets, European and international political events, developments or trends in any relevant industry, the value of the Charged Assets and the creditworthiness of the obligors of the Charged Assets, prevailing interest rates, prevailing foreign exchange rates, the time remaining to the maturity of the Notes, the creditworthiness of the Account Bank, the Custodian and the Principal Paying Agent and any regulatory changes (see further "Uncertain regulatory environment" below).

The obligors of the Underlying Assets are not involved in the offer of the Notes in any way and have no obligation to consider the investors' interests as Noteholders in taking any corporate actions that might affect the value of the Notes. The obligors of the Underlying Assets may, and are entitled to, take actions that may adversely affect the value of the Notes.

### **Security**

Noteholders will be exposed to the risk of default in relation to those assets that are the subject matter of the security in respect of the Notes. The Notes are secured on the assets specified herein, as may be adjusted from time to time, and therefore Noteholders are exposed to the credit risk of the obligors in respect of such assets. Recourse for payment of principal on the Notes is limited to the proceeds of realisation of the security and any claims are subordinate to those of the Trustee for its expenses and remuneration and any tax liabilities of the Issuer. If the security becomes enforceable, those assets that are the subject matter of the security in respect of the Notes will be sold or realised. Not only may there be a substantial delay involved but also any claims under the Notes will only be payable out of those proceeds of realisation once received after the expenses and remuneration of the Trustee have been satisfied and any such tax liabilities have been paid in full. Noteholders may therefore not receive all the principal due on the Notes but cannot make any claim against the Issuer or any of its other assets or against any other person to recover any shortfall. Noteholders may therefore suffer a significant loss.

## **Conflicts of Interest relating to Credit Suisse International**

Credit Suisse International and their affiliates have various roles that may give rise to potential conflicts of interest in relation to the Notes. Credit Suisse International may have existing or future business relationships with the issuer or obligor under the Underlying Assets (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for a Noteholder.

Credit Suisse International acts as the Arranger and as the Determination Agent of the issue of the Notes. Credit Suisse International and their respective affiliates shall only have the duties and responsibilities expressly agreed to by them in their relevant capacities and shall not be deemed to have other duties or responsibilities or be deemed to have a standard of care other than as expressly provided in respect of each capacity in which they act.

Neither the Issuer nor Credit Suisse International nor the Trustee (i) has provided or will provide prospective purchasers of Notes with any information or advice with respect to the Underlying Assets, or (ii) makes any representation as to the credit quality of any of the Underlying Assets. The Issuer and Credit Suisse International may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Underlying Assets which will not be disclosed to holders of Notes.

The timing and limited scope of the information provided to Noteholders regarding the Underlying Assets may affect the liquidity of the Notes and the ability of Noteholders to value the Notes accordingly.

## **No Guarantee by Credit Suisse International or any of its affiliates**

Neither Credit Suisse International nor any of its affiliates guarantees any payments by the Issuer under the Notes. The investors will have no recourse to Credit Suisse International or any of its affiliates if the Issuer fails to meet its payment obligations under the Notes.

## **No Reliance**

None of the Arranger, the Principal Paying Agent, the Issue Agent, the Determination Agent, the Custodian, the Account Bank and the Trustee (each a “**Transaction Participant**” and together, the “**Transaction Participants**”) or the Issuer or any affiliate of them or any other person on their behalf have made any investigation of, or makes any representation or warranty, express or implied, as to the issuer of the Underlying Assets (including, without limitation, with regard to their respective financial condition or creditworthiness) or any Underlying Assets or any information contained in any document provided by the issuer of the Underlying Assets to any of them or to any other person or filed by the issuer of the Underlying Assets with any exchange or with any governmental entity regulating the offer and sale of securities. None of the Issuer or any Transaction Participants or any affiliate of them or any other person on their behalf has made any investigation of the issuers of Underlying Assets or has taken any steps to verify the validity and binding nature of the Underlying Assets. Prospective purchasers of the Notes should make their own investigation of the issuers of Underlying Assets and the full terms and conditions of the Underlying Assets.

## **Early Redemption of Notes**

If the Notes are redeemed prior to the Maturity Date, investors may suffer losses in respect of their investment in the Notes.

The Notes may fall due for early redemption in whole following the occurrence of:

1. certain tax events as described in Condition 7(c)(A) (as amended);
2. the performance of the Issuer's obligations under the Notes becoming unenforceable, illegal or otherwise prohibited in whole or in part; or
3. an Event of Default as set out in Condition 9.

In addition, the Notes may fall due for early redemption in whole or in part following an amortisation of principal, payment of interest or a redemption in respect of the Underlying Assets and/or the occurrence of any default or event of default (howsoever described) with respect to the Underlying Assets.

If the Notes fall due for redemption prior to their Maturity Date for any reason, the Notes will be redeemed in accordance with the Conditions of the Notes. Due to the early redemption of the Notes, the prevailing market conditions at the time of such unwind, Noteholders may receive less on an early redemption than they would if such early redemption had not occurred and they had held their Notes until the Maturity Date. If the net proceeds of the realisation of the Underlying Assets are not sufficient to make all payments due in respect of the Notes after satisfaction of all prior-ranking claims, the other assets of the Issuer (including, without limitation, assets securing any other series of notes issued by the Issuer) will not be available for payment of any shortfall and, as such, a loss of principal under the Notes may result.

### **Legality of Purchase**

None of the Issuer, the Trustee, Credit Suisse International, or their respective affiliates or any other person has or assumes responsibility for the lawfulness of the acquisition of the Notes by the Noteholders, under any laws of any jurisdiction or country, or for compliance by the Noteholders with any law, regulation or regulatory policy applicable to the Noteholders. A prospective purchaser of Notes may not rely on the Issuer, Credit Suisse International or 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.

### **Uncertain regulatory environment**

The regulatory environment for investments such as the Notes is currently uncertain in a number of jurisdictions. No representation can be made, or assurance given, that any new or existing laws, regulations or other initiatives or any changes in the interpretation or promulgation thereof will not impose additional burdens or otherwise have an adverse effect on the Issuer, the parties to the Series Documents or the holders of the Notes in connection with their holdings. Therefore, any prospective investor in the Notes should carefully follow, and be capable of understanding, potential and actual changes in such laws, regulations or initiatives that could affect the Notes and their holdings in the Notes, and also be able to suffer any additional administrative burdens or any adverse financial consequences (including, without limitation, any further limitations in liquidity which may result therefrom).

### **Taxation**

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges, that may be applicable to any payment to it in respect of the Notes. In addition, any tax payable by or assessed against the Issuer or for which the Issuer is or becomes accountable to any taxing authority in or of Ireland or any other jurisdiction, that is payable or assessed solely in respect of the Notes or transactions entered into in respect of the Notes, in each case as a consequence of acts or omissions relating to the Notes of any party to any of the documentation entered into in connection with

the issue of the Notes will reduce the amount payable to the Noteholders under the Notes. In these circumstances the Notes may also be subject to an early redemption.

### **Withholding on the Notes**

In the event that withholding or deduction of any taxes from payments of principal or interest in respect of the Notes is required by law in any jurisdiction, neither the Issuer nor any other person is under any obligation to make additional payments to the holders of any Notes in respect of such withholding or deduction.

### **Withholding tax on payments in respect of certain Category A Underlying Assets**

The Issuer may acquire certain types of Category A Underlying Assets, payments in respect of which are subject to withholding taxes imposed by the relevant jurisdictions of the obligors in respect of such Underlying Assets. In that event, the amounts available to make payments to the Noteholders will accordingly be reduced and Noteholders will receive a lesser amount than would otherwise be due in respect of the Notes but for the imposition of such withholding tax. Noteholders will not be entitled to receive any additional or “grossed-up” amounts to compensate for such withholding tax. None of the Issuer, the Trustee, the Arranger nor any other Transaction Participant nor any other person acting on their behalf assumes any responsibility for the effect of any taxes withheld at source in respect of any Underlying Assets.

### **Independent Tax Review and Advice**

Noteholders are responsible for, and should conduct, such independent investigation and analysis regarding the tax treatment of the Underlying Assets as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Tax risks relating to the Underlying Assets include, without limitation, a change in any applicable law, treaty, rule or regulation or the interpretation thereof by any relevant authority which may adversely affect payments or deliveries in respect of any Underlying Assets. None of the Issuer, the Trustee, the Arranger nor any other Transaction Participant nor any other person acting on their behalf makes any representation regarding the tax or accounting treatment of any of the Underlying Assets and the tax risks associated with the acquisition and holding by the Issuer of any of the Underlying Assets.

### **U.S. Foreign Account Tax Compliance Withholding**

The Issuer and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made on or after 1 January 2017 in respect of (i) Notes issued on or after 1 January 2013 and (ii) any Notes which are treated as equity for U.S. federal tax purposes (whenever issued) pursuant to the U.S. Foreign Account Tax Compliance Act (“**FATCA**”) or similar law implementing an intergovernmental approach to FATCA. This withholding tax may be triggered if (i) the Issuer is a foreign financial institution (“**FFI**”) (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide certain information on its account holders (a term which includes the holders of its debt or equity interests that are not regularly traded on an established securities market) (making the Issuer a participating FFI) (a “**FFI Agreement**”), (ii) the Issuer has a positive “passthru percentage” (as defined in FATCA), and (iii)(a) an investor does not provide information sufficient for the participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of such Issuer, or (b) any FFI through which payment on such Notes is made is not a participating FFI.

The application of FATCA to principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from

principal or other payments on the Notes as a result of a holder's failure to comply with these rules or as a result of the presence in the payment chain of a non-participating FFI, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less principal or other amounts than expected. Noteholders should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

If the Issuer is required to enter into an FFI Agreement to receive payments free of FATCA withholding and fails (including by virtue of it being unable) to do so, or enters into but fails to comply with its obligations under any such agreement, the Issuer would from certain dates starting from 1 January 2014 be subject to 30 per cent. withholding tax on all, or a portion of, payments received from U.S. sources and from participating FFIs. This might result in payments to the Issuer in respect of the assets of the Issuer, which includes the Underlying Assets, being subject to U.S. withholding tax. Any such withholding would, in turn, result in the Issuer having insufficient funds from which to make payments that would otherwise have become due in respect of the Notes. No other funds will be available to the Issuer to make up any such shortfall. If the Issuer suffers or may suffer such withholding the Notes will be redeemed early.

The Issuer may, but is not obliged to, enter into an FFI Agreement. However, no assurance can be given that the Issuer will enter into any such agreement, or as to the timing of any such entry. Tax could be withheld from any proceeds of the sale of any Underlying Assets, which would reduce the funds available to pay amounts to holders of the relevant Notes.

### **Not a Bank Deposit**

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank. The Issuer is not regulated by the Central Bank by virtue of the issue of the Notes.

### **Not a regulated entity**

The Issuer is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws of its jurisdiction of incorporation and will operate without supervision by any authority in any jurisdiction. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Issuer. The taking of a contrary view by any such regulatory authority could have an adverse impact on the Issuer or the holders of Notes. Prospective investors should note that because the Issuer and the securities will not be licensed, registered, authorised or otherwise approved by any regulatory or supervisory body or authority, many of the requirements attendant to such licensing, registration, authorisation or approval (which may be viewed as providing additional investor protection) will not apply.

### **Preferred Creditors under Irish Law and Floating Charges**

Under Irish law, upon an insolvency of an Irish company such as the Irish Issuer, when applying the proceeds of assets subject to fixed security which 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 (which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) which 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 (which 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 which the holder received in payment of debts due to it by the company.

Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, 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 which 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 person creating the charge does not have liberty to deal with the assets which 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 Constituting Instrument 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 monies 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 over the Charged Assets would be regarded by the Irish courts as a floating charge.

Floating charges have certain weaknesses, including the following:

- (i) 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;
- (ii) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;
- (iii) they rank after certain insolvency remuneration expenses and liabilities;
- (iv) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (v) they rank after fixed charges.

## **Examinership**



Examinership is a court procedure available under the Irish Companies (Amendment) Act, 1990, as amended (the “1990 Act”) 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 the 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 this appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to this appointment. Furthermore, the examiner may sell assets, the subject of a fixed charge. However, if such power is exercised the examiner must account to the holders of the fixed charge for the amount realised and discharge the amount due to the holders of the fixed charge out of the proceeds of the 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 Irish High Court when at least one class of creditors has voted in favour of the proposals and the Irish High 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 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 Irish High 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 included a writing down to the value of amounts due by the Issuer to the Noteholders. The primary risks to the holders of Notes if an examiner were appointed to the Issuer are as follows:

- (a) the potential for a compromise or scheme of arrangement being approved involving the writing down or rescheduling of the debt due by the Issuer to the Noteholders as secured by the Constituting Instrument;
- (b) 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
- (c) 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 Irish High Court) will take priority over the monies and liabilities which from time to time are or may become due, owing or payable by the Issuer to the Noteholders and any other party specified in the Constituting Instrument, whether pursuant to the Notes or the Conditions.

### **Dependence on agents**

The performance of the Notes is amongst other things dependent upon the performance by various agents of their duties, discretions and functions pursuant to and in accordance with the Master Agency Terms. The ability of such agents to perform these functions may impact the amounts available for distribution to the Noteholders.

The appointment of the agents may be terminated under certain circumstances. Noteholders should review the Master Agency Terms (as modified by the Constituting Instrument) for detailed information regarding the terms of such appointment.

### **Discretion Exercised by the Determination Agent May Have an Unforeseen Adverse Impact on the Financial Return of the Notes**

Under the terms of the Notes, the Determination Agent has certain discretionary rights to make certain determinations with respect to the Underlying Assets and the Notes.

Investors should be aware that determinations made by the Determination Agent may be made in its sole and absolute discretion, may have a significant impact on the payments that are due to Noteholders and may have an unforeseen adverse impact on the financial return of the Notes. Any such discretion exercised by, or any calculation made by, the Determination Agent shall be binding on Noteholders.

### **Listing**

Application will be made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that such application will be successful. No application has been or will be made to list the Notes on any stock exchange other than the Irish Stock Exchange, however such an application may be made at any time following the Issue Date at the sole discretion of the Issuer. No assurances can be given that such application to list the Notes on any other stock exchange will be successful or that the Notes will continue to be listed on the Irish Stock Exchange.

### **EU Savings Directive**

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

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

### **UK Banking Act 2009**

The Banking Act 2009 (the “**Banking Act**”), which came into effect on 21 February 2009, includes (amongst other things) provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of a UK bank or building society (such as HSBC Bank plc, which acts as Custodian, Account Bank and Principal Paying Agent). In particular, in respect of UK banks, such tools include share and property transfer powers (including powers for partial property transfers), certain

ancillary powers (including powers to modify certain contractual arrangements in certain circumstances) and two new special insolvency procedures which may be commenced by UK authorities (i.e. bank insolvency and bank administration). It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made.

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial systems of the United Kingdom. The Banking Act includes provisions related to compensation in respect of transfer instruments and orders made under it. In general, there is considerable uncertainty about the scope of the powers afforded to UK authorities under the Banking Act and how the UK authorities may choose to exercise them.

If an instrument or order were to be made under the Banking Act in respect of HSBC Bank plc, such instrument or order may (amongst other things) affect the ability of such entity to satisfy its obligations under the Series Documents and/or result in modifications to such documents. In particular, modifications may be made pursuant to powers permitting certain trust arrangements to be removed or modified and/or via powers which permit provision to be included in an instrument or order such that the relevant instrument or order (and certain related events) is required to be disregarded in determining whether certain widely defined "default events" have occurred (which events would include certain trigger events included in the Series Documents in respect of the relevant entity, including termination events). As a result, the making of an instrument or order in respect of HSBC Bank plc may affect the ability of the Issuer to meet its obligations in respect of the Notes. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the entity referred to above and there has been no indication that it will make any such instrument or order, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such instrument or order if made.

## **Credit Ratings**

Credit ratings of debt securities represent a rating agency's opinion regarding their credit quality and are not a guarantee of quality. Rating agencies attempt to evaluate the probability of payment of interest and repayment of principal from the sources of collateral securing the Notes but do not evaluate the risks of fluctuations in market value. Nor are all risks in respect of the Notes susceptible of analysis under rating methodologies. Accordingly, credit ratings are not a recommendation to purchase, hold or sell the Notes, do not provide assurance as to market price or suitability for a particular investor and may not fully reflect the true risks of an investment.

## **Model Risk**

The models, assumptions, criteria and methodology used by a rating agency to rate the Notes may change from time to time and any such changes may also result in the revision, suspension or withdrawal of any rating of the Notes. None of the Issuer, the Trustee, the Arranger nor any other Transaction Participant nor any other person acting on their behalf makes any representation or gives any warranty in respect of such models, assumptions, criteria or methodology. Accordingly, investors will not have any recourse against the Issuer or any of the Trustee, the Arranger nor any other Transaction Participant nor any other

person acting on their behalf for any adverse ratings actions and no such person is obliged to provide any additional support or credit enhancement in respect of the Notes as a result thereof.

### **Migration**

There is no assurance that any rating in respect of the Notes will remain for any given period of time or that any rating will not be revised, suspended or withdrawn entirely by a rating agency if in such rating agency's judgment circumstances so warrant. Also, in respect of any rating assigned to a Underlying Asset, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that the financial condition of the obligor of the Underlying Asset may be better or worse than its rating indicates.

### **IMPORTANT**

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

## DOCUMENTS INCORPORATED BY REFERENCE

This Series Memorandum incorporates by reference and should be read and construed in conjunction with the Programme Memorandum. Copies of the documents which are incorporated herein or therein by reference will be available free of charge from the registered office of the Issuer (as specified on the last page) and from the following website: [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_11279ce9-7594-477f-8259-2dff93f90fa0.pdf](http://www.ise.ie/debt_documents/Base%20Prospectus_11279ce9-7594-477f-8259-2dff93f90fa0.pdf).

This Series Memorandum must be read and construed in conjunction with the Programme Memorandum (which is incorporated by reference into this Series Memorandum) and shall be deemed to modify and supersede the contents of the Programme Memorandum to the extent that a statement contained herein is inconsistent with such contents.

## TERMS AND CONDITIONS

### Magnolia Finance IX Limited

#### Programme for the issue of Limited Recourse Obligations

Issue of Series 2013-1

USD 343,000,000 Secured Repackaged Notes due 2041

(the “Notes”)

The following (including the appendix hereto) shall complete, modify and amend the Master Terms and Conditions incorporated by reference into the Programme Memorandum dated 08 August 2012 and as specified in the Constituting Instrument dated the Issue Date constituting the Notes (the “**Constituting Instrument**”) which shall apply to the Notes as so completed, modified and amended. Unless the context otherwise requires, capitalised terms used and not otherwise defined in the Master Terms and Conditions referred to above, as completed, modified and amended by the following, shall have the meaning ascribed to them in, or incorporated by reference into, the Constituting Instrument.

1. Issuer: Magnolia Finance IX Limited
2. (i) Series Number: 2013-1.  
(ii) Currency: USD.
3. Principal Amount: As of the Issue Date, USD 343,000,000, subject to any reduction from time to time pursuant to:
  - (i) payments of Underlying Assets Payment Redemption Amounts in accordance with Additional Provision (1);
  - (ii) payments of Withdrawal Redemption Amounts in accordance with Additional Provision (2);
  - (iii) redemptions of a Relevant Proportion of the Notes following any Mandatory Redemption Event in accordance with Additional Provision (4); and
  - (iv) a redemption of all of the Notes following an Early Redemption Event in accordance with Additional Provision (6),

(the outstanding Principal Amount of the Notes from time to time, the “**Outstanding Principal Amount**”).

The Outstanding Principal Amount of the Notes shall be determined by the Determination Agent, on behalf of the Issuer, and included in a report to be delivered to the Issuer, with a copy to the Trustee, the Principal Paying Agent and Moody’s,

following the occurrence of any of the events set out in (i) through (iv) (inclusive) above.

The Outstanding Principal Amount of the Notes is subject to a minimum of USD 1,000 (unless the Notes are redeemed in full).

4. Issue Price: 104.429722%
5. Authorised Denominations: USD 1,000,000.
6. Issue Date: 2 April 2013
7. Maturity Date: 5 September 2041
8. Charged Assets: The Charged Assets shall comprise:
  - (a) as at the Issue Date, (i) the Category B Underlying Assets as set out in Annex A to these Terms and Conditions; and (ii) USD 67,500,000 in cash credited to the Category A Cash Account (the “**Initial Underlying Assets**”), subject to adjustment following the Issue Date upon:
    - (i) the exercise of a Noteholder Category A Underlying Assets Acquisition Option;
    - (ii) the exercise of a Noteholder Category A Underlying Assets Replacement Option;
    - (iii) the exercise of a Noteholder Category B Underlying Assets Replacement Option;
    - (iv) the exercise of a Noteholder Category A Underlying Assets Alternative Replacement Option;
    - (v) the exercise of a Noteholder Category B Underlying Assets Alternative Replacement Option;
    - (vi) the occurrence of an Underlying Assets Payment Event;
    - (vii) the occurrence of an Underlying Assets Redemption Event; and
    - (viii) the occurrence of a Mandatory Redemption Event,

(the Category A Underlying Assets and the Category B Underlying Assets held by the Issuer from time to time, the “**Underlying Assets**”); and

- (b) any sums standing to the credit of the Cash Accounts from time to time and all rights, title and interest in and to such account.

#### Cash Accounts:

The “**Cash Accounts**” means the Category A Cash Account and the Category B Cash Account, and “**Cash Account**” means either one of the Category A Cash Account or Category B Cash Account.

The “**Category A Cash Account**” means a cash account in the name of the Issuer with the Account Bank (account number 73925681) into which the cash comprised in the Initial Underlying Assets will be deposited on the Issue Date and into which the Issuer shall deposit, or shall cause to be deposited on its behalf, from time to time thereafter any cash proceeds which are received by or on behalf of the Issuer in respect of any Category A Underlying Assets.

“**Category B Cash Account**” means a cash account in the name of the Issuer with the Account Bank (account number 73562652) into which from time to time the Issuer shall deposit, or shall cause to be deposited on its behalf, any cash proceeds which are received by or on behalf of the Issuer in respect of any Category B Underlying Assets.

The “**Account Bank**” is, initially, HSBC Bank plc but is required to be replaced, subject to and in accordance with the Agency Agreement, in the event that the Account Bank ceases to have the Required Short-Term Rating.

Interest shall accrue from day to day up to, but excluding, the Maturity Date on the outstanding balance of each Cash Account at the Account Bank’s usual rate from time to time for deposits of the same type, currency and period as the amount credited to the balance of each Cash Account from time to time.

#### Annex A:



The composition of the Underlying Assets and the Underlying Assets Principal Amounts of each of the Underlying Assets shall be reflected in updated versions of Annex A to be produced by the Determination Agent, on behalf of the Issuer, and sent to the Issuer with a copy of such updated version of Annex A to the Trustee, the Principal Paying Agent, the Custodian and Moody's (Annex A, as updated from time to time, "**Annex A**") upon the occurrence of any redemption, sale or acquisition of any Underlying Assets or any other similar event that results in a change of the composition and/or the Underlying Assets Principal Amounts of the Underlying Assets (including but not limited to, any change in respect of the "Underlying Assets Principal Redemption Amount at the Immediate Next Call Option Redemption Date" or the "Next Call Option Redemption Date", as set out in the sixth and seventh columns, respectively, of the table in respect of Category B Underlying Assets in Annex A).

The "**Category A Underlying Assets**" shall be those specified as such in Annex A; and the "**Category B Underlying Assets**" shall be those specified as such in Annex A. For the avoidance of any doubt, Category A Underlying Assets will not form part of the Charged Assets on the Issue Date; any Category A Underlying Assets acquired by the Issuer in accordance with these Terms and Conditions of the Note after the Issue Date will form part of the Charged Assets from the date acquired.

9. Charged Agreement:

Not applicable.

10. Security:

As set out in Condition 4(a); provided, however, that notwithstanding any provision to the contrary contained in Condition 4(a), upon the occurrence of a Mandatory Redemption Event pursuant to Condition 7(b) (as amended), the security for the Notes shall not become enforceable and the provisions of Additional Provision (4) and/or Additional Provision (5) shall apply.

For the purposes of Condition 4(d), Noteholder Priority (as amended) applies.

Condition 4(d)(3) shall be deleted in whole and replaced with the following language:

"(i) firstly, *pari passu* and rateably in payment of the fees, costs,

charges, expenses, liabilities of, and other amounts due to, the Agents, the Custodian and any Recovery Agent;

- (ii) secondly, to the Issuer for application by the Issuer in meeting any outstanding liabilities of the Issuer in respect of any Category A Underlying Assets, as certified to the Trustee in a certificate delivered to the Trustee by the Issuer;
- (iii) thirdly, in meeting the claims (if any) of the Noteholders and the Receiptholders *pari passu* and rateably; and
- (iv) fourthly, in payment of the balance (if any) to the Issuer,”

- 11. Fixed Rate Note Provisions: Not applicable.
- 12. Zero Coupon Note Provisions: Not applicable.
- 13. Floating Rate Note Provisions: Not applicable.
- 14. Redemption Amount: Scheduled Redemption Amount:

For the purposes of Condition 7(a) and Condition 7(e)(1), the “Scheduled Redemption Amount” payable (if any) in respect of each Note on the Maturity Date shall be an amount equal to its *pro rata* proportion of the Outstanding Principal Amount of the Notes.

Early Redemption Amount:

Condition 7(b)(1) shall be deleted in whole and replaced with the following language:

“the Determination Agent designates an Adjustment Date upon the occurrence of a Mandatory Redemption Event,”.

Condition 7(b)(2), (3) and (4) shall not apply.

If the Determination Agent designates an Adjustment Date upon the occurrence of a Mandatory Redemption Event, the provisions of Additional Provision (4) and/or Additional Provision (5) shall apply and, for the purposes of Condition

7(e)(2) and 7(e)(3), the aggregate Early Redemption Amount and the Early Redemption Date of the Relevant Proportion of the Notes shall be determined as provided for in Additional Provision (4).

Condition 7(c)(A)(2) shall be deleted in whole and replaced with the following language:

“the performance of the Issuer’s obligations under the Notes or ancillary thereto has or will become unenforceable, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or prospective law (provided that such law has been enacted), rule, regulation, judgment, order or directive of or in any jurisdiction or any governmental administrative, legislative or judicial power or the interpretation thereof.”

If a taxation event under Condition 7(c)(A)(1) (as amended) occurs or an illegality event under Condition 7(c)(A)(2) (as amended above) occurs or an Event of Default pursuant to Condition 9 occurs, the provisions of Additional Provision (6) shall apply and, for the purposes of Condition 7(e)(2), the aggregate Early Redemption Amount and Early Redemption Date of the Notes shall be determined as provided for in Additional Provision (6).

- |     |                                                   |                                                                                                                                                                                                                 |
|-----|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15. | Notes issued in bearer or registered form:        | Bearer Notes.                                                                                                                                                                                                   |
| 16. | Whether Notes will be C Notes or D Notes:         | D Notes.                                                                                                                                                                                                        |
| 17. | Provisions for exchange of Temporary Global Note: | Applicable.                                                                                                                                                                                                     |
| 18. | Provisions for exchange of Permanent Global Note: | Exchangeable for definitive Bearer Notes in the limited circumstances set out in the Master Terms and Conditions.                                                                                               |
| 19. | Listing:                                          | Application will be made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that such application will be successful. |
| 20. | Business Days:                                    | London, New York and Taipei                                                                                                                                                                                     |
| 21. | Business Day Convention:                          | Modified                                                                                                                                                                                                        |
| 22. | Settlement Procedures:                            | The Notes have been accepted for settlement in Euroclear and Clearstream, Luxembourg.                                                                                                                           |

23. Common Code: 089579449
24. ISIN: XS0895794492
25. Rating and Rating Agency: The rating of the Notes by Moody's Investors Service Hong Kong Limited is expected to be A3(sf). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.
26. Depository Account: The securities account of the Custodian with the relevant clearing system in which the Underlying Assets are held from time to time.
27. Determination Agent: Credit Suisse International

## **RESPONSIBILITY**

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

Save as disclosed in this Series Memorandum or in any other Series Memorandum relating to issues of securities under the Programme and any supplemental information memorandum, there has been no significant change and no significant new matter in relation to the Issuer has arisen since publication of the Programme Memorandum dated 08 August 2012.

Acceptance on behalf of the Issuer of the terms of this Series Memorandum

For and on behalf of

Magnolia Finance IX Limited

By:

## APPENDIX TO THE TERMS AND CONDITIONS

### PART I – ADDITIONAL PROVISIONS

#### 1. Underlying Assets Payment Events

- 1.1 If any scheduled payments of principal and/or interest in respect of any Underlying Assets (each such payment, an “**Underlying Assets Payment Amount**”) is received by or on behalf of the Issuer (the receipt of an Underlying Assets Payment Amount, an “**Underlying Assets Payment Event**”) on any day in the period ending on and including the third Business Day prior to the Maturity Date, the Issuer (or the Determination Agent on behalf of the Issuer) shall notify the Trustee, the Principal Paying Agent and Moody’s.
- 1.2 Following the occurrence of an Underlying Assets Payment Event, other than an Underlying Assets Payment Event during the month in which the Maturity Date falls or during the month immediately preceding the month in which the Maturity Date falls, on the sixth Business Day of the month immediately following the month in which the Underlying Assets Payment Event occurs, the Issuer shall redeem a principal amount of the Notes equal to the related Underlying Assets Payment Amount (an “**Underlying Assets Payment Redemption Amount**”). Upon payment by the Issuer of the Underlying Assets Payment Redemption Amount to each Noteholder on a *pro rata* basis, the Outstanding Principal Amount of the Notes as at such date shall be reduced by the Underlying Assets Payment Redemption Amount, provided that the Outstanding Principal Amount shall be subject to a minimum of USD 1,000 (unless the Notes are redeemed in full).
- 1.3 The foregoing shall be subject to the proviso that the Notes shall not be redeemed in full until the Determination Agent determines in its sole discretion that the final possible Underlying Assets Payment Event in respect of the Underlying Assets has occurred. In the event that the Outstanding Principal Amount has been reduced to USD 1,000, each Underlying Assets Payment Event thereafter shall result in the payment by the Issuer of an Underlying Assets Payment Redemption Amount as a return in relation to the Outstanding Principal Amount, in accordance with the provisions above.
- 1.4 Any Underlying Assets Payment Redemption Amount relating to an Underlying Assets Payment Event during the month in which the Maturity Date falls or during the month immediately preceding the month in which the Maturity Date falls shall be applied towards the Scheduled Redemption Amount to redeem the Notes on the Maturity Date.
- 1.5 Upon payment by or on behalf of the Issuer to the Noteholders in accordance with the terms of this Additional Provision (1), the Issuer’s obligations in respect of all or any proportion of Notes so redeemed shall be cancelled and discharged in full.

#### 2. Underlying Assets Redemption Events

- 2.1 The Determination Agent shall, upon becoming aware of the occurrence of an Underlying Assets Redemption Event, notify the Issuer, the Custodian, the Principal Paying Agent, the Trustee and Moody’s of such Underlying Assets Redemption Event. Following receipt of such notice, the Issuer shall notify, or procure the notification to, the Noteholders of such Underlying Assets Redemption Event in accordance with Condition 14.
- 2.2 Upon receipt by or on behalf of the Issuer of the Underlying Assets Par Amount in respect of such Underlying Assets Redemption Event, the Issuer shall credit or cause to be credited on its behalf such amount which is received (i) in respect of any Category A Underlying Assets, into the Category A Cash Account and (ii) in respect of any Category B Underlying

Assets, into the Category B Cash Account.

- 2.3 The 100 per cent. Noteholders may, by written instruction to the Issuer and the Determination Agent (upon receipt of such instruction the Issuer shall procure a copy of such instruction to be promptly forwarded to the Custodian, the Principal Paying Agent and the Trustee) within the Replacement Period, require the Issuer to apply cash in the Cash Accounts which has been credited thereto as at the Issue Date or as the related interest income, or resulting from the occurrence of an Underlying Assets Redemption Event, (the “**Relevant Cash**”) to either:
- (a) purchase further Underlying Assets, in which event the provisions of Additional Provision (10) and (11) shall apply; or
  - (b) redeem a proportion of the Notes, in which event the 100 per cent. Noteholders shall be required in their written instructions to specify the amount standing to the credit of the relevant Cash Account comprising Relevant Cash they wish to withdraw (the “**Withdrawal Amount**”) and, within ten Business Days of receipt by the Issuer of such written instructions, the Issuer shall redeem a principal amount of the Notes equal to the related Withdrawal Amount (the “**Withdrawal Redemption Amount**”). Upon payment by or on behalf of the Issuer of the Withdrawal Redemption Amount to the Noteholders (on a *pro rata* basis, if there is more than one Noteholder), the Outstanding Principal Amount of the Notes as at such date shall be reduced by the Withdrawal Redemption Amount, provided that the Outstanding Principal Amount shall be subject to a minimum of USD 1,000 (unless the Notes are redeemed in full).

### 3. **Noteholder Category A Underlying Assets Acquisition Option**

- 3.1 The 100 per cent. Noteholders may, by delivery of a Category A Underlying Assets Acquisition Request Notice to the Issuer and the Determination Agent (upon receipt of such Notice the Issuer shall procure a copy of such Notice to be promptly forwarded to the Custodian, the Principal Paying Agent and the Trustee) at any time within the Replacement Period, require the Issuer to apply cash in the Category A Cash Account which has been credited thereto as at the Issue Date, (the “**Initial Cash**”) to acquire Category A Underlying Assets (a “**Proposed Category A Underlying Assets Acquisition**”).

#### **Category A Underlying Assets Acquisition Option Procedure**

- 3.2 Within five Business Days following receipt of the Category A Underlying Assets Acquisition Request Notice, the Determination Agent, acting on behalf of the Issuer, will determine in good faith and in a commercially reasonable manner (i) whether the Proposed Category A Underlying Assets are Eligible Category A Underlying Assets and, if so, (ii) and in consultation with the Transaction Parties, all costs and expenses that will be incurred by the Transaction Parties in relation to such Proposed Category A Underlying Assets Acquisition (the “**Acquisition Cost**”).
- 3.3 In accordance with Additional Provision 3.2 above, if the Determination Agent determines in good faith and in a commercially reasonable manner, that:
- (a) the Proposed Category A Underlying Assets are not Eligible Category A Underlying Assets then it will notify the Noteholders, the Transaction Parties and Moody’s of such decision and no further action shall be taken regarding the Proposed Category A Underlying Assets Acquisition; or
  - (b) the Proposed Category A Underlying Assets are Eligible Category A Underlying

Assets then it will deliver a Category A Acquisition Acceptance Notice to all Noteholders, the Transaction Parties and Moody's.

- 3.4 On receipt of a Category A Acquisition Acceptance Notice, the Noteholders shall, by not later than the fifth Business Day prior to the date specified in such notice for the acquisition to take effect (the "**Category A Underlying Assets Acquisition Date**") pay to the Determination Agent the Acquisition Cost (which shall, if the Proposed Category A Underlying Assets Acquisition is effected, be distributed by the Determination Agent to certain Transaction Parties in accordance with the provisions of the Agency Agreement (as amended)).
- 3.5 If the payment of the Acquisition Cost in Additional Provision 3.4 above is:
- (a) received within the time limit set out above, (1) the Proposed Category A Underlying Assets Acquisition shall be effected by the Determination Agent in good faith and in a commercially reasonable manner, and by the Custodian (on the instructions of the Determination Agent), by the application of all or part of the Initial Cash in the acquisition of the Proposed Category A Underlying Assets; and (2) the Proposed Category A Underlying Assets shall be deemed to be Category A Underlying Assets and shall form part of the Charged Assets; or
  - (b) not received within the time limit set out above, the Proposed Category A Underlying Assets Acquisition shall be void and any Acquisition Cost paid to the Determination Agent in accordance with Additional Provision 3.4, net of any costs and expenses (if any) actually incurred by any Transaction Party in connection with such Proposed Category A Assets Acquisition, shall be returned to the Noteholders and, for the avoidance of doubt, no interest shall be due on such amount.

For the purposes of the foregoing:

**"Category A Acquisition Acceptance Notice"** means a notice from the Determination Agent to the Noteholders, the Transaction Parties and Moody's, confirming that the Proposed Category A Underlying Assets are Eligible Category A Underlying Assets and confirming (i) the Category A Acquisition Date, (ii) the Acquisition Cost, and (iii) the account of the Determination Agent into which the Acquisition Cost is to be paid.

**"Category A Underlying Assets Acquisition Request Notice"** means a notice delivered by the 100 per cent. Noteholders, which (a) requests a Proposed Category A Underlying Assets Acquisition and (b) specifies the Category A Underlying Assets proposed to be acquired.

**"Category A Underlying Assets Criteria"** means, in respect of any Proposed Category A Underlying Assets:

- (i) that the currency of the Proposed Category A Underlying Assets is the same as the currency of the Notes;
- (ii) that the amount used to purchase the Proposed Category A Underlying Assets is not greater than the Initial Cash standing to the credit of the Category A Cash Account as of the Category A Underlying Assets Acquisition Date, as determined by the Determination Agent;

- (iii) that the Determination Agent is satisfied that the acquisition of the Proposed Category A Underlying Assets will not lead to any adverse tax consequences for the Issuer or any withholding or accounting for tax with respect to payments in respect of the Proposed Category A Underlying Assets such that the Issuer would receive a lower amount with respect to such payments than would have been the case in the absence of such withholding or accounting for tax;
- (iv) that such obligations are not callable obligations;
- (v) that the holding of the Proposed Category A Underlying Assets would not result in a breach of any laws applicable to the Issuer or the Proposed Category A Underlying Assets;
- (vi) that each Proposed Category A Underlying Asset satisfies all requirements of the current applicable internal policies of the Arranger in relation to loans (where applicable) (including, without limitation, reputational risk policy and “know your client” and anti-money laundering policies);
- (vii) that the Proposed Category A Underlying Asset is not a bilateral loan unless agreed by the Issuer, the Arranger and all the Noteholders;
- (viii) that the Proposed Category A Underlying Asset must be sold or economic exposure transferred to the Issuer at market value; and
- (ix) that the Determination Agent is satisfied that immediately after the acquisition of the Proposed Category A Underlying Assets, (a) the Underlying Assets will comprise obligations of six or more obligors and (b) each such obligor will account for less than 20 per cent. of the Underlying Assets by aggregate outstanding principal amount.

“**Eligible Category A Underlying Assets**” means obligations that comply with the Category A Underlying Assets Criteria.

“**Proposed Category A Underlying Assets**” means the obligations specified as such in the Category A Underlying Assets Acquisition Request Notice.

#### 4. **Mandatory Redemption Events in respect of Category B Underlying Assets**

- 4.1 Upon the occurrence of a Mandatory Redemption Event in respect of Category B Underlying Assets (a “**Category B Mandatory Redemption Event**”), the Determination Agent may within ten Business Days following such occurrence, designate an Adjustment Date, in which event it shall give notice to the Issuer, the Trustee, the Principal Paying Agent, the Custodian and Moody’s, informing them of the occurrence of such event and of the Adjustment Date and specifying the Affected Assets and the applicable Relevant Proportion. The Issuer shall promptly, upon receipt of such notice, give notice thereof to the Noteholders in accordance with Condition 14.
- 4.2 Upon the occurrence of an Adjustment Date pursuant to a Category B Mandatory Redemption Event, (i) the Outstanding Principal Amount of the Notes shall be reduced by an amount equal to the applicable Relevant Proportion of the Notes, provided that the Outstanding Principal Amount shall be subject to a minimum of USD 1,000 (unless the Notes are redeemed in full) and (ii) the following Recovery Process (the “**Category B Recovery Process**”) shall apply:



- (1) on any Business Day which is not less than five Business Days and not more than ten Business Days after the Adjustment Date, the Issuer, in consultation with the Determination Agent and, for as long as 100 per cent. of the Outstanding Principal Amount of the Notes are held by the Initial Purchaser, the Noteholders, shall appoint a Recovery Agent, who shall participate in the Recovery Process with regard to the Affected Category B Underlying Assets;
- (2) any Recovery Amount shall be paid to Noteholders *pro rata* within five Business Days of receipt thereof by or on behalf of the Recovery Agent; and
- (3) Noteholders shall have no entitlement to any Recovery Amount which is received by or on behalf of the Recovery Agent at any time after the applicable Recovery Process Cut-off Date.

4.3 On or after the Recovery Process Cut-off Date relating to the Category B Recovery Process set out in this Additional Provision, unless a Physical Settlement Notice has been delivered by the 100 per cent. Noteholders on or before such Recovery Process Cut-off Date, the Determination Agent shall pursuant to, and in accordance with, the provisions of the Agency Agreement and these Terms of the Notes, use reasonable endeavours to realise the Affected Underlying Assets, in accordance with the Auction Process. Any Recovery Amount realised in the Auction Process shall be paid to Noteholders *pro rata* within three Business Days of receipt thereof by or on behalf of the Determination Agent.

4.4 Upon payment (if any) of the Recovery Amount by or on behalf of the Issuer to the Noteholders in accordance with this Additional Provision, the Issuer's obligations in respect of such Relevant Proportion of Notes shall be cancelled and discharged in full and the Noteholders shall have no further recourse to the Issuer or any other party in respect of such Relevant Proportion of the Notes. If the Relevant Proportion comprises all (and not some only) of the Notes, upon payment (if any) of the Recovery Amount by or on behalf of the Issuer, the Issuer's obligations in respect of all of the Notes shall be cancelled and discharged in full and the Noteholders shall have no further recourse to the Issuer or any other party in respect of the Notes. For purposes of Condition 7(e)(2) and 7(e)(3), the aggregate Recovery Amount paid to Noteholders in accordance with this additional Provision shall constitute the applicable Early Redemption Amount of the Relevant Proportion of the Notes and the last date on which any portion of such Aggregate Recovery Amount is paid to the Noteholder in accordance with this Additional Provision shall constitute the applicable Early Redemption Date in respect of such Relevant Proportion of the Notes.

4.5 Where a Physical Settlement Notice has been delivered, on or before the Recovery Process Cut-off Date relating to the Category B Recovery Process, by the 100 per cent. Noteholders, the Affected Underlying Assets shall be delivered, on a *pro rata* basis, to the Noteholders; provided, however, that any such delivery of the Affected Underlying Assets shall be subject to (i) the terms and conditions of such Affected Underlying Assets and to all applicable laws, regulations and directives and (ii) to the payment by the Noteholders of any related costs and expenses (including stamp duty and other taxes) (such payment to be received by the Determination Agent in full before delivery shall take place hereunder). Upon delivery of the Affected Underlying Assets by or on behalf of the Issuer to the Noteholders in accordance with this Additional Provision, the Issuer's obligations in respect of such Relevant Proportion of Notes shall be cancelled and discharged in full and the Noteholders shall have no further recourse to the Issuer or any other party in respect of such Relevant Proportion of the Notes. For purposes of Condition 7(e)(2) and 7(e)(3), the Affected Underlying Assets delivered to Noteholders in accordance with this additional Provision shall constitute the applicable Early Redemption Amount of the Relevant Proportion of the Notes and the date of such delivery, the applicable Early Redemption

Date in respect of such Relevant Proportion of the Notes.

5. **Mandatory Redemption Events in respect of Category A Underlying Assets**

- 5.1 Upon the occurrence of a Mandatory Redemption Event in respect of Category A Underlying Assets (a “**Category A Mandatory Redemption Event**”) or an Additional Category A Mandatory Redemption Event pursuant to Additional Provision (13), the Determination Agent may within ten Business Days following such occurrence, designate an Adjustment Date, in which event it shall give notice to the Issuer, the Trustee, the Principal Paying Agent, the Custodian and Moody’s, informing them of the occurrence of such event and of the Adjustment Date. The Issuer shall promptly, upon receipt of such notice, give notice thereof to the Noteholders in accordance with Condition 14.
- 5.2 Upon the occurrence of an Adjustment Date pursuant to a Category A Mandatory Redemption Event or an Additional Category A Mandatory Redemption Event, the Recovery Process described below (the “**Category A Recovery Process**”) shall apply, unless, in the case of a Category A Mandatory Event only, a Physical Settlement Notice has been delivered by the 100 per cent. Noteholders, on or before the applicable Adjustment Date. In the event that the Category A Recovery Process is applicable:
- (1) on any Business Day which is not less than five Business Days and not more than ten Business Days after the Adjustment Date, the Issuer, in consultation with the Determination Agent and, for as long as 100 per cent. of the Outstanding Principal Amount of the Notes is held by the Initial Purchaser, the Noteholders, shall appoint a Recovery Agent, who shall participate in the Recovery Process with regard to the Affected Category A Underlying Assets;
  - (2) any Recovery Amount shall be paid to Noteholders *pro rata* within five Business Days of receipt thereof by or on behalf of the Recovery Agent;
  - (3) Noteholders shall have no entitlement to any Recovery Amount which is received by or on behalf of the Recovery Agent at any time after the applicable Recovery Process Cut-off Date; and
  - (4) payment of the Recovery Amount to Noteholders shall not reduce (or otherwise affect) the Outstanding Principal Amount of the Notes.
- 5.3 Where in connection with a Category A Mandatory Redemption Event, a Physical Settlement Notice has been delivered, on or before the applicable Adjustment Date, by the 100 per cent. Noteholders, the Affected Underlying Assets shall be delivered, on a *pro rata* basis, to the Noteholders or to a third party designated by the 100 per cent. Noteholders and no Category A Recovery Process shall apply; provided, however, that any such delivery of the Affected Underlying Assets shall not reduce (or otherwise affect) the Outstanding Principal Amount of the Notes and shall be subject to (i) the terms and conditions of such Affected Underlying Assets and to all applicable laws, regulations and directives and (ii) to the payment by the Noteholders of any related costs and expenses (including stamp duty and other taxes) (such payment to be received by the Determination Agent in full before delivery shall take place hereunder).

6. **Early Redemption Event**

- 6.1 Upon the occurrence of an Early Redemption Event, the Determination Agent may within ten Business Days following such occurrence, designate an Adjustment Date, in which

event it shall give notice to the Issuer, the Trustee, the Principal Paying Agent, the Custodian and Moody's, informing them of the occurrence of such event and of the Adjustment Date. The Issuer shall promptly, upon receipt of such notice, give notice thereof to the Noteholders in accordance with Condition 14 whereupon the Noteholders together holding 100% of the Outstanding Principal Amount of the Notes may elect in their sole and absolute discretion, within 60 days of the occurrence of such Early Redemption Event ("**Early Redemption Alternative Solution**"):

- (a) to declare that such event does not constitute an Early Redemption Event (provided that where there has been a shortfall in payment of any amounts due and payable to such Noteholder as a result of such event, such shortfall shall become due and payable upon the redemption of the Notes in full), in which case such event shall not constitute an Early Redemption Event and the Notes shall remain outstanding as if such event had not occurred; or
- (b) for the obligations of the Issuer to pay the Early Redemption Amount to be satisfied in full by delivery of the Underlying Assets to the Noteholders or to a third party designated by the Noteholders, subject to the terms and conditions of the Underlying Assets and to all applicable laws, regulations and directives and to payment by the Noteholders of any related costs and expenses (including stamp duty and other taxes); or
- (c) to request for the substitution of any other company in place of the Issuer as principal debtor under the Notes.
- (d) If the Early Redemption Alternative Solution pursuant to Additional Provision 6.1 (b) or (c) can be effected within such sixty (60) day period, then the Issuer's obligations in respect of all of the Notes shall be cancelled and discharged in full and the Noteholders shall have no further recourse to the Issuer or any other party in respect of the Notes, provided, however, (1) that any such delivery of the Underlying Assets shall be subject to (i) the terms and conditions of such Affected Underlying Assets and to all applicable laws, regulations and directives and (ii) to the payment by the Noteholders of any related costs and expenses (including stamp duty and other taxes) (such payment to be received by the Determination Agent in full before delivery shall take place hereunder); and (2) that any such substitution of the Issuer shall be subject to (i) the terms and conditions of such Underlying Assets and to all applicable laws, regulations and directives of the jurisdiction of incorporation of the new issuing entity; and (ii) to the payment by the Noteholders of any related costs and expenses (including stamp duty and other taxes) (such payment to be received by the Determination Agent in full before substitution shall take place hereunder).

6.2 If the foregoing actions cannot be completed within such 60 day period, the Determination Agent shall give notice to the Issuer, the Trustee, the Principal Paying Agent, the Custodian and Moody's, informing them of the occurrence of the same. Upon giving such notice the Determination Agent shall pursuant to, and in accordance with, the provisions of the Agency Agreement and these Terms of the Notes, use reasonable endeavours to realise the Affected Underlying Assets in accordance with the Auction Process. The Determination Agent shall calculate the Early Redemption Amount and shall notify the Issuer, the Trustee, Moody's and the Principal Paying Agent of such Early Redemption Amount and the related Early Redemption Date, whereupon the Issuer shall promptly notify the same to the Noteholders in accordance with Condition 14.

6.3 On the Early Redemption Date, all of the Notes shall be redeemed in an amount equal to

the Early Redemption Amount and if there is more than one Noteholder, each Noteholder shall be paid its *pro rata* share of the Early Redemption Amount.

6.4 Upon payment (if any) of a *pro rata* share of the Early Redemption Amount by or on behalf of the Issuer to the account specified for such purpose by such Noteholder in accordance with this Additional Provision, the Issuer's obligations in respect of all of the Notes shall be cancelled and discharged in full and the Noteholders shall have no further recourse to the Issuer or any other party in respect of the Notes.

7. **Realisation of the Underlying Assets following a Category B Mandatory Redemption Event or an Early Redemption Event**

7.1 Where Auction Process applies with respect to the occurrence of a Category B Mandatory Redemption Event, an Early Redemption Event pursuant to Additional Provision (6) or pursuant to Additional Provision (17) (as the case may be), the Determination Agent shall (in consultation with the Noteholders), on a Business Day which is not less than five Business Days and not more than ten Business Days following the related Adjustment Date or Recovery Process Cut-off Date, as applicable, request each of five Dealers (which shall include a Dealer selected by the Determination Agent in consultation with the Noteholders, for as long as 100 per cent. of the Outstanding Principal Amount of the Notes is held by the Initial Purchaser) to provide a clean bid price to purchase the Affected Underlying Assets (each such bid price, a "**Quotation**").

7.2 Upon receipt of all Quotations, the final price in respect of the Affected Underlying Assets (the "**Final Price**") shall be the highest price at which the Determination Agent is able to sell such Affected Underlying Assets. The foregoing shall be subject to the proviso that if the Determination Agent does not receive any Quotations from the Dealers, the Final Price shall be determined by the Determination Agent in good faith and in a commercially reasonable manner (and such determination shall be binding on the Issuer, the Trustee and the Noteholders) and, for these purposes, the Determination Agent may realise the Affected Underlying Assets in a manner determined in good faith and in a commercially reasonable manner. For the avoidance of doubt, the Final Price may be zero.

7.3 In respect of the foregoing, the Determination Agent shall not be liable (i) to account for anything except the actual net proceeds of the Underlying Assets received by it, or (ii) for any costs, charges, losses, damages, liabilities or expenses arising from or connected with the sale or otherwise, unless such costs, charges, losses, damages, liabilities or expenses shall have been caused by its own fraud, wilful default or negligence. Nor shall the Determination Agent be liable to the Issuer, the Noteholders, the Trustee or any other person merely because a higher price could have been obtained had the sale or other realisation been delayed or to pay to the Issuer, the Noteholders, the Trustee or any other person interest on any proceeds from the sale or other realisation held by it at any time.

8. **Category A Underlying Assets Replacement Option**

8.1 The 100 per cent. Noteholders may request that any of the Category A Underlying Assets are replaced with Replacement Category A Underlying Assets (subject to compliance with the Replacement Category A Criteria and on the condition that such replacement cannot cause the Notes to be ineligible for purchase or continued ownership by the Noteholders) (a "**Proposed Category A Replacement**") by (i) the delivery of a Category A Replacement Request Notice at any time within the Replacement Period, to the Issuer, the Trustee, the Determination Agent, the Principal Paying Agent, the Custodian (the "**Transaction Parties**") and Moody's; and (ii) subject to compliance with the procedure set out below.

**Category A Underlying Assets Replacement Option Procedure**

- 8.2 Within five Business Days following receipt of the Category A Replacement Request Notice, the Determination Agent, acting on behalf of the Issuer, will determine in good faith and in a commercially reasonable manner (i) whether the Replacement Category A Underlying Assets are Replacement Eligible Category A Underlying Assets and, if so, (ii) and in consultation with the Transaction Parties, all costs and expenses that will be incurred by the Transaction Parties in relation to such replacement (the “**Category A Replacement Cost**”).
- 8.3 In accordance with Additional Provision 8.2 above, if the Determination Agent determines in good faith and in a commercially reasonable manner, that:
- (a) the Replacement Category A Underlying Assets are not Replacement Eligible Category A Underlying Assets then it will notify the Noteholders, the Transaction Parties and Moody’s of such decision and no further action shall be taken regarding the Proposed Category A Replacement; or
  - (b) the Replacement Category A Underlying Assets are Replacement Eligible Category A Underlying Assets then it will deliver a Category A Replacement Acceptance Notice to all Noteholders, the Transaction Parties and Moody’s.
- 8.4 On receipt of a Category A Replacement Acceptance Notice, the Noteholders shall, by not later than the fifth Business Day prior to the date specified in such notice for the replacement to take effect (the “**Category A Replacement Date**”):
- (a) (i) deliver the Replacement Category A Underlying Assets to the Custodian which shall confirm to the Determination Agent receipt of such assets or (ii) instruct the Issuer to purchase the Replacement Category A Underlying Assets; and
  - (b) pay to the Determination Agent the Category A Replacement Cost (which shall, if the Proposed Category A Replacement is effected, be distributed by the Determination Agent to certain Transaction Parties in accordance with the provisions of the Agency Agreement).
- 8.5 If the confirmation or instructions and payment of the Category A Replacement Cost in accordance with Additional Provision 8.4 above is:
- (a) received within the time limit set out above, (1) the Proposed Category A Replacement shall be effected by the Determination Agent in good faith and in a commercially reasonable manner, and by the Custodian (on the instructions of the Determination Agent), by the sale of the Replaced Category A Underlying Assets and the application of all or part of the proceeds in the purchase of the Replacement Category A Underlying Assets (with any unused balance deposited into the Category A Cash Account); and (2) the Replaced Category A Underlying Assets shall cease to form part of the Category A Underlying Assets and the Replacement Category A Underlying Assets shall be deemed to be Category A Underlying Assets and shall form part of the Charged Assets; or
  - (b) not received within the time limit set out above, the Proposed Category A Replacement shall be void and any Category A Replacement Cost paid to the Determination Agent in accordance with Additional Provision 8.4, net of any costs and expenses (if any) actually incurred by any Transaction Party in connection with such Proposed Category A Replacement, shall be returned to the Noteholders and, for the avoidance of doubt, no interest shall be due on such amount.

For the purposes of the foregoing:

**“Category A Replacement Acceptance Notice”** means a notice from the Determination Agent to the Noteholders, the Transaction Parties and Moody’s, confirming that the Replacement Category A Underlying Assets are Replacement Eligible Category A Underlying Assets and confirming (i) the Category A Replacement Date, (ii) the Category A Replacement Cost, and (iii) the account of the Determination Agent into which the Category A Replacement Cost is to be paid.

**“Category A Replacement Request Notice”** means a notice specifying (a) the Category A Underlying Assets proposed to be replaced (the **“Replaced Category A Underlying Assets”**); and (b) the Replacement Category A Underlying Assets.

**“Replacement Category A Criteria”** means, in respect of any Replacement Category A Underlying Assets:

- (i) that the remaining tenor of the Replacement Category A Underlying Assets is not longer than the remaining tenor of the Replaced Category A Underlying Assets;
- (ii) that the currency of the Replacement Category A Underlying Assets is the same as the currency of the Notes;
- (iii) that the outstanding principal amount of the Replacement Category A Underlying Assets is the same as the outstanding principal amount of the Replaced Category A Underlying Assets;
- (iv) that the amount used to purchase the Replacement Category A Underlying Assets is not greater than the proceeds received in connection with the sale of the Replaced Category A Underlying Assets, as determined by the Determination Agent;
- (v) that the Determination Agent is satisfied that the replacement of the Replaced Category A Underlying Assets with the Replacement Category A Underlying Assets will not lead to any adverse tax consequences for the Issuer;
- (vi) that such obligations are not callable obligations;
- (vii) that the holding of the Replacement Category A Underlying Assets would not result in a breach of any laws applicable to the Issuer or the Replacement Category A Underlying Assets;
- (viii) that the Replacement Category A Underlying Asset satisfies all requirements of the current applicable internal policies of the Arranger in relation to loans (where applicable) (including, without limitation, reputational risk policy and “know your client” and anti-money laundering policies);
- (ix) that the Replacement Category A Underlying Asset is not a bilateral loan unless agreed by the Issuer, the Arranger and all the Noteholders;
- (x) that the Replacement Category A Underlying Asset must be sold or economic exposure transferred to the Issuer at market value; and
- (xi) that the Determination Agent is satisfied that immediately after the replacement of the Replaced Category A Underlying Assets with the Replacement Category A Underlying Assets, (a) the Underlying Assets will comprise obligations of six or more obligors and (b) each such obligor will account for less than 20 per cent. of the Underlying Assets by aggregate outstanding principal amount.

**“Replacement Category A Underlying Assets”** means the obligations specified as such in the Category A Replacement Request Notice.

**“Replacement Eligible Category A Underlying Assets”** means obligations that comply with the Replacement Category A Criteria.

9. **Category B Underlying Assets Replacement Option**

- 9.1 The 100 per cent. Noteholders may request that any of the Category B Underlying Assets are replaced with Replacement Category B Underlying Assets (subject to compliance with the Replacement Category B Criteria and on the condition that such replacement cannot cause the Notes to be ineligible for purchase or continued ownership by the Noteholders) (a **“Proposed Category B Replacement”**) by (i) delivery of a Category B Replacement Request Notice at any time within the Replacement Period to the Transaction Parties and Moody’s and (ii) subject to compliance with the procedure set out below.

**Category B Underlying Assets Replacement Option Procedure**

- 9.2 Within five Business Days of receipt of the Category B Replacement Request Notice, the Determination Agent, acting on behalf of the Issuer, will determine in good faith and in a commercially reasonable manner (i) whether the Replacement Category B Underlying Assets are Eligible Category B Underlying Assets and, if so, (ii) and in consultation with the Transaction Parties, all costs and expenses that will be incurred by the Transaction Parties in relation to such replacement (the **“Category B Replacement Cost”**).
- 9.3 In accordance with Additional Provision 9.2 above, if the Determination Agent determines in good faith and in a commercially reasonable manner, that:
- (a) the Replacement Category B Underlying Assets are not Eligible Category B Underlying Assets then it will notify the Noteholders, the Transaction Parties and Moody’s of such decision and no further action shall be taken regarding the Proposed Category B Replacement; or
  - (b) the Replacement Category B Underlying Assets are Eligible Category B Underlying Assets then it will deliver a Category B Replacement Acceptance Notice to all Noteholders, the Transaction Parties and Moody’s.
- 9.4 On receipt of a Category B Replacement Acceptance Notice, the Noteholders shall, by not later than the fifth Business Day prior to the date specified in such notice for the replacement to take effect (the **“Category B Replacement Date”**):
- (a) (i) deliver the Replacement Category B Underlying Assets to the Custodian which shall confirm to the Determination Agent receipt of such assets or (ii) instruct the Issuer to purchase the Replacement Category B Underlying Assets; and
  - (b) pay to the Determination Agent the Category B Replacement Cost (which shall, if the Proposed Category B Replacement is effected, be distributed by the Determination Agent to certain Transaction Parties in accordance with the provisions of the Agency Agreement).
- 9.5 If the confirmation or instructions and payment of the Category B Replacement Cost in accordance with Additional Provision 9.4(a) and (b) above are:
- (a) received within the time limit set out above, (1) the Determination Agent shall notify

the Issuer of such receipt and the Proposed Category B Replacement shall be effected by the Determination Agent in good faith and in a commercially reasonable manner, and by the Custodian (on the instructions of the Determination Agent), by the sale of the Replaced Category B Underlying Assets and the application of all or part of the proceeds in the purchase of the Replacement Category B Underlying Assets (with any unused balance deposited into the Category B Cash Account); and (2) the Replaced Category B Underlying Assets shall cease to form part of the Category B Underlying Assets and the Replacement Category B Underlying Assets shall be deemed to be Category B Underlying Assets and shall form part of the Charged Assets; or

- (b) not received within the time limit set out above, the Proposed Category B Replacement shall be void and (1) any Replacement Category B Underlying Assets delivered to the Custodian in accordance with Additional Provision 9.4(a) shall be returned to the Noteholders by the Custodian and (2) any Category B Replacement Cost paid to the Determination Agent in accordance with Additional Provision 9.4(b), net of any costs and expenses (if any) actually incurred by any Transaction Party in connection with such Proposed Category B Replacement, shall be returned to the Noteholders and, for the avoidance of doubt, no interest shall be due on such amount.

where:

**“Category B Replacement Acceptance Notice”** means a notice from the Determination Agent to the Noteholders, the Transaction Parties and Moody’s confirming that the Replacement Category B Underlying Assets are Eligible Category B Underlying Assets and confirming (i) the Category B Replacement Date, (ii) the Category B Replacement Cost, (iii) the Custodian’s account into which the Eligible Category B Underlying Assets must be delivered and (iv) the account of the Determination Agent into which the Category B Replacement Cost is to be paid.

**“Category B Replacement Request Notice”** means a notice specifying (a) the Category B Underlying Assets proposed to be replaced (the **“Replaced Category B Underlying Assets”**); (b) the Replacement Category B Underlying Assets; and (c) the contact details and details of the cash and securities accounts for the Noteholders.

**“Eligible Category B Underlying Assets”** means obligations that comply with the Replacement Category B Criteria.

**“Replacement Category B Criteria”** means, in respect of any Replacement Category B Underlying Assets:

- (i) the stated date of maturity of such obligations is not later than the stated date of maturity of the Replaced Category B Underlying Assets;
- (ii) that such obligations are denominated in the same currency as the Notes;
- (iii) that the principal amount or, in the case of any Category B Underlying Assets that are Accreting Obligations, the Accreted Amount of the Replacement Category B Underlying Assets shall be equal to the Underlying Assets Principal Amount or, in the case of any Accreting Obligations, the Accreted Amount of the Replaced Category B Underlying Assets;



- (iv) that the amount used to purchase the Replacement Category B Underlying Assets is not greater than the proceeds received in connection with the sale of the Replaced Category B Underlying Assets, as determined by the Determination Agent;
- (v) that such obligations have, at the Category B Replacement Date, a long-term rating from Moody's which is equal to or better than the rating applicable to the Replaced Category B Underlying Assets;
- (vi) that the Determination Agent is satisfied that the replacement of the Replaced Category B Underlying Assets with the Replacement Category B Underlying Assets will not lead to any adverse tax consequences for the Issuer or any withholding or accounting for tax with respect to payments in respect of the Replacement Category B Underlying Assets such that the Issuer would receive a lower amount with respect to such payments than would have been the case in the absence of such withholding or accounting for tax;
- (vii) that the holding of the Replacement Category B Underlying Assets would not result in a breach of any laws applicable to the Issuer or the Replacement Category B Underlying Assets;
- (viii) that the Replacement Category B Underlying Asset must be sold or transferred to the Issuer at market value; and
- (ix) that the Determination Agent is satisfied that immediately after the replacement of the Replaced Category B Underlying Assets with the Replacement Category B Underlying Assets, (a) the Underlying Assets will comprise obligations of six or more obligors and (b) each such obligor will account for less than 20 per cent. of the Underlying Assets by aggregate outstanding principal amount.

**"Replacement Category B Underlying Assets"** means the obligations specified as such in the Category B Replacement Request Notice.

## 10. **Category A Underlying Assets Alternative Replacement Option**

- 10.1 The 100 per cent. Noteholders may request that all or a proportion of the Relevant Cash standing to the credit of the Category A Cash Account (where all or part of the cash standing to the credit of the Category A Cash Account was credited to the Category A Cash Account as a result of an Underlying Assets Redemption Event in respect of Category A Underlying Assets) is replaced with Alternative Replacement Category A Underlying Assets (subject to compliance with the Alternative Replacement Category A Criteria and on the condition that such replacement cannot cause the Notes to be ineligible for purchase or continued ownership by the Noteholders) (a **"Proposed Alternative Category A Replacement"**) by (i) the delivery of a Category A Alternative Replacement Request Notice at any time within the Replacement Period, to the Transaction Parties and Moody's; and (ii) subject to compliance with the procedure set out below.

### **Category A Underlying Assets Alternative Replacement Option Procedure**

- 10.2 Within five Business Days following receipt of the Category A Alternative Replacement Request Notice, the Determination Agent, acting on behalf of the Issuer, will determine in good faith and in a commercially reasonable manner (i) whether the Alternative Replacement Category A Underlying Assets are Alternative Replacement Eligible Category A Underlying Assets and, if so, (ii) and in consultation with the Transaction Parties, all costs and expenses that will be incurred by the Transaction Parties in relation to such replacement (the **"Category A Alternative Replacement Cost"**).

- 10.3 In accordance with Additional Provision 10.2 above, if the Determination Agent determines in good faith and in a commercially reasonable manner, that:
- (a) the Alternative Replacement Category A Underlying Assets are not Alternative Replacement Eligible Category A Underlying Assets then it will notify the Noteholders, the Transaction Parties and Moody's of such decision and no further action shall be taken regarding the Proposed Alternative Category A Replacement; or
  - (b) the Alternative Replacement Category A Underlying Assets are Alternative Replacement Eligible Category A Underlying Assets then it will deliver a Category A Alternative Replacement Acceptance Notice to all Noteholders, the Transaction Parties and Moody's.
- 10.4 On receipt of a Category A Alternative Replacement Acceptance Notice, the Noteholders shall, by not later than the fifth Business Day prior to the date specified in such notice for the replacement to take effect (the "**Category A Alternative Replacement Date**") pay to the Determination Agent the Category A Alternative Replacement Cost (which shall, if the Proposed Alternative Category A Replacement is effected, be distributed by the Determination Agent to certain Transaction Parties in accordance with the provisions of the Agency Agreement).
- 10.5 If the payment of the Category A Alternative Replacement Cost in Additional Provision 10.4 is:
- (a) received within the time limit set out above, the Proposed Alternative Category A Replacement shall be effected by the Determination Agent in good faith and in a commercially reasonable manner, and by the Custodian (on the instructions of the Determination Agent), with the relevant proportion of the Relevant Cash debited from the Category A Cash Account and applied in the purchase of the Alternative Replacement Category A Underlying Assets, which shall be deemed to be Category A Underlying Assets; or
  - (b) not received within the time limit set out above, the Proposed Alternative Category A Replacement shall be void and any Category A Alternative Replacement Cost paid to the Determination Agent in accordance with Additional Provision 10.4, net of any costs and expenses (if any) actually incurred by any Transaction Party in connection with such Proposed Alternative Category A Replacement, shall be returned to the Noteholders and, for the avoidance of doubt, no interest shall be due on such amount.

For the purposes of this Additional Provision (10):

**"Alternative Replacement Category A Criteria"** means, in respect of any Alternative Replacement Category A Underlying Assets:

- (i) the stated date of maturity of such obligations is not later than the date falling three Business Days prior to the Maturity Date of the Notes;
- (ii) that such obligations are denominated in the same currency as the currency of the Notes;
- (iii) the proceeds required to purchase the Alternative Replacement Category A Underlying Assets, as determined by the Determination Agent, are not greater than the amount of Relevant Cash available;

- (iv) the principal amount of the Alternative Replacement Category A Underlying Assets is equal to the Underlying Assets Principal Amount of the Category A Underlying Assets the subject of the Underlying Asset Redemption Event;
- (v) that the Determination Agent is satisfied that the replacement of the proportion of Relevant Cash with the Alternative Replacement Category A Underlying Assets will not lead to any adverse tax consequences for the Issuer;
- (vi) that the holding of the Alternative Replacement Category A Underlying Assets would not result in a breach of any laws applicable to the Issuer or the Alternative Replacement Category A Underlying Assets;
- (vii) that the Alternative Replacement Category A Underlying Asset satisfies all requirements of the current applicable internal policies of the Arranger in relation to loans (where applicable) (including, without limitation, reputational risk policy and “know your client” and anti-money laundering policies);
- (viii) that the Alternative Replacement Category A Underlying Asset is not a bilateral loan unless agreed by the Issuer, the Arranger and all the Noteholders; and
- (ix) that the Alternative Replacement Category A Underlying Asset must be sold or economic exposure transferred to the Issuer at market value.

**“Alternative Replacement Category A Underlying Assets”** means the obligations specified as such in the Category A Alternative Replacement Request Notice.

**“Alternative Replacement Eligible Category A Underlying Assets”** means obligations that comply with the Alternative Replacement Category A Criteria.

**“Category A Alternative Replacement Acceptance Notice”** means a notice from the Determination Agent to the Noteholders, the Transaction Parties and Moody’s confirming that the Alternative Replacement Category A Underlying Assets are Alternative Replacement Eligible Category A Underlying Assets and confirming (i) the Category A Alternative Replacement Date, (ii) the Category A Alternative Replacement Cost and (iii) the account of the Determination Agent into which the Category A Alternative Replacement Cost shall be paid.

**“Category A Alternative Replacement Request Notice”** means a notice specifying (a) the Alternative Replacement Category A Underlying Assets, and (b) the amount of Relevant Cash to be applied in the purchase of the same.

## 11. **Category B Underlying Assets Alternative Replacement Option**

- 11.1 The 100 per cent. Noteholders may request that all or a proportion of the Relevant Cash standing to the credit of the Category B Cash Account (where all or part of the cash standing to the credit of the Category B Cash Account was credited to the Category B Cash Account as a result of an Underlying Assets Redemption Event in respect of Category B Underlying Assets) is replaced with Alternative Replacement Category B Underlying Assets (subject to compliance with the Alternative Replacement Category B Criteria and on the condition that such replacement cannot cause the Notes to be ineligible for purchase or continued ownership by the Noteholders) (a **“Proposed Alternative Category B Replacement”**) by (i) the delivery of a Category B Alternative Replacement Request Notice at any time within the Replacement Period, to the Transaction Parties and Moody’s and (ii) subject to compliance with the procedure set out below.

## **Category B Underlying Assets Alternative Replacement Option Procedure**

- 11.2 Within five Business Days following receipt of the Category B Alternative Replacement Request Notice, the Determination Agent, acting on behalf of the Issuer, will determine in good faith and in a commercially reasonable manner (i) whether the Alternative Replacement Category B Underlying Assets are Alternative Replacement Eligible Category B Underlying Assets and, if so, (ii) and in consultation with the Transaction Parties, all costs and expenses that will be incurred by the Transaction Parties in relation to such replacement (the “**Category B Alternative Replacement Cost**”).
- 11.3 In accordance with Additional Provision 11.2 above, if the Determination Agent determines in good faith and in a commercially reasonable manner, that:
- (a) the Alternative Replacement Category B Underlying Assets are not Alternative Replacement Eligible Category B Underlying Assets then it will notify the Noteholders, the Transaction Parties and Moody’s of such decision and no further action shall be taken regarding the Proposed Alternative Category B Replacement; or
  - (b) the Alternative Replacement Category B Underlying Assets are Alternative Replacement Eligible Category B Underlying Assets then it will deliver a Category B Alternative Replacement Acceptance Notice to all Noteholders, the Transaction Parties and Moody’s.
- 11.4 On receipt of a Category B Alternative Replacement Acceptance Notice, the Noteholders shall, by not later than the fifth Business Day prior to the date specified in such notice for the replacement to take effect (the “**Category B Alternative Replacement Date**”) pay to the Determination Agent the Category B Alternative Replacement Cost (which shall, if the Proposed Alternative Category B Replacement is effected, be distributed by the Determination Agent to certain Transaction Parties in accordance with the provisions of the Agency Agreement).
- 11.5 If the payment of the Category B Alternative Replacement Cost in Additional Provision 11.4 is:
- (a) received within the time limit set out above, the Proposed Alternative Category B Replacement shall be effected by the Determination Agent in good faith and in a commercially reasonable manner, and by the Custodian (on the instructions of the Determination Agent), with the relevant proportion of the Relevant Cash debited from the Category B Cash Account and applied in the purchase of the Alternative Replacement Category B Underlying Assets, which shall be deemed to be Category B Underlying Assets; or
  - (b) not received within the time limit set out above, the Proposed Alternative Category B Replacement shall be void and any Category B Alternative Replacement Cost paid to the Determination Agent in accordance with Additional Provision 11.4, net of any costs and expenses (if any) actually incurred by any Transaction Party in connection with such Proposed Alternative Category B Replacement, shall be returned to the Noteholders and, for the avoidance of doubt, no interest shall be due on such amount.

For the purposes of this Additional Provision (11):

“**Alternative Replacement Category B Criteria**” means, in respect of any Alternative Replacement Category B Underlying Assets:

- (i) the stated date of maturity of such obligations is not later than the date falling three Business Days before the Maturity Date of the Notes;
- (ii) that such obligations are denominated in the same currency as the currency of the Notes;
- (iii) the proceeds required to purchase the Alternative Replacement Category B Underlying Assets, as determined by the Determination Agent, are not greater than the amount of Relevant Cash available;
- (iv) the principal amount or, in the case of any Alternative Replacement Category B Underlying Obligations that are Accreting Obligations, the Accreted Amount of the Alternative Replacement Category B Underlying Assets is equal to the Underlying Assets Principal Amount or, in the case of any Accreting Obligations, the Accreted Amount of the Category B Underlying Assets the subject of the Underlying Asset Redemption Event;
- (v) that such obligations have, at the Category B Alternative Replacement Date, a long-term rating from Moody's of at least "A3";
- (vi) that the Determination Agent is satisfied that the replacement of the proportion of Relevant Cash with the Alternative Replacement Category B Underlying Assets will not lead to any adverse tax consequences for the Issuer or any withholding or accounting for tax with respect to payments in respect of the Alternative Replacement Category B Underlying Assets such that the Issuer would receive a lower amount with respect to such payments than would have been the case in the absence of such withholding or accounting for tax;
- (vii) that the holding of the Alternative Replacement Category B Underlying Assets would not result in a breach of any laws applicable to the Issuer or the Alternative Replacement Category B Underlying Assets; and
- (viii) that the Alternative Replacement Category B Underlying Asset must be sold or transferred to the Issuer at market value.

**"Alternative Replacement Category B Underlying Assets"** means the obligations specified as such in the Category B Replacement Request Notice.

**"Alternative Replacement Eligible Category B Underlying Assets"** means obligations that comply with the Alternative Replacement Category B Criteria.

**"Category B Alternative Replacement Acceptance Notice"** means a notice from the Determination Agent to the Noteholders, the Transaction Parties and Moody's confirming that the Alternative Replacement Category B Underlying Assets are Alternative Replacement Eligible Category B Underlying Assets and confirming (i) the Category B Alternative Replacement Date, (ii) the Category B Alternative Replacement Cost; and (iii) the account of the Determination Agent into which the Category B Alternative Replacement Cost shall be paid.

**"Category B Alternative Replacement Request Notice"** means a notice specifying (a) the Alternative Replacement Category B Underlying Assets, and (b) the amount of Relevant Cash to be applied in the purchase of the same.

12. **Determination Agent**

The Determination Agent shall not be responsible for any loss or damage suffered by any party as a result of the Determination Agent's performing its duties pursuant to the terms of the Notes and the Agency Agreement relating to the Notes and further, it shall not be responsible for any losses or damages or any liability arising from any determinations made by it with respect to the Notes unless such loss or damage or liability shall have been caused by its own fraud, wilful default or negligence.

13. **Sub-Participation with the Arranger**

- 13.1 In connection with any Category A Underlying Asset which is not in the form of a sub-participation granted to the Issuer, if at any time the Issuer is (in connection with (i) a Category A Mandatory Redemption Event in respect of which no Physical Settlement Notice has been delivered by the 100 per cent. Noteholders in accordance with Additional Provision (5) or (ii) in any other circumstances) obliged to (i) make a payment of money of any kind pursuant to the terms of such Category A Underlying Asset and/or (ii) perform an obligation that will result in the Issuer incurring any costs, fees or expenses, in each case in its capacity as holder or obligee of such Category A Underlying Asset, as determined by the Determination Agent, (the amount of the monetary obligation required to be paid by the Issuer, the "**Payment Obligation Amount**"), the Arranger shall without undue delay and in any event prior to the date on which such Payment Obligation Amount is due and payable use its best efforts to enter into a sub-participation agreement with the Issuer (which shall be subject to limited recourse provisions similar to those set out in Clause 22 of the Master Trust Terms), pursuant to which the Arranger shall become the lender of record or holder of such Category A Underlying Asset, and the Arranger shall procure payment of any Payment Obligation Amount due in respect of the relevant Category A Underlying Assets. In the event that the Arranger procures payment of such amount (a) in connection with a Category A Mandatory Redemption Event, the Recovery Amount received in the Recovery Process relating to such Category A Mandatory Redemption Event shall be reduced by an amount equal to the Payment Obligation Amount, and the Arranger shall be reimbursed in respect of its payment of the Payment Obligation Amount; (b) other than in connection with a Category A Mandatory Redemption Event, the next following Recovery Amount in respect of Category A Underlying Assets (but not Category B Underlying Assets) shall be reduced by an amount equal to the Payment Obligation Amount, and the Arranger shall be reimbursed in respect of its payment of the Payment Obligation Amount.
- 13.2 In the event that the Arranger, for any reason whatsoever, fails to enter into a sub-participation agreement with the Issuer prior to the date on which any Payment Obligation Amount is due and payable in accordance with Additional Provision 13.1, the Issuer shall promptly notify the Transaction Parties and the Noteholders (in accordance with Condition 14) of such failure. On receipt of such notification, the Noteholders shall, by not later than the tenth Business Day following the date of receipt of such notification, pay to the Issuer an amount equal to the Payment Obligation Amount. Failure to make such payment within the time limit set out in this Additional Provision 13.2 shall constitute an **Additional Category A Mandatory Redemption Event** and the provisions of Additional Provision (5) shall apply.
- 13.3 If on completion of the Category A Recovery Process in accordance with Additional Provision (5), the aggregate Recovery Amount received on or before the Recovery Process Cut-off Date relating to such Category A Recovery Process is zero or less than the Payment Obligation Amount due and payable in respect of the relevant Category A Underlying Asset, the Determination Agent shall promptly give notice to the Noteholders,

with a copy to the Issuer, the Trustee, the Principal Paying Agent, the Custodian and Moody's, informing them (i) that the Recovery Amount received in the Category A Recovery Process is zero or less than the relevant Payment Obligation Amount and (ii) of the amount by which the Payment Obligation Amount exceeds the aggregate Recovery Amount so received (the amount by which the Payment Obligation Amount exceeds the aggregate Recovery Amount, the "**Outstanding Payment Obligation Amount**"). On receipt of such notification, the Noteholders shall, by no later than the tenth Business Day following the date of receipt of such notification, pay to the Issuer an amount equal to the Outstanding Payment Obligation Amount. Failure to make such payment within the time limit set out in this Additional Provision 13.3 shall constitute an Early Redemption Event and the provisions of Additional Provision (6) shall apply.

#### 14. **Restructuring**

- 14.1 At any time after the Issue Date up to, and including, the date falling three calendar months prior to the Maturity Date the 100 per cent. Noteholders may request by delivery of a written request notice to the Transaction Parties and Moody's that the Underlying Assets (whether under Category A or Category B) are increased or reduced (such Underlying Assets increase or reduction being referred to herein as an "**Underlying Assets Restructuring**"), with a corresponding increase or reduction, as applicable, of the Outstanding Principal Amount of the Notes (a "**Notes Restructuring**") where Category B Underlying Assets are subject to an Underlying Assets Restructuring. In the event of an increase in the Underlying Assets, the newly added Underlying Assets must comply with the Category A Underlying Assets Addition Criteria or the Category B Underlying Assets Addition Criteria, as applicable.
- 14.2 In connection with any Underlying Assets Restructuring, the Determination Agent, acting in good faith and in a commercially reasonable manner, shall determine the acquisition price and/or realisation proceeds ("**Restructuring Cash Flow**") with respect to the Underlying Assets being added and/or disposed of, as applicable. Such Restructuring Cash Flow may result in the transfer of cash between the Issuer and the Noteholders, as determined by the Determination Agent.
- 14.3 Any Underlying Assets Restructuring in respect of Category B Underlying Assets will result in a corresponding Notes Restructuring, which will require (i) the execution of a Noteholder consent request in form and substance satisfactory to the Issuer, the Arranger and the Trustee, a unanimous Noteholder written resolution and any other documents as may be requested by the Arranger or any other Transaction Party and (ii) an amendment to the Series Documents. All and any costs and expenses incurred in connection with or arising out of any Underlying Assets Restructuring and, if applicable, corresponding Notes Restructuring, as determined by the Determination Agent, in consultation with the Transaction Parties, and in good faith and in a commercially reasonable manner, shall be borne by the Noteholders and payable at such time and in such manner as determined by the Determination Agent, in accordance with the Agency Agreement.
- 14.4 In relation to any proposed Underlying Assets Restructuring and, if applicable, corresponding Notes Restructuring (together, a "**Restructuring**"), the Trustee will not be required to take any action or enter into any documents unless and until it has first been indemnified, secured and/or prefunded to its satisfaction against any costs, expenses or liability it may incur in doing so.
- 14.5 No Underlying Assets Restructuring and, if applicable, corresponding Notes Restructuring may render the Notes restructured in accordance with Additional Provision 14.1 ineligible

for purchase or continued ownership by the Noteholders.

- 14.6 In connection with any Underlying Assets Restructuring, the Determination Agent must be satisfied that immediately after the restructuring of the Underlying Assets, (a) the Underlying Assets will comprise obligations of six or more obligors and (b) each such obligor will account for less than 20 per cent. of the Underlying Assets by aggregate outstanding principal amount.
- 14.7 Where the Underlying Assets Restructuring involves the addition of new Category A Underlying Assets ("**New Category A Underlying Assets**"), such New Category A Underlying Assets must satisfy each of the following criteria (the "**Category A Underlying Assets Addition Criteria**"):
- (a) that the maturity date of the New Category A Underlying Assets is no later than the date falling three Business Days before the Maturity Date of the Notes;
  - (b) that the currency of the New Category A Underlying Assets is the same as the currency of the Notes;
  - (c) that the purchase of the New Category A Underlying Assets is financed by new cash proceeds provided by the 100 per cent. Noteholders;
  - (d) that such obligations are not callable obligations;
  - (e) that the Determination Agent is satisfied that the addition of the New Category A Underlying Assets will not lead to any adverse tax consequences for the Issuer or any withholding or accounting for tax with respect to payments in respect of the New Category A Underlying Assets such that the Issuer would receive a lower amount with respect to such payments than would have been the case in the absence of such withholding or accounting for tax;
  - (f) that the holding of the New Category A Underlying Assets would not result in a breach of any laws applicable to the Issuer or the New Category A Underlying Assets;
  - (g) that each New Category A Underlying Asset satisfies all requirements of the current applicable internal policies of the Arranger in relation to loans (where applicable) (including, without limitation, reputational risk policy and "know your client" and anti-money laundering policies);
  - (h) that the New Category A Underlying Asset is not a bilateral loan unless agreed by the Issuer, the Arranger and all the Noteholders; and
  - (i) that the New Category A Underlying Asset must be sold or economic exposure transferred to the Issuer at market value.

The Determination Agent will determine, in good faith and in a commercially reasonable manner, whether any New Category A Underlying Asset satisfies the Category A Underlying Assets Addition Criteria before the acquisition of such New Category A Underlying Asset.

- 14.8 Where the Underlying Assets Restructuring involves the addition of new Category B Underlying Assets ("**New Category B Underlying Assets**"), such New Category B



Underlying Assets must satisfy each of the following criteria (the “**Category B Underlying Assets Addition Criteria**”):

- (a) that the maturity date of the New Category B Underlying Assets is no later than the date falling three Business Days before the Maturity Date of the Notes;
- (b) that the currency of the New Category B Underlying Assets is the same as the currency of the Notes;
- (c) in the case of an increase in Underlying Assets, that the purchase of the New Category B Underlying Assets is financed by new cash proceeds provided by the 100 per cent. Noteholders;
- (d) that such New Category B Underlying Assets have, at the date of their purchase, a long-term rating from Moody’s of at least A3;
- (e) that the Determination Agent is satisfied that the addition of the New Category B Underlying Assets will not lead to any adverse tax consequences for the Issuer or any withholding or accounting for tax with respect to payments in respect of the New Category B Underlying Assets such that the Issuer would receive a lower amount with respect to such payments than would have been the case in the absence of such withholding or accounting for tax;
- (f) that the holding of the New Category B Underlying Assets would not result in a breach of any laws applicable to the Issuer or the New Category B Underlying Assets; and
- (g) that the New Category B Underlying Asset must be sold or transferred to the Issuer at market value.

The Determination Agent will determine, in good faith and in a commercially reasonable manner, whether any New Category B Underlying Asset satisfies the Category B Underlying Assets Addition Criteria before the acquisition of such New Category B Underlying Asset.

## 15. **Other Provisions**

### 15.1 **Amendments to Condition 5**

15.1.1 Condition 5(A)(ii) shall be amended by the addition of the following proviso at the end thereof:

“; provided, however, that in relation to the Series 2013-1 Notes only and to no other Discrete Series, the restriction contained in this Condition 5(A)(ii) requiring the Issuer to enter into any deeds and agreements relating to any Discrete Series on terms which provide that the obligations of the Issuer thereunder are limited in recourse to specified assets of the Issuer and for extinguishment of all claims in respect of such obligations after application of the proceeds of realisation of the specified assets on which such indebtedness or obligation is secured or to which recourse is otherwise limited shall not apply to any such obligations of the Issuer to the extent that such obligations arise in relation to any Category A Underlying Assets (and any documentation or transactions in relation thereto) comprised from time to time in the Mortgaged Property (which includes the Charged Assets);”; and

15.1.2 Condition 5 shall be amended by the addition of the following paragraphs following paragraph (G):

- “(H) create and issue any Series of Notes with a minimum denomination of less than EUR100,000 (or its equivalent in the relevant currency); and
- (I) request a rating with respect to any Series of Notes from any rating agency other than Moody's Investors Service Inc. or any successors or relevant affiliates thereto.”.

**15.2 Amendment to Condition 7(c)(A)(1)**

Condition 7(c)(A)(1) shall be deleted in its entirety and replaced as follows:

“If the Issuer, on the occasion of the next payment due in respect of the Notes, would be required by law (including by reason of a change in law or regulation or any change in the applicable or official interpretation of such laws or regulation) to withhold or account for tax so that it would be unable to make payment of the full amount that would otherwise be due in respect of the Notes but for the imposition of tax, then the Issuer shall give not more than 28 nor less than 7 days' notice to the Trustee and the Noteholders, and upon expiry of such notice the Issuer shall redeem all but not some only of the Notes at their Early Redemption Amount unless an Extraordinary Resolution of the Noteholders otherwise directs.”.

**16. Trustee**

- 16.1 The Trustee shall not have any obligation to monitor or check any actual or proposed replacement pursuant to Additional Provisions (8), (9), (10) or (11) but may assume that any such replacement has been conducted in compliance with, and in the manner contemplated by, the relevant Additional Provision and that the Determination Agent has complied in all respects with its obligations in relation thereto. The Trustee shall not be responsible for any loss or damage suffered or incurred by any person as a result of any such replacement.
- 16.2 Any Underlying Assets which are replaced, and any amounts which are withdrawn from the Cash Accounts, in order to give effect to any replacement pursuant to Additional Provisions (8), (9), (10) or (11) or any reimbursement pursuant to Additional Provision (13) shall be deemed to have been released from the security created in favour of the Trustee without the requirement for any further action on the part of the Trustee and the Trustee shall have no liability or responsibility for any such release.
- 16.3 The Trustee shall have no obligation to monitor or investigate whether or not any Mandatory Redemption Event, Underlying Assets Payment Event, Underlying Assets Redemption Event or Early Redemption Event has occurred and may assume that no such event or date has occurred unless and until it has received express notice of the same in writing from the Determination Agent.
- 16.4 The Trustee may (without any liability to any person) call for, and rely absolutely upon, a certificate from the Determination Agent to the effect that an instruction has been delivered by, or a consent or approval has been received from the 100 per cent. Noteholders and shall have no duty to investigate or verify such certificate.
- 16.5 The Trustee may (without any liability to any person) call for, and rely absolutely upon, a report delivered by the Determination Agent in accordance with paragraph (3) of these Terms and Conditions of the Notes, which sets out the Outstanding Principal Amount of the

Notes as of the relevant date of determination, as determined by the Determination Agent, and the Trustee shall have no duty to monitor, investigate or verify such Outstanding Principal Amount of the Notes.

- 16.6 The Trustee may (without any liability to any person) rely absolutely upon a certificate delivered to it by the Issuer which certifies the amount of any outstanding liabilities owed by the Issuer in respect of any Category A Underlying Assets and the Trustee shall have no duty to investigate or verify the amount set out in such certificate.

17. **Payments to Noteholders before enforcement of security**

- 17.1 At any time prior to the enforcement of the security constituted pursuant to the Trust Deed, payment of any amounts which become due and payable to the Noteholders in accordance with these Terms and Conditions of the Notes and/or delivery of any Underlying Assets to the Noteholders (or a third party designated by the Noteholders) in accordance with these Terms and Conditions of the Notes shall be subject to the payment and discharge in full of all costs, expenses and liabilities (the “**Transaction Parties Costs and Expenses**”) owed by the Issuer to (i) the Trustee, (ii) the Agents (including any Recovery Agent appointed in accordance with these Terms and Conditions of the Notes) and (iii) any other Transaction Parties, in that order.
- 17.2 In the event that, before any delivery of Underlying Assets to the Noteholders (or a third party designated by the Noteholders) in accordance with these Terms and Conditions of the Notes, the amounts standing to the credit of the Cash Accounts are less than the Transaction Parties Costs and Expenses at such time (the difference between such amounts and the Transaction Parties Costs and Expenses being referred to herein as the “**shortfall**”), the Determination Agent shall determine the applicable shortfall and the portion of the relevant Affected Underlying Assets that will need to be realised in order to cover such shortfall. Following such determination, the provisions of Additional Provision (7) shall apply to the relevant portion of the Affected Underlying Assets and the Recovery Amount received in such Auction Process shall be applied to the payment of the Transaction Parties Cost and Expenses to the relevant Transaction Parties, and the portion of the Affected Underlying Assets to be delivered to the Noteholders shall be reduced accordingly.

## PART II – DEFINITIONS

Unless otherwise defined or expressly provided elsewhere in this Series Memorandum, terms and expressions used herein will have the meanings given to them as follows.

**“100 per cent. Noteholders”** means, on any date of determination, a single Noteholder holding 100 per cent. of the Outstanding Principal Amount of the Notes on such date of determination, and providing sufficient evidence of the same in the determination of the Determination Agent.

**“Account Bank”** has the meaning given to such term in paragraph 8 of these Terms and Conditions of the Notes.

**“Accreted Amount”** means, with respect to an Accreting Obligation and any date of determination, an amount equal to (a) the sum of (i) the original issue price of such Obligation and (ii) the portion of the amount payable at maturity that has accreted but has not been paid in accordance with the terms of the Obligation, less (b) any cash payments made by the obligor thereunder that, under the terms of such Obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (a)(ii) above), in each case calculated by the Determination Agent as of such date of determination. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Determination Agent in its sole and absolute discretion).

**“Accreting Obligation”** means any obligation, the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

**“Acquisition Cost”** has the meaning given to such term in Additional Provision (3).

**“Additional Category A Mandatory Redemption Event”** has the meaning given to such term in Additional Provision 13.2.

**“Adjustment Date”** means, in respect of a Mandatory Redemption Event, an Additional Category A Mandatory Redemption Event or an Early Redemption Event, a date determined by the Determination Agent in its sole discretion, which is not earlier than five Business Days following and not later than eleven Business Days following the date on which the Determination Agent designated such Mandatory Redemption Event, Additional Category A Mandatory Redemption Event or Early Redemption Event.

**“Affected Underlying Assets”** means, with respect to:

- (a) an Early Redemption Event, all the Underlying Assets that are held by the Custodian on behalf of the Issuer; and
- (b) a Mandatory Redemption Event, any Underlying Assets which are the subject of the relevant Mandatory Redemption Event, as determined by the Determination Agent in its sole discretion.

**“Alternative Replacement Category A Criteria”** has the meaning given to such term in Additional Provision (10).

**“Alternative Replacement Category A Underlying Assets”** has the meaning given to such term in Additional Provision (10).

**“Alternative Replacement Category B Criteria”** has the meaning given to such term in Additional Provision (11).

**“Alternative Replacement Category B Underlying Assets”** has the meaning given to such term in Additional Provision (11).

**“Alternative Replacement Eligible Category A Underlying Assets”** has the meaning given to such term in Additional Provision (10).

**“Alternative Replacement Eligible Category B Underlying Assets”** has the meaning given to such term in Additional Provision (11).

**“Auction Process”** means the realisation process referred to in Additional Provision (7).

**“Cash Accounts”** and **“Cash Account”** have the meaning given to such term in paragraph 8 of these Terms and Conditions of the Notes.

**“Category A Acquisition Acceptance Notice”** has the meaning given to such term in Additional Provision (3).

**“Category A Alternative Replacement Acceptance Notice”** has the meaning given to such term in Additional Provision (10).

**“Category A Alternative Replacement Cost”** has the meaning given to such term in Additional Provision (10).

**“Category A Alternative Replacement Date”** has the meaning given to such term in Additional Provision (10).

**“Category A Alternative Replacement Request Notice”** has the meaning given to such term in Additional Provision (10).

**“Category A Cash Account”** has the meaning given to such term in paragraph 8 of these Terms and Conditions of the Notes.

**“Category A Mandatory Redemption Event”** has the meaning given to such term in Additional Provision (5).

**“Category A Recovery Process”** has the meaning given to such term in Additional Provision (5).

**“Category A Replacement Acceptance Notice”** has the meaning given to such term in Additional Provision (8).

**“Category A Replacement Cost”** has the meaning given to such term in Additional Provision (8).

**“Category A Replacement Date”** has the meaning given to such term in Additional Provision (8).

**“Category A Replacement Request Notice”** has the meaning given to such term in Additional Provision (8).

**“Category A Underlying Assets”** has the meaning given to such term in paragraph 8 of these Terms and Conditions of the Notes.

**“Category A Underlying Assets Acquisition Date”** has the meaning given to such term in Additional Provision (3).

**“Category A Underlying Assets Acquisition Request Notice”** has the meaning given to such term in Additional Provision (3).

**“Category A Underlying Assets Addition Criteria”** has the meaning given to such term in Additional Provision (14).

**“Category A Underlying Assets Criteria”** has the meaning given to such term in Additional Provision (3).

**“Category B Alternative Replacement Acceptance Notice”** has the meaning given to such term in Additional Provision (11).

**“Category B Alternative Replacement Cost”** has the meaning given to such term in Additional Provision (11).

**“Category B Alternative Replacement Date”** has the meaning given to such term in Additional Provision (11).

**“Category B Alternative Replacement Request Notice”** has the meaning given to such term in Additional Provision (11).

**“Category B Cash Account”** has the meaning given to such term in paragraph 8 of these Terms and Conditions of the Notes.

**“Category B Mandatory Redemption Event”** has the meaning given to such term in Additional Provision (4).

**“Category B Recovery Process”** has the meaning given to such term in Additional Provision (4).

**“Category B Replacement Acceptance Notice”** has the meaning given to such term in Additional Provision (9).

**“Category B Replacement Cost”** has the meaning given to such term in Addition Provision (9).

**“Category B Replacement Date”** has the meaning given to such term in Additional Provision (9).

**“Category B Replacement Request Notice”** has the meaning given to such term in Additional Provision (9).

**“Category B Underlying Assets”** has the meaning given to such term in paragraph 8 of these Terms and Conditions of the Notes.

**“Category B Underlying Assets Addition Criteria”** has the meaning given to such term in Additional Provision (14).

**“Category B Underlying Assets Aggregate Principal Amount”** means, on any date of determination, the aggregate of the Underlying Assets Principal Amounts of each of the Category B Underlying Assets on such date of determination.

**“Custodian”** means, as of the Issue Date, HSBC Bank plc and its successors and assigns.

**“Dealer”** means a dealer in the relevant market of the type of Underlying Assets for which the Quotations are to be obtained, as selected by the Determination Agent in consultation with the Noteholders for as long as 100 per cent. of the Outstanding Principal Amount of the Notes is held by the Initial Purchaser (provided that the Determination Agent shall have discretion with respect to the final determination). The foregoing shall be subject to the proviso that if, at the time the Quotations are to be obtained, the Noteholders in respect of all of the Notes are the same as the Noteholders in respect of all of the Notes on or about the Issue Date, then one of the Dealers shall be such Noteholders or a dealer selected by such Noteholders.

**“Delivery of an Unwind Event Notice”** means, in relation to an Unwind Event, the delivery to the Issuer, the Trustee and the Determination Agent by the Noteholders together holding 100% of the Outstanding Principal Amount of the Notes of a notice of the occurrence of an Unwind Event.

**“Determination Agent”** means Credit Suisse International and its successors and assigns.

**“Early Redemption Alternative Solution”** has the meaning given to such term in Additional Provision (6).

**“Early Redemption Amount”** means an amount equal to (i) (in the case of an Early Redemption Event) the Recovery Fraction of the Outstanding Principal Amount of all of the Notes or (ii) (in the case of a Mandatory Redemption Event in respect of Category B Underlying Assets) the aggregate Recovery Amount determined in accordance with Additional Provision 4, in each case as determined by the Determination Agent in good faith and in a commercially reasonable manner, provided that the Early Redemption Amount in respect of (i) above shall not exceed the amount available for redemption of the Notes by applying the portion available to Noteholders pursuant to Condition 4(d) of the net proceeds of enforcement of the security in accordance with Condition 4.

**“Early Redemption Date”** means, in respect of a Mandatory Redemption Event or an Early Redemption Event, a date determined by the Determination Agent as being the latest of:

- (a) eleven Business Days following the related Adjustment Date;
- (b) two Business Days following actual receipt by or on behalf of the Issuer of any redemption proceeds and/or realisation proceeds and/or recovery proceeds with respect to the Affected Underlying Assets;
- (c) three Business Days after the completion of the Auction Process and;
- (d) the date determined in accordance with Additional Provision 4.

**“Early Redemption Event”** means the determination of the Determination Agent (acting in good faith and in a commercially reasonable manner) that:

- (a) a taxation event as described in Condition 7(c)(A)(1) (as amended) has occurred; or
- (b) an illegality event as described in Condition 7(c)(A)(2) (as amended) has occurred; or
- (c) an Event of Default pursuant to Condition 9 has occurred;
- (d) the Delivery of an Unwind Event Notice has occurred on or before the date which is six months following the Issue Date; or
- (e) an Early Redemption Event pursuant to Additional Provision 13.3 has occurred.

For the avoidance of doubt, in the event of any inconsistency between the terms of Additional

Provision (6) and any of Condition 7(c)(A)(1) (as amended), Condition 7(c)(A)(2) (as amended) or Condition 9, the terms of Additional Provision (6) shall prevail.

**“Eligible Category A Underlying Assets”** has the meaning given to such term in Additional Provision (3).

**“Eligible Category B Underlying Assets”** has the meaning given to such term in Additional Provision (9).

**“Final Price”** has the meaning given to such term in Additional Provision (7).

**“Initial Cash”** has the meaning given to such term in Additional Provision (3).

**“Initial Purchaser”** means the beneficial holder of 100 per cent. of the Outstanding Principal Amount of the Notes on the Issue Date.

**“Initial Underlying Assets”** has the meaning given to such term in paragraph 8 of these Terms and Conditions of the Notes.

**“Mandatory Redemption Event”** means the Determination Agent, in good faith and in a commercially reasonable manner, determines that:

- (a) any default or event of default (howsoever described) has occurred with respect to any Underlying Assets; and/or
- (b) any Underlying Assets have become subject to redemption for any reason on a date prior to their stated date of maturity; and (a) the early redemption proceeds are less than the Underlying Assets Principal Amount in respect of such Underlying Assets, and/or (b) any accrued but unpaid interest in respect of such Underlying Assets is less than the amount of any accrued but unpaid interest due in respect of such early redemption.

**“Moody's”** means Moody's Investors Service Hong Kong Limited (and any successors or relevant affiliates thereto).

**“New Category A Underlying Assets”** has the meaning given to such term in Additional Provision (14).

**“New Category B Underlying Assets”** has the meaning given to such term in Additional Provision (14).

**“Notes Restructuring”** has the meaning given to such term in Additional Provision (14).

**“Outstanding Principal Amount”** has the meaning given to such term in paragraph 3 of these Terms and Conditions of the Notes.

**“Payment Obligation Amount”** has the meaning given to such term in Additional Provision (13).

**“Physical Settlement Notice”** means, in relation to any Mandatory Redemption, a notice by the 100 per cent. Noteholders on any date of determination of such Noteholders' election, in their sole and absolute discretion, to (i) have the Relevant Proportion of the Notes redeemed by delivery of the Affected Underlying Assets to such Noteholders or (ii) in relation to any Mandatory Redemption Event in respect of Category A Underlying Assets, to take delivery of the Affected Underlying Assets in lieu of any Category A Recovery Process.



**“Proposed Alternative Category A Replacement”** has the meaning given to such term in Additional Provision (10).

**“Proposed Alternative Category B Replacement”** has the meaning given to such term in Additional Provision (11).

**“Proposed Category A Replacement”** has the meaning given to such term in Additional Provision (8).

**“Proposed Category A Underlying Assets”** has the meaning given to such term in Additional Provision (3).

**“Proposed Category A Underlying Assets Acquisition”** has the meaning given to such term in Additional Provision (3).

**“Proposed Category B Replacement”** has the meaning given to such term in Additional Provision (9).

**“Quotation”** has the meaning given to such term in Additional Provision (7).

**“Recovery Agency Agreement”** means an agreement to be entered into by, among others, the Issuer, the Trustee and the Recovery Agent named therein, pursuant to which the parties thereto agree the terms of appointment of the Recovery Agent in connection with any Recovery Process and which sets out, among others, the duties of the Recovery Agent and any commissions, fees and expenses payable to the Recovery Agent in respect of the services to be performed by it pursuant to the terms of the Recovery Agency Agreement.

**“Recovery Agent”** means the Determination Agent or such other dealer in the relevant market of the type of Underlying Assets that are subject to a Recovery Process as may be selected, for as long as 100 per cent. of the Outstanding Principal Amount of the Notes are held by the Initial Purchaser, by the 100 per cent. Noteholders.

**“Recovery Amount”** means the amount:

- (a) received by, or on behalf of, the Issuer upon any redemption of, and/or in connection with any Recovery Process in respect of, all or the applicable proportion of the Underlying Assets; and/or
- (b) determined as the Final Price of all or the applicable proportion of the Underlying Assets in accordance with the Auction Process,

as applicable, in each case after the deduction of all costs, fees, charges, taxes and expenses of or incurred by or on behalf of the Trustee, the Issuer, the Agents, the Custodian and any Recovery Agent in connection with any sale of the Underlying Assets or any Recovery Process in respect of the Underlying Assets, and the early redemption of any or all of the Notes or otherwise due and owing but unpaid to the Trustee, the Agents, the Custodian or any Recovery Agent under the Constituting Instrument or any of the agreements or deeds constituted thereby. In the event that all (but not some only) of the Notes are subject to redemption, the Recovery Amount shall, in addition, include any remaining balance standing to the credit of the Cash Accounts.

**“Recovery Fraction”** means a fraction of which the numerator is the Recovery Amount and the denominator is the aggregate Outstanding Principal Amount of the Notes falling due for redemption.

**“Recovery Process”** means Category A Recovery Process and/or Category B Recovery Process, as the context may require and in each case refers to a process whereby the Recovery Agent takes all required steps, as set out in more detail in the related Recovery Agency Agreement, to recover from the obligors of any Affected Underlying Assets which are subject to a Recovery Process any amounts that are due and payable under such Affected Underlying Assets and which process may include restructuring, workouts or similar arrangements and/or legal proceedings against such obligors.

**“Recovery Process Cut-off Date”** means, (i) in respect of any Category A Recovery Process, the Maturity Date; and (ii) in respect of any Category B Recovery Process, the earlier of (x) the date that is 365 days after the related Adjustment Date, and (y) the Maturity Date.

**“Relevant Proportion”** means, with respect to a Mandatory Redemption Event, a proportion that is equal to the proportion that the Underlying Assets Principal Amount of the Affected Underlying Assets bears to the Category B Underlying Assets Aggregate Principal Amount (immediately prior to the Mandatory Redemption Event).

**“Replacement Category A Criteria”** has the meaning given to such term in Additional Provision (8).

**“Replacement Category A Underlying Assets”** has the meaning given to such term in Additional Provision (8).

**“Replacement Category B Criteria”** has the meaning given to such term in Additional Provision (9).

**“Replacement Category B Underlying Assets”** has the meaning given to such term in Additional Provision (9).

**“Replacement Cost”** means any Category A Replacement Cost, Category A Alternative Replacement Cost, Category B Replacement Cost or Category B Alternative Replacement Cost.

**“Replacement Eligible Category A Underlying Assets”** has the meaning given to such term in Additional Provision (8).

**“Replacement Period”** means the period from, and including, the Issue Date to, but excluding, a day that is twenty Business Days prior to the Maturity Date, *provided that*, with respect to any proposed replacement of Category A Underlying Assets or Category B Underlying Assets in accordance with Additional Provision (8) or (9), the Replacement Period with respect to the proposed replacement of such Underlying Assets only shall end on, but exclude, the day that is twenty Business Days prior to the stated maturity date (howsoever described) of such Underlying Assets.

**“Required Short-Term Rating”** means a short-term unsecured debt rating of at least P-1 by Moody’s.

**“Restructuring”** has the meaning given to such term in Additional Provision (14).

**“Restructuring Cash Flow”** has the meaning given to such term in Additional Provision (14).

**“Transaction Parties”** has the meaning given to such term in Additional Provision (8).

**“Underlying Assets”** has the meaning given to such term in paragraph 8 of these Terms and Conditions of the Notes.

**“Underlying Assets Par Amount”** has the meaning given to such term in the definition of Underlying Assets Redemption Event below.

**“Underlying Assets Payment Amount”** has the meaning given to such term in Additional Provision (1).

**“Underlying Assets Payment Redemption Amount”** has the meaning given to such term in Additional Provision (1).

**“Underlying Assets Principal Amount”** means, with respect to any Underlying Assets, the principal amount or, in the case any Underlying Assets that are Accreting Obligations, the Accreted Amount, of such Underlying Assets. The Underlying Assets Principal Amount in respect of each of the Underlying Assets as at the Issue Date is specified in Annex A.

**“Underlying Assets Redemption Event”** means the Determination Agent, in good faith and in a commercially reasonable manner, determines that:

- (a) any Underlying Assets have become subject to redemption for any reason on a date prior to their stated date of maturity; and
- (b) in respect of such early redemption, the issuer of the Underlying Assets pays in cash, and the Issuer actually receives, (i) the early redemption proceeds that are not less than the Underlying Assets Principal Amount in respect of such Underlying Assets, and (ii) any accrued but unpaid interest due in respect of such early redemption (the amount representing the sum of (i) and (ii), the **“Underlying Assets Par Amount”**).

**“Underlying Assets Restructuring”** has the meaning given to such term in Additional Provision (14).

**“Unwind Event”** means the existence of a difference between the terms and conditions of the Notes as set out in the Final Term Sheet relating to the Notes dated 18 February 2013 (the **“Term Sheet”**) and the Conditions of the Notes as set out in the Series Documents relating to the issue of the Notes, as determined by the Noteholders for as long as 100 per cent. of the Outstanding Principal Amount of the Notes are held by the Initial Purchaser; provided, however, that such difference relates to material terms and conditions of the Notes, as determined by the Noteholders for as long as 100 per cent. of the Outstanding Principal Amount of the Notes are held by the Initial Purchaser and provided, further, that the existence of such a difference will give rise to an Unwind Event only and only if the Noteholders together holding 100% of the Outstanding Principal Amount of the Notes have first requested the Arranger to effect an amendment to the Conditions of the Notes pursuant to the Arranger Covenant contained in the Term Sheet and the Arranger has failed to effect such amendment within one month of the Noteholders’ request for amendment; and finally, provided that, such failure is not due to any of the Issuer, Trustee, Custodian, Principal Paying Agent or any Noteholder not signing any document or performing any other act or not doing so in sufficient time to allow for such amendment to be effected in a timely manner.

**“USD”** means United States dollars.

**“Withdrawal Amount”** has the meaning given to such term in Additional Provision (2).

**“Withdrawal Redemption Amount”** has the meaning given to such term in Additional Provision (2).

## ANNEX A – UNDERLYING ASSETS

*The following information has been produced on the basis of information available to the Issuer from public sources. Such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Each issuer of the Underlying Assets does not accept any responsibility or liability for the accuracy or completeness of the information set out below. The following information and other information contained in this Series Memorandum relating to the Underlying Assets is a summary only of certain terms and conditions. None of the Arranger, the Trustee or any of the other Transaction Participants has verified, or accepts any responsibility whatsoever for the accuracy or completeness of, such information and prospective investors in the Notes should make their own independent investigations and enquiries in respect thereof and into the Underlying Assets and the issuer thereof.*

As at the Issue Date, the Underlying Assets shall comprise the following:

Category A Underlying Assets									
Obligor	Lender	Facility Commitment	Interest Rate	Maturity	Date of Facility Agreement	Currency	Syndicated	Secured	Governing law
None									

Category B Underlying Assets									
ISIN	Obligor	Coupon	Maturity	Moody's Rating	Nominal Amount (US\$)	Underlying Assets Principal Redemption Amount at the Immediate Next Call Option Redemption Date(US\$)	The Next Call Option Redemption Date	Name of Exchange on which Underlying Assets are Listed	Governing law
XS0539665512	Municipality Finance PLC	0%	14 September 2040	Aaa	25,000,000	32,884,998	14 September 2016	The Main Market of the London Stock Exchange	English
XS0528830168	NRW Bank	0%	2 August 2040	Aa1	450,000,000	136,223,327	2 August 2016	The regulated market of the Luxembourg Stock Exchange	French
XS0530265247	NRW Bank	0%	6 August 2040	Aa1	450,000,000	135,602,688	6 August 2016	The regulated market of the Luxembourg Stock Exchange	French

FR0011099506	Compagnie de Financement Foncier	0%	30 August 2041	Aaa	15,000,000	19,400,845	30 August 2016	The regulated market of the Luxembourg Stock Exchange	French
FR0011093525	Compagnie de Financement Foncier	0%	23 August 2041	Aaa	15,000,000	19,235,560	23 August 2016	The regulated market of the Luxembourg Stock Exchange	French

<b>Cash</b>				
<b>Cash Account</b>	<b>Principal Amount</b>	<b>Currency</b>	<b>Account Bank</b>	<b>Location</b>
Category A Cash Account	67,500,000	USD	HSBC Bank plc	London, UK
Category B Cash Account	0	USD	HSBC Bank plc	London, UK

## **USE OF PROCEEDS**

The net proceeds from the issue of the Notes will be applied by the Issuer on the Issue Date towards the purchase of the Charged Assets.

## INFORMATION RELATING TO CREDIT SUISSE INTERNATIONAL

*In addition to the Issuer, Credit Suisse International accepts responsibility for the following information. None of the Issuer, the Trustee or any other person has verified (other than Credit Suisse International), or (save as otherwise provided for in this Series Memorandum) accepts any liability whatsoever for the accuracy of, such information and a prospective investor should make its own independent investigations into Credit Suisse International.*

Credit Suisse International acts in its capacity as the Arranger, the Dealer and the Determination Agent with respect to the Notes ("**CSi**").

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

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

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

## DESCRIPTION OF THE OBLIGORS OF THE UNDERLYING ASSETS

*The following information has been produced on the basis of information available to the Issuer from public sources. Such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading. The obligors of the Underlying Assets do not accept any responsibility or liability for the accuracy or completeness of the information set out below. The following information and other information contained in this Series Memorandum relating to the Underlying Assets is a summary only of certain terms and conditions. None of the Arranger, the Trustee or any of the other Transaction Participants has verified, or accepts any responsibility whatsoever for the accuracy or completeness of, such information and prospective investors in the Notes should make their own independent investigations and enquiries in respect thereof and into the Underlying Assets and the issuer thereof.*

### Obligors of the Category B Underlying Assets

*The following information has been reproduced from the website of the London Stock Exchange, and Bloomberg. More details regarding Municipality Finance PLC can be found at its website (<http://www.kuntarahoitus.fi/en>).*

<b>Municipality Finance PLC</b>	
Name of the obligor:	Municipality Finance PLC
Address of the obligor:	Jaakonkatu 3A PO Box 744 Helsinki, 00101 Finland
Country of Incorporation of the obligor:	Finland
Description of the obligor:	Municipality Finance PLC is a credit institution, which provides financial services in the municipal investments sector and state-subsidized housing production in Finland. Municipality Finance PLC is based in Helsinki, Finland. The obligor was established in 2001 when its predecessors, the old Municipality Finance PLC and Municipal Housing Finance PLC were merged to form a new company.
Name of Exchange on which the obligor has securities listed:	Municipality Finance PLC has securities admitted to trading on the Main Market of the London Stock Exchange.



The following information has been reproduced from the website of the Luxembourg Stock Exchange and Bloomberg. More details regarding NRW Bank can be found at its website (<https://www.nrwbank.com/en/index.html>).

<b>NRW Bank</b>	
Name of the obligor:	North-Rhine-Westphalia Bank (" <b>NRW Bank</b> ")
Address of the obligor:	Kavalleriestraße 22 40213 Düsseldorf Germany
Country of Incorporation of the obligor:	Germany
Description of the obligor:	NRW Bank is a financial group supporting investment and development in the North-Rhine-Westphalia State of Germany. The obligor is owned by the State of North-Rhine-Westphalia and is the largest regional development bank in Germany.
Name of Exchange on which the obligor has securities listed:	NRW Bank has securities admitted to trading on the regulated market of the Luxembourg Stock Exchange.

The following information has been reproduced from the website of the London Stock Exchange, Luxembourg Stock Exchange and Bloomberg. More details regarding Compagnie de Financement Foncier can be found at its website ([www.foncier.fr](http://www.foncier.fr))

<b>Compagnie de Financement Foncier</b>	
Name of the obligor:	Compagnie de Financement Foncier (" <b>Cie Financement Foncier</b> ")
Address of the obligor:	19 Rue des Capucines Paris 75001 France
Country of Incorporation of the obligor:	France
Description of the obligor:	Compagnie de Financement Foncier finances real estate loans and loans to public sector authorities. It offers mortgage loans to individuals, local authorities, or public sector entities, as well as issues French legal covered bonds. The Obligor was founded in 1999 and is headquartered in Paris, France. Cie Financement Foncier is a subsidiary of Credit Foncier de France.
Name of Exchange on which the obligor has securities listed:	Cie Financement Foncier has securities admitted to trading on the Main Market of the London Stock Exchange and the regulated market of the Luxembourg Stock Exchange.

## **SUBSCRIPTION AND SALE**

The Arranger may, at its discretion, retain or on-sell the Notes purchased by it in individually negotiated transactions to prospective purchasers from time to time at varying prices determined in each case at the time of sale, which prices may vary among different purchasers of Notes.

The Dealer agrees that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Series Memorandum or the Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Issuer shall not have any responsibility therefor.

Neither the Issuer nor the Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

In particular, the selling restrictions in the following jurisdictions, as set out in the section headed "Subscription and Sale" contained in the Programme Memorandum, apply:

United States (Non U.S. Series), European Economic Area, United Kingdom and Ireland.

The following selling restriction in Taiwan as set out below shall also apply with respect to the Notes:

The Arranger has represented, warranted and agreed that the Notes may be made available outside Taiwan for purchase by investors residing in Taiwan (either directly or through properly licensed Taiwan intermediaries acting on behalf of such investors) but may not be offered or sold in Taiwan.

## GENERAL INFORMATION

The issue of the Notes was authorised pursuant to a resolution passed by the Board of Directors of the Issuer on 28 March 2013.

The Issuer was incorporated on 25 June 2012 and has not yet published any financial statements. The issuer intends to publish its first financial statements in respect of the period ending on 30 June 2013. Save as disclosed herein and save for any other issue of securities under the Programme, there has been no material adverse change in the financial or trading position or prospects of the Issuer since the date of its incorporation.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Copies of the following documents will be available for physical inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the specified office of the Issuer and the Principal Paying Agent in London for so long as any of the Notes shall remain outstanding (unless otherwise indicated):

- this Series Memorandum; and
- the Constituting Instrument dated the Issue Date.

The Principal Paying Agent shall make available for physical inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at its specified office in London all notices which are copied to the Principal Paying Agent.

The estimated expenses of the Issuer in respect of the listing fees of the Irish Stock Exchange in relation to the admission to trading of the Notes will be approximately EUR1791.20.

Other than the notices described above, the Issuer does not intend to provide any post-issuance information in relation to the Notes.

**REGISTERED OFFICE OF THE ISSUER**

5 Harbourmaster Place  
Dublin 1  
Ireland

**ARRANGER AND DEALER**

**Credit Suisse International**  
One Cabot Square  
London E14 4QJ

**DETERMINATION AGENT**

**Credit Suisse International**  
One Cabot Square  
London E14 4QJ

**TRUSTEE**

**HSBC Corporate Trustee Company (UK) Limited**  
8 Canada Square  
London E14 5HQ

**ACCOUNT BANK, CUSTODIAN AND PRINCIPAL PAYING AGENT**

**HSBC Bank plc**  
Corporate Trust and Loan Agency  
8 Canada Square  
London E14 5HQ

**LEGAL ADVISERS**

*To the Arranger as to English law:*

**Simmons & Simmons**  
13<sup>th</sup> Floor, One Pacific Place  
88 Queensway  
Hong Kong

*To the Issuer as to Irish law:*

**Matheson**  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

**LISTING AGENT**

**The Bank of New York Mellon SA/NV, Dublin Branch**  
Hanover Building  
Windmill Lane  
Dublin 2  
Ireland