

Dated 25 July 2013

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

**SERIES PROSPECTUS**

**SERIES NO: 2013-04**  
**RON 90,000,000 Floating Rate Unicredit SpA Credit**  
**Linked Notes due 2016**

issued pursuant to its

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

The attention of investors is drawn to the section headed “Investment Considerations and Risk Factors” on page 4 of this Series Prospectus

**Citi**

This Series Prospectus, under which the Series No. 2013-04 RON 90,000,000 Floating Rate Unicredit SpA Credit Linked Notes due 2016 (the “**Notes**”) are issued, incorporates by reference, and should be read in conjunction with, pages 1 to 126 of the Base Prospectus dated 9 July 2013 relating to the Emerging Markets Secured Note Issuance Programme (the “**Programme**”) and the Issuer Disclosure Annex to the Base Prospectus dated 10 July 2013 (together, the “**Base Prospectus**”) relating to the issuance by Emerald Capital Limited (the “**Issuer**”) of secured notes under the Programme. Terms defined in the Base Prospectus have the same meaning in this Series Prospectus. The Series Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under Directive 2003/71/EC (the “**Prospectus Directive**”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. 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. This Series Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference.

The Notes are cash-settled credit linked notes. In connection with the Notes, the Issuer has entered into a credit default swap referencing a Reference Entity (the “**Credit Default Swap**”) and an interest rate swap (the “**Interest Rate Swap**” and, together with the Credit Default Swap, the “**Swap Agreements**”) with Citibank, N.A., London Branch (in such capacity, the “**Swap Counterparty**”).

The form of confirmations in relation to the Credit Default Swap and the Interest Rate Swap are as set out in Annexes 4 and 5 hereto. The Scheduled Maturity Date of the Notes is the second Business Day after 26 February 2016. However, pursuant to the Swap Agreements, the Swap Counterparty may determine at any time that (i) a Credit Event may have occurred in respect of which the occurrence of an Event Determination Date may only be determined after the Scheduled Maturity Date and/or (ii) an Event Determination Date has occurred in respect of which the Auction Settlement Date (or Cash Settlement Date, if applicable) may only occur after the Scheduled Maturity Date. If the Swap Counterparty so determines, the maturity date of the Notes will be extended beyond the Scheduled Maturity Date and Noteholders will not receive any additional amounts in respect of any such postponement. See paragraph 41 of the Terms and Conditions of the Notes below.

Capitalised terms used but not otherwise defined herein or in the Base Prospectus have the meaning given to them in Annex 1 and, if not defined in Annex 1, such terms shall have the meaning given to them in the Swap Agreements. The Annexes to this Series Prospectus form part of, and should be read together with, this Series Prospectus.

**Investors are advised to refer to the forms of the Credit Default Swap Confirmation and Interest Rate Swap Confirmation attached as Annexes 4 and 5 respectively.**

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

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

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

The net proceeds of this issue will be RON 90,000,000 and will be paid by the Issuer to the Swap Counterparty under the Interest Rate Swap in return for an amount in EUR, which will be applied by the Issuer to purchase the Collateral on the Issue Date.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act). The Issuer has not registered and will not register under the U.S. Investment Company Act of 1940, as amended. For a description of certain further restrictions on offers and sales of Notes and distribution of the Base Prospectus and the Series Prospectus, see “Subscription and Sale and Transfer Restrictions” in the Base Prospectus. This Series Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Series Prospectus in any jurisdiction where such action is required.

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

In this Series Prospectus, references to “**RON**” are to Romanian lei and references to “**EUR**” are to euro.

## TABLE OF CONTENTS

Risk Factors.....	4
Incorporation by Reference .....	27
Terms and Conditions of the Notes .....	28
Annex 1 Defined Terms.....	37
Annex 2 Security and Collateral .....	38
Annex 3 The Swap Agreements .....	41
Annex 4 Form of the Credit Default Swap Confirmation .....	45
Annex 5 Form of the Interest Rate Swap Confirmation.....	55
GENERAL INFORMATION .....	61

## **Risk Factors**

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

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

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

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

### **The Notes**

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

### **Investors**

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

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

### **No fiduciary role**

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

None of the Issuer, the Transaction Parties, or any of their respective affiliates assumes any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any issuer of any Collateral or the terms thereof or (except in the case of the Swap Counterparty) the Swap Counterparty.

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

### **No reliance**

A prospective purchaser may not rely on the Issuer or the Transaction Parties or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

### **No representations**

None of the Issuer or the Transaction Parties or any of their respective affiliates in respect of the Notes makes any representation or warranty, express or implied, in respect of any Collateral or any issuer or obligor of any Collateral or (except in the case of the Swap Counterparty) of the Swap Counterparty or in respect of the Swap Agreements or in respect of any information contained in any documents prepared, provided or filed by or on behalf of any such issuer or obligor in respect of such Collateral or (except in the case of the Swap Counterparty) of the Swap Counterparty or in respect of the Swap Agreements with any exchange, governmental, supervisory or self regulatory authority or any other person.

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

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

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

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

The Issuer is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws or regulations of its jurisdiction of incorporation. There is no assurance, however, that in the future such regulatory authorities would not take a contrary view regarding the applicability of any such laws or regulations to the Issuer. There is also no assurance that the regulatory authorities in other jurisdictions would not require the Issuer to be

licensed or authorised under any securities, commodities, insurance or banking laws or regulations of those jurisdictions. Any requirement to be licensed or authorised could have an adverse effect on the Issuer and on the holders of the Notes.

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

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

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

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

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

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

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

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

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

Floating charges have certain weaknesses, including the following:

- (a) 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;

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

### **Examinership**

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

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer, are each entitled to petition 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 his appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to his appointment. Furthermore, he may sell assets which are the subject of a fixed charge. However, if such power is exercised, he must account to the holders of the fixed charge for the amount realised and discharge the amount due to them out of the proceeds of sale.

During the period of protection, the examiner will formulate proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the 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 the implementation of the scheme of arrangement.

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

- (a) the potential for a scheme of arrangement to be approved involving the writing down of the debt owed by the Issuer to the Noteholders as secured by the Trust Deed;
- (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 moneys and liabilities which from time to time are or may



become due, owing or payable by the Issuer to each of the secured creditors under the Notes or under any other secured obligations.

### **Anti-money laundering**

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

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

### **Limited recourse obligations**

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

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

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

### **Trustee indemnity**

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

### **Priority of claims**

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

### **No gross-up on payments under Notes or Swap Agreements**

In the event that any withholding tax or deduction for tax is imposed on payments on the Notes or payments by the Swap Counterparty to the Issuer under the Swap Agreements (except in the latter case where the tax is an “Indemnifiable Tax” pursuant to the Swap Agreements), the Noteholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax nor be reimbursed for the amount of any shortfall and no Event of Default shall occur as a result of any such withholding or deduction (but see “Early redemption for tax or legal reasons” below).

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

Upon giving notice to the Trustee, the Issuer may redeem Notes earlier than the Maturity Date for specified tax or legal reasons, including as a result of actual or potential withholding on account of FATCA (as defined below), as detailed in Condition 7.3 of the Terms and Conditions of the Notes (but see “Risk Factors relating to the Swap Counterparty and the Swap Agreements” below for a description of how such redemption is effected where it results from termination of the Swap Agreements). If the Issuer redeems the Notes early, the Issuer will, if and to the extent permitted by applicable law, redeem the Notes at their Early Redemption Amount as specified in the Conditions. Such Early Redemption Amount is not principally protected and will be equal to the sale proceeds from the disposal of the Collateral plus (if due from the Swap Counterparty to the Issuer) or minus (if due from the Issuer to the Swap Counterparty) the Swap Termination Value minus the Unwind Costs, as detailed in the Conditions.

### **Early redemption following swap trigger**

Investors should note that the Swap Counterparty may elect to terminate the Swap Agreements and consequently redeem all Notes before the Maturity Date if the market unwind value of the Swap Agreements that would be payable by the Issuer to the Swap Counterparty exceeds 40 per cent. of the market value of the Collateral and/or if the spread offered on 5-year credit default swaps on Romania reaches or exceeds 800 basis points per annum.

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

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

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

### **Market value of Notes**

The market value of the Notes will be affected by a number of factors, including, but not limited to (i) the value and volatility of the Collateral and the creditworthiness of the issuers and obligors of the Collateral, (ii) the value and volatility of obligations issued by the Reference Entity, and the creditworthiness of the Reference Entity, (iii) market perception, interest rates, yields and foreign exchange rates, (iv) the time remaining to the maturity date and (v) the nature and liquidity of the

Swap Agreements. Any price at which Notes may be sold prior to the maturity date may be at a discount, which could be substantial, to the value at which the Notes were acquired on the issue date.

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

### **Change of law**

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

### **Provision of information**

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

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

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

### **United States Hiring Incentives to Restore Employment Act**

On 18 March, 2010, the Hiring Incentives to Restore Employment Act was enacted, containing provisions ("FATCA") similar to a prior congressional bill, the Foreign Account Tax Compliance Act of 2009. FATCA imposes a withholding tax of 30 per cent. on certain U.S. source payments and proceeds from the sale of certain assets that give rise to U.S. source payments, as well as a portion of certain payments by non-U.S. entities, to persons that fail to meet requirements under FATCA. This withholding tax may be imposed on (i) payments to the Issuer if it does not enter into

and comply with an agreement with the Internal Revenue Service (the “**IRS**”) (an “**IRS Agreement**”) to obtain and report information about the holders of Notes, or (ii) if the Issuer does enter into an IRS Agreement, a portion of payments to (a) holders or beneficial owners of Notes that fail to provide certain information requested by the Issuer (or any intermediary), and (b) any recipient of a payment that is a non-participating foreign financial institution as the term is used in FATCA. Withholding would be imposed from (x) 1 January, 2014 in respect of certain U.S. source payments made on or after that date, (y) 1 January, 2017 in respect of proceeds from the sale of certain assets that give rise to U.S. source payments and (z) 1 January, 2017, at the earliest, in respect of “foreign passthru payments”. Withholding should not be required with respect to payments on the Notes before 1 January, 2017 and then only on Notes issued or materially modified on or after the later of (a) the date that is six months after the date on which the final regulations applicable to “foreign passthru payments” are filed in the Federal Register and (b) 1 January, 2014.

The application of FATCA to the Issuer and the holders of Notes is uncertain, and it is not clear at this time what actions, if any, will be required to minimise any adverse impact of FATCA on the Issuer and the holders of Notes. The Issuer has not decided whether it will enter into an IRS Agreement. If the Issuer does not enter into the IRS Agreement or fails to comply with the IRS Agreement, and is therefore subject to the 30 per cent. withholding tax, the Issuer may have less cash to make interest and principal payments on the Notes. In addition, the imposition of withholding tax on the Issuer will generally result in a redemption of the Notes.

If the Issuer or other relevant intermediary enters into the IRS Agreement, then to the extent payments are not otherwise excluded from the FATCA regime, an investor that is not a financial institution may be required to provide certain information or be subject to U.S. withholding tax on a portion of interest and principal on the Notes and the proceeds from their sale. Investors that (a) are financial institutions, or receive payments through a financial institution and (b) have not (or the relevant financial institution has not) entered an agreement with the IRS regarding compliance with (or otherwise established an exemption from) FATCA would also be subject to this U.S. withholding tax. Neither a holder nor a beneficial owner of Notes will be entitled to any additional amounts in the event such withholding tax is imposed. In addition, in certain circumstances, the Issuer may be entitled to redeem, in whole or in part, a holder or beneficial owner’s interest in a Note if that person is subject to withholding on account of FATCA.

Additionally, Ireland has entered into an intergovernmental agreement with the United States to help implement FATCA for certain Irish entities. The full impact of such an agreement on the Issuer and the Issuer’s reporting and withholding responsibilities under FATCA is unclear. The Issuer may be required to report certain information on its U.S. account holders to the government of Ireland in order (i) to obtain an exemption from FATCA withholding on payments it receives and/or (ii) to comply with any applicable Irish law. It is not yet certain how the United States and Ireland will address withholding on “foreign passthru payments” (which may include payments on the Notes) or if such withholding will be required at all.

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

### **Legality of purchase**

None of the Issuer, the Trustee, Citigroup Global Markets Limited or any affiliate of such persons has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes (whether for its own account or for the account of any third party), whether

under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser (or any such third party) with any law, regulation or regulatory policy applicable to it.

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

The Reference Entity and its Reference Obligation (each as defined herein) are, as at the Issue Date, set out in Annex 4 (*Form of the Credit Default Swap Confirmation*). As at the Issue Date, the Reference Entity is Unicredit S.p.A., and the Reference Obligation of the Reference Entity is any bond of the Reference Entity (including guarantees of bond obligations of third parties) specified by the Swap Counterparty from time to time.

#### **General**

The amount of principal and/or interest payable is dependent upon whether certain default events (“**Credit Events**”) have occurred in respect of the Reference Entity and on the value of certain specified assets of the Reference Entity or where, if such events have occurred, on redemption the Issuer’s obligation is to deliver certain specified assets.

Prospective investors in the Notes should be aware that depending on the terms thereof (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment.

The market price of the Notes may be volatile and will be affected by, amongst other things, the time remaining to the maturity date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

The Issuer’s obligations in respect of the Notes are irrespective of the existence or amount of the Issuer’s credit exposure to the Reference Entity, and the Issuer need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

#### **Credit Risk of Reference Entities**

The holders of the Notes will be exposed to the credit of the Reference Entity, the exposure shall be to the full extent of their investment in the Notes. Upon the occurrence of any specified Credit Event with respect to the Reference Entity, the Noteholders may suffer significant losses at a time when losses may be suffered by a direct investor in obligations of the Reference Entity. However, the holding of a Note may not reflect the impact of investing in an obligation of the Reference Entity, and losses in relation to the Notes could be considerably greater than would be suffered by a direct investor in the obligations of the Reference Entity and/or could arise for reasons unrelated to the Reference Entity. Noteholders should also note that a Credit Event may occur even if the obligations of the Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls.

Where cash settlement or auction settlement applies, the occurrence of a Credit Event in relation to the Reference Entity from time to time may result in a redemption of the Notes in a reduced principal amount or at zero and cessation of interest.

#### **Exposure to Credit Events may occur prior to the Trade Date**

The Notes may be exposed to the occurrence of Credit Events prior to the Trade Date. Noteholders should conduct their own review of any recent developments with respect to the Reference Entity by consulting publicly available information. If a request to convene an ISDA Credit Derivatives Determinations Committee to determine whether a Credit Event has occurred with respect to the Reference Entity has been delivered prior to the Trade Date, details of such

request may be found on the website of the International Swaps and Derivatives Association, Inc. (“ISDA”). If an ISDA Credit Derivatives Determinations Committee has not been convened to determine such matter as of the Trade Date, one may still be convened after the Trade Date in respect of an event that has occurred before the date of a request to convene such ISDA Credit Derivatives Determinations Committee.

### **Swap Counterparty and/or Calculation Agent will act in their own interests**

The Swap Counterparty and/or Calculation Agent will exercise its rights under the terms of the Notes, including in particular the right to designate a Credit Event and the right to select obligations of the Reference Entity for valuation or delivery, in its own interests, and not in the interests of Noteholders. The exercise of such rights in such manner, for example by the selection of the eligible obligations of the Reference Entity having the lowest possible market value for valuation or delivery, as applicable, may result in an increased credit loss for Noteholders.

The determination by the Swap Counterparty and/or the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Swap Counterparty and/or the Calculation Agent shall (in the absence of manifest error) be final and binding on the Noteholders. In performing its duties pursuant to the Notes and making any determinations expressed to be made by it, the Swap Counterparty and/or the Calculation Agent shall act in its sole and absolute discretion and is under no obligation to act in the interests of the Noteholders, nor will it be liable to account for any profit or other benefit which may accrue to it as a result of such determinations. The Swap Counterparty and/or the Calculation Agent is not bound to follow, or act in accordance with, any determination of any Credit Derivatives Determinations Committee.

### **Corporate Actions of the Reference Entity may affect the value of the Notes**

Corporate Actions of the Reference Entity may adversely affect the value of the Notes. Noteholders should also be aware that the Reference Entity to which the value of the Notes is exposed, and the terms of such exposure, may change over the term of the Notes.

### **Succession Event**

Investors should note that, from time to time, the Reference Entity may be subject to change following an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) (the “**Successor**”) to the Reference Entity. The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant succession event the sovereign and/or entity, if any, that qualifies as the Successor. Investors should note that a Successor may be riskier than the Reference Entity it replaces, and consequently a succession event may be detrimental to the Noteholders.

### **Payments in the Notes may be deferred or suspended**

In certain circumstances, for example where (i) a Credit Event has occurred and the related credit loss has not been determined as at the relevant date for payment, (ii) where a potential Credit Event exists as at the scheduled maturity of the Notes, or (iii) pending a resolution of an ISDA Credit Derivatives Determinations Committee, payment of the redemption amount of the Notes and/or interest on the Notes may be deferred for a material period in whole or part without compensation to Noteholders.

### **Auction Settlement of Notes**

*ISDA Credit Derivatives Determinations Committees*

ISDA Credit Derivatives Determinations Committees were established pursuant to the March 2009 Supplement to the 2003 ISDA Credit Derivatives Definitions published by ISDA to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. Further information about the ISDA Credit Derivatives Determinations Committees may be found at [www.isda.org/credit](http://www.isda.org/credit).

In making any determination with respect to a Credit Event or a succession event, the Calculation Agent may have regard to announcements, determinations and resolutions made by ISDA and/or the ISDA Credit Derivatives Determinations Committees. In certain circumstances (including, without limitation, the determination of the occurrence of an “Event Determination Date”), the Notes will be subject to the announcements, determinations and resolutions made by ISDA and/or the ISDA Credit Derivatives Determinations Committees. Such announcements, determinations and resolutions could affect the quantum and timing of payments of interest and principal on the Notes. For the avoidance of doubt, none of the Issuer, the Swap Counterparty or the Calculation Agent will be liable to any person for any determination, redemption, calculation and/or delay or suspension of payments and/or redemption of the Notes resulting from or relating to any announcements, publications, determinations and resolutions made by ISDA and/or any ISDA Credit Derivatives Determinations Committee.

*Risks associated with Auction Settlement following a Credit Event*

The amounts payable under the Notes will be determined on the basis of the final price determined pursuant to the auction held in respect of the Reference Entity (or obligation thereof), provided that the ISDA Credit Derivatives Determinations Committee determines that an applicable auction will be held. Noteholders are subject to the risk that where a final price is determined in accordance with an auction, this may result in a lower recovery value than the Reference Entity (or obligation thereof) would have had if such final price had been determined pursuant to alternative methods. If the ISDA Credit Derivatives Determinations Committee does not decide to hold an auction with respect to obligations of the Reference Entity, then the cash settlement method will apply. In such circumstances, the final price will be determined pursuant to the valuation method specified in the Swap Agreement.

*Potential conflicts of interest*

The Calculation Agent is a leading dealer in the credit derivatives market. If an auction is held in respect of the Reference Entity for which a Credit Event has occurred, there is a high probability that the Calculation Agent or one of its affiliates would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the final price determined pursuant to the auction, including, without limitation, (i) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations that are not denominated in the auction currency into such currency for the purposes of the auction and (ii) submitting bids and offers with respect to the relevant deliverable obligations. In deciding whether to take any such action, or whether to act as a participating bidder in any auction, the Calculation Agent and its affiliates shall be under no obligation to consider the interests of any Noteholder.

The Calculation Agent (or, as the case may be, one of its affiliates) may also be a voting member on one or more of the ISDA Credit Derivatives Determinations Committees and is a party to transactions that incorporate, or are deemed to incorporate, the July 2009 Supplement to the 2003 ISDA Credit Derivatives Definitions published by ISDA (the “**July 2009 Supplement**”) and may take certain actions that may influence the process and outcome of decisions of the ISDA Credit Derivatives Determinations Committees. Such actions may be adverse to the interests of the Noteholders and may result in an economic benefit accruing to the Calculation Agent or its

affiliates. In taking any action relating to the ISDA Credit Derivatives Determinations Committees or performing any duty under the rules that govern the ISDA Credit Derivatives Determinations Committees, the Calculation Agent (or, as the case may be, one of its affiliates) shall have no obligation to consider the interests of the Noteholders and may ignore any conflict of interest arising in respect of the Notes.

*Noteholders will not be able to refer questions to the ISDA Credit Derivatives Determinations Committees*

Noteholders, in their capacity as such, will not have the ability to refer questions to an ISDA Credit Derivatives Determinations Committee since the Notes are not a credit default swap transaction and the Notes do not incorporate, and are not deemed to have incorporated, the July 2009 Supplement. As a result, Noteholders will be dependent on other market participants to refer specific questions to the ISDA Credit Derivatives Determinations Committees that may be relevant to the Noteholders. The Calculation Agent has no duty to the Noteholders to refer specific questions to the ISDA Credit Derivatives Determinations Committees.

*Noteholders will have no role in the composition of the ISDA Credit Derivatives Determinations Committees*

Separate criteria will apply to the selection of dealer and non-dealer institutions to serve on the ISDA Credit Derivatives Determinations Committees, and Noteholders will have no role in establishing such criteria. In addition, the composition of the ISDA Credit Derivatives Determinations Committees will change from time to time as the term of a member institution may expire or a member institution may be required to be replaced. Noteholders will have no control over the process for selecting institutions to participate on the ISDA Credit Derivatives Determinations Committees and, to the extent provided for in the Notes, will be subject to the determinations made by such selected institutions.

*Noteholders will have no recourse against either the institutions serving on the ISDA Credit Derivatives Determinations Committees or the external reviewers*

Institutions serving on the ISDA Credit Derivatives Determinations Committees and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice, except in the case of gross negligence, fraud or wilful misconduct. Furthermore, the member institutions of the ISDA Credit Derivatives Determinations Committees from time to time will not owe any duty to the Noteholders, and the Noteholders will be prevented from pursuing legal claims with respect to actions taken by such member institutions. Noteholders should also be aware that member institutions of the ISDA Credit Derivatives Determinations Committees have no duty to research or verify the veracity of information on which a specific determination is based. In addition, the ISDA Credit Derivatives Determinations Committees are not obligated to follow previous determinations and, therefore, could reach a conflicting determination for a similar set of facts.

*Noteholders will be responsible for obtaining information relating to deliberations of the ISDA Credit Derivatives Determinations Committees*

Notices of questions referred to the ISDA Credit Derivatives Determinations Committees, meetings convened to deliberate such questions and the results of binding votes of the ISDA Credit Derivatives Determinations Committees will be published on the website of ISDA and none of the Issuer, the Swap Counterparty, or the Calculation Agent or any of their respective affiliates shall be obliged to inform Noteholders of such information. Any failure by Noteholders to be aware of information relating to determinations of an ISDA Credit Derivatives Determinations Committee will



have no effect under the Notes and Noteholders are solely responsible for obtaining any such information.

### **Cash Settlement may adversely affect returns to Noteholders**

If an Event Determination Date occurs but there is no Auction, the Notes will be cash settled and the Calculation Agent will be required to seek quotations in respect of selected obligations of the Reference Entity. Quotations obtained will be “bid-side” — that is, they will be reduced to take account of a bid-offer spread charged by the relevant dealer. Such quotations may not be available, or the level of such quotations may be substantially reduced as a result of illiquidity in the relevant markets or as a result of factors other than the credit risk of the Reference Entity (for example, liquidity constraints affecting market dealers). Accordingly, any quotations so obtained may be significantly lower than the value of the relevant obligation which would be determined by reference to (for example) the present value of related cash flows. Quotations will be deemed to be zero in the event that no such quotations are available.

### **“Cheapest-to-Deliver” risk**

Since the Swap Counterparty, as the buyer of protection, has discretion to choose the portfolio of obligations to be valued or delivered following a Credit Event in respect of the Reference Entity, it is likely that the portfolio of obligations selected will be obligations of the Reference Entity with the lowest anticipated market value that are permitted to be selected pursuant to the terms of the Notes. This could result in a lower recovery value and hence greater losses for Noteholders.

### **Sale of collateral and termination of swaps**

Following the occurrence of a Credit Event: (a) the Collateral will be sold and, if denominated in a different currency to the currency of the Notes, will be converted into the currency of the Notes at the then prevailing exchange rates; (b) under the credit default swap between the Issuer and the Swap Counterparty, the Issuer will pay the Swap Counterparty an amount equal to the product of (x) the notional amount thereof and (y) 100 per cent. minus the final price applicable to the Reference Entity; and (c) the interest rate swap between the Issuer and the Swap Counterparty will be terminated (along with any other transactions that may be involved in the Note) and a termination payment based on their mark-to-market values may be payable by the Issuer to the Swap Counterparty or by the Swap Counterparty to the Issuer. Because the sale proceeds of the Collateral may be less than the principal amount thereof, the exchange rate for converting the sale proceeds of the Collateral into the currency of the Notes may be less favourable than the exchange rate on issue of the Notes and/or payments may be due from the Issuer to the Swap Counterparty under swap transactions other than the credit default swap, the Redemption Amount received by the Noteholders in respect of a Note may be less than the principal amount of the Note multiplied by the final price of the Reference Entity.

### **The Swap Counterparty and/or the Calculation Agent may have dealings with the Reference Entity**

The Swap Counterparty and/or the Calculation Agent and/or their respective affiliates may (i) deal in obligations of the Reference Entity, (ii) accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with the Reference Entity, or its affiliates or any other person or entity having obligations relating to the Reference Entity and (iii) act with respect to such business freely and without accountability to Noteholders in the same manner as if the Notes did not exist, regardless of whether any such action might have an adverse effect on Noteholders (including, without limitation, any action that might give rise to a Credit Event).

The Swap Counterparty and/or the Calculation Agent and/or their respective affiliates may be, whether by virtue of the types of relationships described above or otherwise, at any time, in possession of information in relation to the Reference Entity (or any obligations thereof) which is or may be material in the context of the Notes and which is or may not be known to the general public or Noteholders. The Notes do not create any obligation to disclose to Noteholders any such relationship or information (whether or not confidential) and no person shall be liable to Noteholders by reason of such non-disclosure.

**The Swap Counterparty is not obliged to suffer any loss as a result of a Credit Event**

Credit losses on Notes will be calculated irrespective of whether the Swap Counterparty has suffered an actual loss in relation to the Reference Entity or any obligations thereof. The Swap Counterparty is not obliged to account for any recovery which it may subsequently make in relation to the Reference Entity or its obligations.

**The Notes do not represent an interest in obligations of the Reference Entity**

The Notes do not represent or convey any interest in any obligations of the Reference Entity or any direct or indirect obligation of any Relevant Entity to the Noteholders. The Issuer is not an agent of Noteholders for any purpose and Noteholders will not have any voting or other rights in relation to such obligations. The Issuer does not grant any security interest over any such obligations.

**The value of the Notes may be adversely affected by illiquidity or cessation of indices**

In determining the value of the Notes, dealers may take into account the level of a related credit index in addition to or as an alternative to other sources of pricing data. If any relevant index ceases to be liquid, or ceases to be published in its entirety, then the value of the Notes may be adversely affected.

**Historical performance may not predict future performance**

The Reference Entity may not perform as indicated by the historical performance of similar entities and no assurance can be given with respect to the future performance of the Reference Entity. Historical default statistics may not capture events that would constitute Credit Events for the purposes of the Notes.

**Limited provision of information about the Reference Entity**

Investors should conduct their own investigation and analysis with respect to the creditworthiness of the Reference Entity and the likelihood of the occurrence of Credit Events.

The Reference Entity may not be subject to regular reporting requirements and may report information in accordance with disclosure and accounting standards with which Noteholders are not familiar. None of the Issuer or the Calculation Agent or any of their respective affiliates make any representation as to the accuracy or completeness of any information available with respect to the Reference Entity.

None of the Issuer, the Arranger, the Dealers, the Swap Counterparty or the Calculation Agent will have any obligation to keep investors informed as to any matters with respect to the Reference Entity or any of their obligations, including whether or not circumstances exist that give rise to the possibility of the occurrence of a Credit Event.

**Cash settlement may be less advantageous than physical delivery of assets**

Payments on the Notes following the occurrence of a Credit Event may be in cash and will reflect the value of relevant obligations of the Reference Entity at a given date. Such payments may be less than the recovery which would ultimately be realised by a holder of debt obligations of the

Reference Entity, whether by means of enforcement of rights following a default or receipt of distributions following an insolvency or otherwise.

## **Risk Factors relating to the Swap Counterparty and the Swap Agreements**

The ability of the Issuer to meet its obligations under the Notes will depend on the receipt by it of payments under the Swap Agreements. Consequently, the Issuer is exposed not only to the occurrence of Credit Events in relation to the Reference Entity, but also to the ability of the Swap Counterparty to perform its obligations under the Swap Agreements. Default by the Swap Counterparty may result in the termination of the Swap Agreements and, in such circumstance, any amount due to the Issuer upon such termination may not be paid in full.

The receipt by the Issuer of payments under the Swap Agreements is also dependent on the timely payment by the Issuer of its obligations under the Swap Agreements. The ability of the Issuer to make timely payment of its obligations under the Interest Rate Swap depends on receipt by it of the scheduled payments under the Collateral. Consequently, the Issuer is also exposed to the ability of the Collateral Issuer to perform its obligations under the Collateral.

Potential investors should note that in certain circumstances the Issuer may not hold any Collateral. In such circumstance, the security for the Notes will consist solely of the Issuer's contractual rights under the Swap Agreements and other agreements relating to the Notes.

## **U.S. Regulatory considerations**

### *U.S. Dodd-Frank Act*

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted 21 July 2010 ("**Dodd-Frank**"), establishes a comprehensive new U.S. regulatory regime for a broad range of derivatives contracts (collectively referred to in this risk factor as "covered swaps"). Among other things, Title VII provides the Commodity Futures Trading Commission (the "**CFTC**") and the Securities and Exchange Commission (the "**SEC**") with jurisdiction and regulatory authority over many different types of derivatives that were previously traded over the counter, requires the establishment of a comprehensive registration and regulatory framework applicable to covered swap dealers and other major market participants, requires many types of covered swaps to be exchange-traded or executed on swap execution facilities ("**SEFs**") and centrally cleared, and contemplates the imposition of capital requirements and margin requirements for even uncleared transactions in covered swaps.

While Title VII provided that it was to go into effect on 16 July 2011, the SEC and CFTC have repeatedly delayed compliance with many of Title VII's requirements through no-action letters or other forms of relief. Because the SEC and the CFTC must still adopt a number of regulations to implement Title VII, a complete assessment of the exact nature and effects of Title VII and the rules to be adopted thereunder cannot be made at this time. Nevertheless, it is clear that covered swap counterparties, dealers and other major market participants, as well as commercial users of covered swaps, will experience new and/or additional regulatory requirements, compliance burdens and associated costs.

In particular, the Programme may include agreements that are regulated as covered swaps under Title VII. The Issuer cannot be certain as to how these regulatory developments will impact the treatment of the Notes. The Swap Agreements contemplated under the Programme will very likely be deemed to be covered swaps under Title VII, and as such the Issuer may be required to comply with additional regulation under the Commodity Exchange Act, as amended by Dodd-Frank. Moreover, the Issuer could be required to register as a commodity pool operator and to register the

Notes as a commodity pool with the CFTC through the National Futures Association (see “U.S. Regulatory considerations – Commodity pool regulation” below). Such additional regulations and such registrations may result in increased reporting obligations and also in extraordinary, non-recurring expenses of the Issuer thereby materially and adversely impacting a transaction's value. Any such additional registration requirements could result in one or more service providers or counterparties to the Issuer resigning, seeking to withdraw or renegotiating their relationship with the Issuer. To the extent any service providers resign, it may be difficult or impracticable to replace such service providers.

Under Dodd-Frank, Swap Agreements entered into between the Issuer and the Swap Counterparty may be subject to mandatory execution, clearing, margin and documentation requirements, and even those Swap Agreements not required to be cleared may be subject to mandatory margin and documentation requirements that may require amendments or modifications to comply with such requirements. Although the extraterritorial scope of Dodd-Frank remains uncertain, any of the foregoing requirements and/or other requirements or obligations could materially increase costs associated with the Programme and could materially decrease the value of the Notes.

Given that the full scope and consequences of the enactment of Dodd-Frank and the rules still to be enacted thereunder are not yet known, investors are urged to consult their own advisors regarding the suitability of an investment in any Notes.

#### *Commodity pool regulation*

The CFTC has rescinded the rule which formerly provided an exemption from registration as a “commodity pool operator” (a “CPO”) and a “commodity trading advisor” (“CTA”) under the U.S. Commodity Exchange Act, as amended (the “CEA”), in respect of certain transactions. In addition, Dodd-Frank expanded the definition of a “commodity pool” to include any form of enterprise operated for the purpose of trading in commodity interests, including swaps. Similarly, the term “commodity pool operator” has been expanded to include any person engaged in a business that is of the nature of a commodity pool or similar enterprise and in connection therewith, solicits, accepts, or receives from others, funds, securities or property for the purpose of trading in commodity interests, including any swaps. The CFTC has taken an expansive interpretation of these definitions, and has expressed the view that entering into a single swap (apparently without distinguishing between trading and holding a swap position) could make an entity a “commodity pool” subject to regulation under the CEA. It should also be noted that the definition of “swaps” under Dodd-Frank is itself broad and expressly includes interest rate swaps, currency swaps and total return swaps. In addition, no assurance can be made that the United States federal government or any U.S. regulatory body (or other authority or regulatory body) will not continue to take further legislative or regulatory action, and the effect of such actions, if any, cannot be known or predicted.

If the Issuer were deemed to be a “commodity pool”, then both the CPO and the CTA of the Issuer would be required to register as such with the CFTC and the National Futures Association (the “NFA”) by the initial offering date of the Notes. While there remain certain limited exemptions from registration, because the wording of these regulations applies to traditional commodity pools and was not drafted with transactions such as those contemplated in relation to the Programme, it is unclear whether and to what extent any of these exemptions would be available to avoid registration with respect to the Issuer. In addition, if the Issuer were deemed to be a “commodity pool”, it would have to comply with a number of reporting requirements that are geared to traded commodity pools. It is presently unclear how an investment vehicle such as the Issuer could comply with certain of these reporting requirements on an ongoing basis. Such registration and

other requirements would involve material ongoing costs to the Issuer. The scope of such requirements and related compliance costs is uncertain but could materially and adversely affect the value of the Notes.

### **Risk Factors relating to the Custodian**

Collateral in the form of transferable securities will be held in an account of, and in the name of, the Custodian. Where the Collateral consists of assets other than transferable securities, it may be held in the name of or under the control of the Custodian or in such other manner as is approved by the Trustee.

The ability of the Issuer to meet its obligations with respect to the Notes will be dependent upon receipt by the Issuer of payments from the Custodian under the Custody Agreement for the Notes (if the Collateral is so held). Consequently, the Noteholders are relying not only on the creditworthiness of the Collateral, but also on the creditworthiness of the Custodian in respect of the performance of its obligations under the Custody Agreement for such Notes.

If there is an overpayment in respect of the Collateral held in the Custodian's account with a clearing system that leads to a subsequent clawback of such overpayment via the relevant clearing system, the Custodian may seek to recover the corresponding payments made in respect of the Notes or may retain amounts payable in respect of the Notes in order to recover the amount of such clawback.

Any cash deposited with the Custodian by the Issuer and any cash received by the Custodian for the account of the Issuer in relation to a Series will be held by the Custodian as banker and not as trustee and will be a bank deposit. Accordingly, such cash will not be held as client money and will represent only an unsecured claim against the Custodian's assets.

### **Sub-Custodians. Depositaries and Clearing Systems**

#### *Credit risk*

Under the Custody Agreement, the Issuer authorises the Custodian to hold the Collateral in their account or accounts with any other sub-custodian, any securities depositary or at such other account keeper or clearing system as the Custodian deems to be appropriate for the type of instruments which comprise the Collateral.

Therefore, where the Collateral is held with a sub-custodian, securities depositary or clearing system, the ability of the Issuer to meet its obligations with respect to the Notes will be dependent upon receipt by the Issuer of payments from the Custodian under the Custody Agreement for the Notes (if the Collateral is so held) and, in turn, the Custodian will be dependant (in whole or in part) upon receipt of payments from such sub-custodian, securities depositary or clearing system. Consequently, the Noteholders are relying not only on the creditworthiness of the Collateral and the Custodian in respect of the performance of its obligations under the Custody Agreement for such Notes, but also on the creditworthiness of any duly appointed sub-custodian, securities depositary or other account keeper or clearing system holding the Collateral.

#### *Lien/Right of set-off*

Pursuant to their terms of engagement, such sub-custodians, security depositaries or clearing systems may have liens or rights of set-off with respect to the Collateral held with them in relation to any of their fees and/or expenses. If, for whatever reason, the Custodian fails to pay such fees and/or expenses, the relevant sub-custodian, security depositary or clearing system may exercise such lien or right of set-off, which may result in the Issuer failing to receive any payments due to it

in respect of the Collateral, adversely affecting the ability of the Issuer to meet its obligations with respect to the Notes.

Therefore, the ability of the Issuer to meet its obligations with respect to the Notes will not only be dependent upon receipt by the Issuer of payments from the Custodian under the Custody Agreement for the Notes (if the Collateral is so held) but also dependant on any sub-custodian, security depositary or clearing system not exercising any lien or right of set-off in respect of any Collateral that it holds. Consequently, the Noteholders are relying not only on the creditworthiness of the Collateral but also on the creditworthiness of the Custodian in paying when due any fees or expenses of such sub-custodian, security depositary or clearing system.

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

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

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

### **Conflicts of Interest**

#### **The Trustee**

In connection with the exercise of its functions, the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders. In acting as Trustee under the Trust Deed, the Trustee shall not, in respect of Notes of any Series, assume any duty or responsibility to any Swap Counterparty (other than to pay to any Swap Counterparty any moneys received and payable to it and to act in accordance with the Conditions) and shall have regard solely to the interests of the Noteholders and shall not be obliged to act on any directions of the relevant Swap Counterparty if this would in the Trustee's opinion be contrary to the interests of the Noteholders.

#### **The Swap Counterparty**

Prospective investors should be aware that, where any Swap Counterparty is entitled to exercise its discretion or to undertake a decision in such capacity in respect of a Swap Agreement (including any right to terminate the relevant Swap Agreement), in respect of the terms and conditions or otherwise in respect of the Notes, unless specified to the contrary therein, the relevant Swap Counterparty will be entitled to act in its absolute discretion and will be under no obligation to, and will not assume any fiduciary duty or responsibility for, the Noteholders or any other person. In exercising its discretion or deciding upon a course of action, the relevant Swap Counterparty shall attempt to maximise the beneficial outcome for itself (that is, maximise any

payments due to it and minimise any payments due from it) and will not be liable to account to the Noteholders or any other person for any profit or other benefit to it or any of its affiliates that may result directly or indirectly from any such selection.

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

### **No investigations**

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

### **Collateral**

Noteholders may be exposed to the market value of the Collateral. The Issuer may have to fund its payments by the sale of some or all of the Collateral at its market value. The market value of the Collateral will generally fluctuate with, among other things, the liquidity and volatility of the financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the relevant issuer of the Collateral.

For example, the occurrence of certain events, including, *inter alia*, the Collateral becoming repayable prior to its stated maturity as a result of a payment default, imposition of withholding tax on the Issuer, imposition of withholding tax on payments due in respect of the Collateral, may result in the Notes redeeming early. In such circumstances, the Issuer will sell any Collateral and Noteholders will then receive (i) a *pro rata* share of the net realised sale proceeds of such Collateral, plus (if due from the Swap Counterparty to the Issuer) or minus (if due from the Issuer to the Swap Counterparty) (ii) the Swap Termination Value.

Depending on the market price of the Collateral, any of these events may cause significant losses to the Noteholders and may result in the Notes redeeming at zero.

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

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

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

CGML and its affiliates may act in a number of capacities in respect of the Notes including, without limitation, Dealer, Calculation Agent and Swap Counterparty. CGML and its affiliates acting in such capacities in connection with the Notes shall have only the duties and responsibilities expressly agreed to by such entities in the relevant capacity and shall not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. CGML and its affiliates

in their various capacities in connection with the Notes may enter into business dealings, from which they may derive revenues and profits in addition to any fees, without any duty to account therefor.

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

### **Current market conditions**

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

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

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

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

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

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

### **Interest rate risks**

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

## **Risks relating to global events**

### **General**

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



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

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

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

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

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

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

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

There can be no assurance as to how severe the global recession will be or as to how long it will last. There can be no assurance that government actions or the actions of international or supra-national bodies to limit the impact of the crisis will be successful and that they will not instead lead or contribute to a deeper and/or longer-lasting recession. Economic prospects are subject to considerable uncertainty.

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

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

### **Impact on liquidity**

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

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

### **Impact on credit**

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

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

Since 2007, actively traded markets for a number of asset classes and obligors either have ceased to exist or have reduced significantly. To the extent that valuations or calculations in respect of instruments related to those asset classes were based on quoted market prices or market inputs, the lack or limited availability of such market prices or inputs has significantly impaired the ability to make accurate valuations or calculations in respect of such instruments. No assurance can be given that similar impairment may not occur in the future.

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

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

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

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

### **Systemic risk**

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

## **Incorporation by Reference**

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

The audited financial statements in respect of its financial years ending 31 December 2011 and 31 December 2010 filed by the Issuer with the Irish Stock Exchange are also deemed to be incorporated into and form part of this Series Prospectus.

Pages 66 to 191 only of the Emerald Capital Limited Series 2013-03 Series Prospectus, containing the audited financial statements of the Swap Counterparty for the years ending 31 December 2012 and 31 December 2011, are also deemed to be incorporated into and form part of this Series Prospectus.

As at the Issue Date, the Base Prospectus, the Issuer Disclosure Annex, the Issuer's audited financial statements in respect of its financial years ending 31 December 2011 and 31 December 2010 and the audited financial statements of the Swap Counterparty for the years ending 31 December 2012 and 31 December 2011 are also available for viewing on the website of the Irish Stock Exchange using the following links:

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_03491f75-5fca-476d-8ff8-e7eaebe3007c.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_03491f75-5fca-476d-8ff8-e7eaebe3007c.PDF)

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_94c1be22-aeba-400e-9dbf-0a2ae6d6c0.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_94c1be22-aeba-400e-9dbf-0a2ae6d6c0.PDF)

<http://www.ise.ie/app/announcementDetails.aspx?ID=11559858>

[http://www.ise.ie/debt\\_documents/Prospectus%20-%20Series\\_e0285114-91b1-4687-8ef7-9bb2f8203f02.PDF](http://www.ise.ie/debt_documents/Prospectus%20-%20Series_e0285114-91b1-4687-8ef7-9bb2f8203f02.PDF)

## Terms and Conditions of the Notes

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

- |           |  |   |
|-----------|--|---|
| <b>1</b>  | Issuer:  | Emerald Capital Limited   |
| <b>2</b>  | Relevant Dealer/Lead Manager (including, if Syndicated Issue, Managers): | Citigroup Global Markets Limited (" <b>CGML</b> ")  |
| <b>3</b>  | Series No:   | 2013-04   |
| <b>4</b>  | Tranche No:  | 1   |
| <b>5</b>  | ISIN:  | XS0945640851  |
| <b>6</b>  | Common Code:   | 094564085   |
| <b>7</b>  | Currency (or Currencies in the case of Dual Currency Notes):             | Romanian Lei (" <b>RON</b> ")   |
| <b>8</b>  | Principal Amount:  | <p>RON 90,000,000.</p> <p>Following any purchase and cancellation of the Notes pursuant to Condition 7.4 (<i>Purchase</i>), the Principal Amount shall be reduced accordingly to the product of the Denomination and the Number of Notes outstanding.</p> <p><b>As soon as practicable following receipt by the Issuer of a Credit Event Notice and (if applicable) a Notice of Publicly Available Information from the Swap Counterparty under the Credit Default Swap, notice of the same shall be given by or on behalf of the Issuer to the Noteholders in accordance with Condition 16 (<i>Notices</i>).</b></p> |
| <b>9</b>  | (i) Issue Date:  | 26 July 2013  |
|           | (ii) Date Board approval for issuance of Notes obtained:                 | 24 July 2013  |
| <b>10</b> | Issue Price:   | 100 per cent.   |

### Provisions appearing on the back of the Notes

- |           |   |   |
|-----------|---|---|
| <b>11</b> | Form of the Notes:                                  | Registered  |
| <b>12</b> | Denomination(s):                                    | RON 3,000,000   |
| <b>13</b> | Status:   | Secured and limited recourse obligations of the Issuer, secured as provided below |
| <b>14</b> | Interest Commencement Date (if different from Issue | Issue Date  |

	Date):	
<b>15</b>	Interest Basis:	Floating Rate, as described in paragraphs 16 and 35.
<b>16</b>	Interest Rate:	The Benchmark for the Specified Duration plus the Margin per annum.
<b>17</b>	Interest Payment Date(s):	Two Business Days following each Interest Period Date.
<b>18</b>	Relevant Time (Floating Rate Notes):	11.00 a.m. Bucharest time
<b>19</b>	Determination Date(s) (if applicable):	Not applicable
<b>20</b>	Interest Determination Date (Floating Rate Notes):	The date which falls two Bucharest Banking Days prior to the first day in each Interest Accrual Period.
<b>21</b>	Primary Source for Floating Rate (Floating Rate Notes):	Reuters Screen RBOR
<b>22</b>	Reference Banks (Floating Rate Notes):	As set out in the Conditions
<b>23</b>	Relevant Financial Centre (Floating Rate Notes):	Not applicable
<b>24</b>	Benchmark (Floating Rate Notes):	RON-RBOR-Reuters
<b>25</b>	Broken Amount (Fixed Rate Notes):	Not applicable
<b>26</b>	Representative Amount (Floating Rate Notes):	Not applicable
<b>27</b>	Relevant Currency (Floating Rate Notes):	Not applicable
<b>28</b>	Effective Date (Floating Rate Notes):	Not applicable
<b>29</b>	Specified Duration (Floating Rate Notes):	3 months, except that for the first Interest Accrual Period the Specified Duration shall be 1 month.
<b>30</b>	Margin (Floating Rate Notes):	Plus 3.15 per cent. per annum.
<b>31</b>	Rate Multiplier (if applicable):	Not applicable
<b>32</b>	Maximum/Minimum Interest Rate (if applicable):	Not applicable
<b>33</b>	Maximum/Minimum Instalment Amount (if applicable):	Not applicable
<b>34</b>	Maximum/Minimum Redemption Amount (if	Not applicable

applicable):

- 35** Interest Amount: The Interest Amount payable in respect of each Note shall be an amount in RON calculated by the Calculation Agent as being equal to the sum of the product of (a) the Denomination; (b) the Interest Rate; and (c) the Day Count Fraction.
- Interest will be payable in arrear on the Interest Payment Dates.
- The Interest Amount will cease to accrue from and including the Interest Period Date immediately preceding the Event Determination Date. If the Swap Counterparty notifies the Issuer that a Credit Event may have occurred prior to an Interest Period Date but no Event Determination Date has yet been determined (for example, if a request has been made to ISDA to convene a Credit Derivatives Determinations Committee to consider whether a Credit Event has occurred but no Credit Event Resolution has yet been made on that request), payment of the Interest Amount on the Interest Payment Date immediately following such Interest Period Date shall be postponed until the Swap Counterparty confirms whether or not a Credit Event has occurred. If no Credit Event has occurred, the Issuer will pay the Noteholders the postponed Interest Amount two Business Days after the Swap Counterparty makes such confirmation without any additional interest in respect of such postponement.
- 36** Day Count Fraction: Actual/Actual
- 37** Interest Period Date(s) (if applicable): 26 February, 26 May, 26 August and 26 November in each year from and including 26 August 2013 (a short first coupon) to and including 26 February 2016, in each case subject to adjustment in accordance with the Modified Following Business Day Convention.
- 38** Redemption Amount:
- (a) Redemption Amount payable on final maturity pursuant to Condition 7.1: Final Redemption Amount
  - (b) Redemption Amount payable on mandatory redemption pursuant to Condition 7.2: Early Redemption Amount
  - (c) Redemption Amount payable on mandatory: Early Redemption Amount

	redemption pursuant to Condition 7.3:	
(d)	Redemption Amount payable on exercise of Issuer's option pursuant to Condition 7.6:	Not applicable
(e)	Redemption Amount payable on exercise of Noteholder's option pursuant to Condition 7.7:	Not applicable
(f)	Redemption where the Conditions to Settlement are satisfied in accordance with the Credit Default Swap:	If a Credit Event occurs at any time from and including the Credit Linkage Start Date (as defined below) to and including the later of (a) the Credit Linkage End Date (as defined below), (b) if a Potential Failure to Pay exists on the Credit Linkage End Date, the Grace Period Extension Date and (c) if a Potential Repudiation/Moratorium exists on the Credit Linkage End Date, the Repudiation/Moratorium Evaluation Date, and the Conditions to Settlement are satisfied in accordance with the terms of the Credit Default Swap, each Note will, subject as provided below, be redeemed at the Early Redemption Amount.
(g)	Redemption where RON is redenominated into EUR:	If RON is replaced as the currency of Romania by EUR, then the Issuer shall forthwith give not more than 30 days' notice to the Trustee, the Noteholders and the Swap Counterparty of the Early Redemption Date and, upon expiry of such notice, shall, subject as provided below, redeem all but not some only of the Notes at their Early Redemption Amount (for the avoidance of doubt, if this cannot be paid in RON then it will be paid in EUR at the exchange rate the Calculation Agent determines in its sole and absolute discretion).
		<b>Noteholders may receive different distributions and/or payments as a result of roundings effected by the Calculation Agent. In the event that the Notes are redeemed prior to the Maturity Date, the amount payable by the Issuer may be more or less than the principal amount of the Notes and may be zero.</b>
39	Maturity Date:	Two Business Days following the Interest Period Date falling on or about 26 February 2016 (the " <b>Scheduled Maturity Date</b> ") or, if applicable, the later of each of the dates as determined below: <ul style="list-style-type: none"> <li>(a) two Business Days following the Termination Date of the Credit Default Swap;</li> <li>(b) if the Swap Counterparty notifies the Issuer pursuant</li> </ul>



to the Credit Default Swap (such notice, a “**Potential Credit Event Notice**”) at any time on or prior to the Scheduled Maturity Date of its determination (which shall be exercisable in its sole and absolute discretion) that a Credit Event may have occurred in the period from and including the Credit Linkage Start Date to and including the Credit Linkage End Date in respect of which the Conditions to Settlement have not been, or will not be, satisfied in accordance with the terms of the Credit Default Swap on or before the Scheduled Maturity Date, the Maturity Date shall be postponed:

- (i) if the Conditions to Settlement are satisfied within the Notice Delivery Period pursuant to the Credit Default Swap, until a date falling not more than ten Business Days after the date on which the Conditions to Settlement have been satisfied; or
- (ii) if the Conditions to Settlement are not satisfied during the Notice Delivery Period pursuant to the Credit Default Swap, until the date falling three Business Days following the last day in the Notice Delivery Period; and
- (c) if, with respect to the Reference Entity, an Event Determination Date occurs and the Auction Settlement Amount (or Cash Settlement Amount, if applicable) in respect of the relevant Credit Event has not been determined as of the Scheduled Maturity Date, then the Maturity Date shall be postponed until the date falling two Business Days following the date such Auction Settlement Amount (or Cash Settlement Amount, if applicable) has been determined.

Notice of any Potential Credit Event Notice will be given to the Noteholders in accordance with Condition 16 (*Notices*) by the Issuer promptly after receipt by the Issuer thereof from the Swap Counterparty. In addition, notice of the postponed Maturity Date will be given to the Noteholders in accordance with Condition 16 (*Notices*) by the Issuer promptly after the postponed Maturity Date is determined.

**No additional amounts of interest or otherwise will be payable by the Issuer or the Swap Counterparty as a result of any postponement of the Maturity Date.**

40	Redemption for taxation reasons permitted on days other than Interest Payment	Yes
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Dates:

<b>41</b>	Index/Formula (Indexed Notes):	Not applicable
<b>42</b>	Calculation Agent:	For the purposes of the calculations described in paragraphs 38(b) to (g), CGML, and otherwise, Citibank, N.A., London Branch.
<b>43</b>	Dual Currency Notes:	Not applicable
<b>44</b>	Partly-Paid Notes:	Not applicable
<b>45</b>	Amortisation Yield (Zero Coupon Notes):	Not applicable
<b>46</b>	Terms of redemption at the option of the Issuer or other Issuer's option (if applicable):	Not applicable
<b>47</b>	Terms of redemption at the option of the Noteholders or other Noteholders' Option (if applicable):	Not applicable
<b>48</b>	Issuer's Option Period:	Not applicable
<b>49</b>	Noteholders' Option Period:	Not applicable
<b>50</b>	Instalment Date(s) (if applicable):	Not applicable
<b>51</b>	Instalment Amount(s) (if applicable):	Not applicable
<b>52</b>	Unmatured Coupons to become void upon early redemption in full:	Not applicable
<b>53</b>	Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon (Bearer Notes):	Not applicable
<b>54</b>	Business Day Jurisdictions for Condition 8.8 (jurisdictions required to be open for payment):	London and Bucharest and TARGET Business Day
<b>55</b>	Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 13.1 (if applicable):	None
<b>56</b>	Details of any other additions	Not applicable

or variations to the  
Conditions:

- 57** The Agents appointed in respect of the Notes are:
- Citibank, N.A., London Branch  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
as Issuing and Paying Agent and Calculation Agent  
Citibank International Plc  
1 North Wall Quay  
IFSC  
Dublin 1  
as Irish Paying Agent  
Citigroup Global Markets Limited  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
as Calculation Agent and Disposal Agent  
Citigroup Global Markets Deutschland AG  
Agency and Trust Department  
Reuterweg 16  
60323 Frankfurt  
Germany  
as Registrar  
Arthur Cox Listing Services Limited  
Earlsfort Centre  
Earlsfort Terrace  
Dublin 2  
as Irish Listing Agent
- 58** Purchase by the Issuer of Notes: The Issuer may purchase Notes
- 59** Settlement method: Delivery free of payment

**Provisions applicable to Global Notes and Certificates**

- 60** How Notes will be represented on issue: Global Certificate
- 61** Applicable TEFRA exemption: Not applicable
- 62** Whether Temporary/ Permanent Global Note/ Global Certificate is exchangeable for Definitive Notes/Individual Certificates at the request of the holder: Yes, in limited circumstances, for Individual Certificates.

<b>63</b>	New Global Note:	No
<b>64</b>	Intended to be held in a manner which would allow Eurosystem eligibility:	No

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

<b>65</b>	Details of any additions or variations to the Dealer Agreement:	Not applicable
<b>66</b>	(i) Listing and admission to trading:	The Series Prospectus has been approved by the Central Bank of Ireland (the “ <b>Central Bank</b> ”), as competent authority under Directive 2003/71/EC (the “ <b>Prospectus Directive</b> ”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. 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.
	(ii) Estimate of total expenses related to admission to trading:	All such expenses are being paid by the Dealer.
<b>67</b>	Dealers’ commission (if applicable):	None.
<b>68</b>	Method of Issue:	Individual Dealer
<b>69</b>	The following Dealers are subscribing to the Notes:	CGML
<b>70</b>	Rating (if applicable):	Not applicable

#### **The Security Arrangements**

<b>71</b>	Mortgaged Property:	
	(a) Collateral:	See Annex 2.
	(b) Security (order of priorities):	See Annex 2. The Trustee shall apply all moneys received by it under the Trust Deed in connection with the realisation or enforcement of the security constituted by or pursuant to the Trust Deed in accordance with Counterparty Priority A.
	(c) Option Agreement (if applicable):	Not applicable
	Option Counterparty(ies):	Not applicable
	Option Guarantor (if applicable):	Not applicable
	(d) Swap Agreement (if applicable):	See Annexes 3, 4 and 5.

	Swap Counterparty(ies):	Citibank, N.A., London Branch, whose registered office is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.
	Swap Guarantor (if applicable):	Not applicable
	Swap Guarantee:	Not applicable
(e)	Details of Credit Support Document (if applicable):	Not applicable
	Credit Support Provider:	Not applicable
(f)	Details of Securities Lending Agreement:	Not applicable
<b>72</b>	Mandatory Redemption:	Mandatory Redemption A
<b>73</b>	Noteholder Substitution of Collateral:	Not applicable
<b>74</b>	Rating Agency Trigger Threshold:	Not applicable

## **Annex 1**

### **Defined Terms**

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

**“Credit Linkage End Date”** means the Scheduled Termination Date (as defined in the Credit Default Swap).

**“Credit Linkage Start Date”** means the earlier to occur of the Credit Event Backstop Date and the Trade Date (each as defined in the Credit Default Swap).

**“Number of Notes”** means, as at the Issue Date, 30 and, following any purchase and cancellation of any Notes by the Issuer pursuant to Condition 7.4 (*Purchase*), such lesser number of Notes outstanding.

**“Swap Termination Value”** means an amount in RON equal to the aggregate of the early termination payments in EUR due from or payable to the Swap Counterparty under the Swap Agreements, the calculation of which is described under “Consequences of Early Termination” in Annex 3 to the Series Prospectus, converted into RON at the then prevailing exchange rate for purchasing RON with EUR as determined by the Calculation Agent in its sole and absolute discretion. For the avoidance of doubt, if the Conditions to Settlement under the Credit Default Swap have been satisfied, the termination payment in respect thereof shall be the Auction Settlement Amount (or Cash Settlement Amount, if applicable) and the termination payments under the Interest Rate Swap shall be calculated in accordance with Section 6(e) of the ISDA Master Agreement.

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

## Annex 2

### Security and Collateral

#### Description of the Collateral

On the Issue Date the Issuer will purchase EUR 20,000,000 in principal amount of the EUR 1,083,930,000 3.25% Notes due 2016 issued by the Government of Romania and having the ISIN number RO1316DBE011 (the “**Securities**”).

The Securities will constitute the “**Collateral**” as at the Issue Date and, at any time thereafter, the “**Collateral**” shall be such Securities as are held by the Custodian for the account of the Issuer at such time. The Issuer may be required to post some Securities to the Swap Counterparty from time to time and the Swap Counterparty may be required to return some or all of the posted Securities from time to time.

The following summary of the Securities is qualified by reference to the detailed terms and conditions of the Collateral, as set out in the issuance prospectus approved through Order no. 26/11.01.2013 and Order no. 918, under which the Collateral was issued.

Title:	EUR 1,083,930,000 3.25% Notes due 2016
Collateral Issuer:	Government of Romania
Country of Incorporation:	N/A
Principal Address of Collateral Issuer:	Cotroceni Palace, 1-3 Geniului, Bldv Sector 6, Bucharest, 060116, Romania.
Principal Business of Collateral Issuer:	Romania is located in Southeastern Europe, bordering the Black Sea, between Bulgaria and Ukraine. The Country's natural resources are petroleum (reserves declining), timber, natural gas, coal, iron ore, salt, arable land, and hydropower. Romania's capital is located in Bucharest. (Source: Bloomberg)
Principal Amount:	EUR 1,083,930,000
Denomination:	EUR 10,000
Issue Date:	24 January 2013, and a fungible issue on 22 July 2013
Final Maturity Date:	26 February 2016
Interest Rate:	3.25 per cent. per annum
Interest Payment Date:	26 February in each year commencing on 26 February 2013
Listing:	The regulated market of the Bucharest Stock Exchange
Governing law:	Romania
ISIN:	RO1316DBE011
Common Code:	088094948

- Ratings: As at the Issue Date of the Notes, the Collateral Issuer has been assigned long-term unsecured senior debt ratings of "Baa3 (negative outlook)" by Moody's Investors Service, Inc. ("**Moody's Inc.**"), "BB+ (stable outlook)" by S&P and "BBB- (stable)" by Fitch.
- Moody's Inc. is not a credit rating agency established in the European Community or registered in the European Community under Regulation 1060/2009/EC, as amended by Regulation (EU) 513/2011 (the "**CRA Regulations**").
- The Moody's Inc. ratings provided in this Series Prospectus have been endorsed by Moody's in accordance with the CRA Regulations. Moody's is a credit rating agency established in the European Community or registered in the European Community under the CRA Regulations.
- Ranking: The Collateral and any related coupons constitute senior unsecured obligations of the Collateral Issuer.

### **Security Arrangements**

Subject as set out below, the obligations of the Issuer under the Notes are secured pursuant to the Trust Deed by:

- (i) a first fixed charge over the Collateral in favour of the Trustee;
- (ii) an assignment by way of security in favour of the Trustee of all the Issuer's rights, title and interest attaching to or relating to the Collateral and all sums derived therefrom including, without limitation, any right to delivery thereof or to an equivalent number or nominal value thereof which arises in connection with any such assets being held in a clearing system or through a financial intermediary;
- (iii) an assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest against the Custodian and the Disposal Agent, to the extent that they relate to the Collateral;
- (iv) an assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest under and in respect of the Agency Agreement, to the extent that they relate to the Notes and all sums derived therefrom in respect of the Notes;
- (v) an assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest under and in respect of the Custody Agreement, to the extent that they relate to the Notes;
- (vi) an assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest under the Swap Agreements and in respect of any sums received thereunder; and
- (vii) a first fixed charge in favour of the Trustee of (a) all sums held by the Issuing and Paying Agent and the Custodian to meet payments due in respect of the obligations and duties of the Issuer under the Trust Deed, the Swap Agreements, the Agency Agreement, the Custody Agreement and the Notes, (b) all sums held by the Disposal Agent under the Agency Agreement and (c) any sums received by the Issuing and Paying Agent under the Swap Agreements,

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



In circumstances where the Collateral is held by or through the Custodian in a clearing system, the security will take the form of an assignment of the Issuer's contractual rights against the Custodian rather than a charge over the Collateral.

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

The Custodian, acting on behalf of the Issuer, may procure the realisation of the equivalent proportion of the Collateral in connection with any purchase and cancellation of the Notes by the Issuer in accordance with Condition 7.4.

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

#### **The Custodian**

A description of the Custodian is set out in the section entitled "Description of Citibank, N.A. London Branch" in the Base Prospectus.

## **Annex 3**

### **The Swap Agreements**

*The description of the Swap Agreements set out below is a summary of certain features of the Swap Agreements and is qualified by reference to the detailed provisions of the Swap Agreements.*

#### **Payments under the Swap Agreements**

Under a 2002 ISDA Master Agreement deemed entered into between the Issuer and the Swap Counterparty and dated as of the Issue Date (including the Schedule in the form of the ISDA Schedule Terms dated 8 July 2013) as amended and restated from time to time, the Issuer and the Swap Counterparty have entered into two confirmations, one constituting a credit default swap with an effective date of the Issue Date of the Notes (the “**Credit Default Swap**”) (into which the 2003 ISDA Credit Derivatives Definitions as supplemented by the July 2009 Supplement are incorporated by reference) and the other constituting an interest rate swap with an effective date of the Issue Date of the Notes (the “**Interest Rate Swap**”) (into which the 2006 ISDA Definitions are incorporated by reference), the Credit Default Swap and the Interest Rate Swap together, the “**Swap Agreements**”).

Under the Credit Default Swap, the Issuer shall be paid the Fixed Rate on the Fixed Rate Payer Payment Dates by the Swap Counterparty. Pursuant to the Credit Default Swap, the Swap Counterparty has the right to exercise the credit default provisions under the Credit Default Swap immediately upon (and, subject as set out below, at any time subsequent to) the occurrence of a Credit Event during the period from and including the Credit Linkage Start Date to and including the Credit Linkage End Date. When serving notice of the occurrence of a Credit Event, the Swap Counterparty may provide the Issuer with the Notice of Publicly Available Information (it will not need to do so if a Credit Derivatives Determinations Committee resolves that a Credit Event has occurred). See below for a description of the payments to be made following service of such notice of such Credit Event.

Under the Interest Rate Swap, the Swap Counterparty will pay to the Issuer an initial exchange amount equal to EUR 20,536,573.76 and periodic amounts equal to the interest and principal payable under the Notes and the Issuer will pay to the Swap Counterparty an initial exchange amount equal to RON 90,000,000 and periodic amounts equal to the interest and principal receivable on the Collateral and the amounts payable by the Swap Counterparty to the Issuer under the Credit Default Swap.

In addition, the Issuer will pay to the Swap Counterparty (or the Swap Counterparty will pay to the Issuer, as the case may be) the termination amounts in connection with the termination of the Swap Agreements whether in whole or in part (as further described in “Consequences of Early Termination” below).

#### **Termination of the Swap Agreements**

Except as stated in the following paragraphs, the Swap Agreements shall terminate on the Maturity Date of the Notes.

The Swap Agreements may be terminated (either in whole or in part only), among other circumstances:

- (i) if at any time any of the Notes becomes payable in accordance with the Conditions prior to the Maturity Date;

- (ii) at the option of one party, if there is a failure by the other party to pay any amounts due, or to comply with or perform any obligation, under any Swap Agreement;
- (iii) if withholding taxes are imposed on payments made either by the Issuer or by the Swap Counterparty under any Swap Agreement or it becomes illegal for either party to perform its obligations under any Swap Agreement (see “Transfer to avoid Termination Event” below);
- (iv) if one or both of the following occurs at any time:
  - (a) the Swap Termination Value is greater than 40 per cent. of the market value of the Collateral; or
  - (b) the Reference CDS Spread is equal to or greater than 800 basis points per annum;
- (v) upon the occurrence of certain other events with respect to either party to any Swap Agreement, including a breach of a representation, insolvency or, in respect of the Swap Counterparty, a merger without an assumption of the obligations in respect of that Swap Agreement; or
- (vi) if any Swap Agreement is terminated early for whatever reason, the other Swap Agreement shall automatically terminate.

### **Consequences of Early Termination**

Upon any early termination of any Swap Agreement in the circumstances set out in sub-paragraphs (i) to (vi) above, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other (regardless, if applicable, of which of the parties may have caused such termination). Such termination payments will be based on the replacement cost or gain for a swap agreement that would have the effect of preserving for the party making the determination the economic equivalent of that Swap Agreement. Such termination amounts shall also include amounts that are either unpaid as at the Early Termination Date (as defined in the Swap Agreement) or represent the fair market value of any obligation that was required to have been performed under a Swap Agreement had it not been terminated on the relevant Early Termination Date (as defined in the Swap Agreement).

In all cases of early termination, the termination payment will be determined by the Swap Counterparty.

### **General**

Except as stated under “Transfer to avoid Termination Event” below, neither the Issuer nor the Swap Counterparty are, save for the assignment by way of security in favour of the Trustee under the Trust Deed and certain limited circumstances set out in Section 7 (*Transfer*) of the ISDA Master Agreement, permitted to assign, novate or transfer as a whole or in part any of their rights, obligations or interests under the Swap Agreements.

### **Taxation**

The Issuer is not obliged under the Swap Agreements to gross up if withholding taxes or other deductions for taxes are imposed on payments made by it under the Swap Agreements. The Swap Counterparty is not obliged under the Swap Agreements to gross up if withholding taxes or other deductions for taxes are imposed on payment made by it under the Swap Agreements, unless the relevant tax is an “Indemnifiable Tax”.

### **Transfer to avoid Termination Event**

If withholding taxes are imposed on payments made by the Issuer or the Swap Counterparty under the Swap Agreements, then the Swap Counterparty shall, at its sole option, have the right to require the Issuer:

- (a) to transfer all of its interest and obligations under the relevant Swap Agreement together with its interests and obligations under the Notes, the Trust Deed, the Dealer Agreement and the Agency Agreement to another entity, whether or not in the same tax jurisdiction as the Issuer, which would not have any obligation to withhold or deduct (if the Issuer is or would be required to make such withholding or deduction) or to which the Swap Counterparty would be entitled to make payments free from the relevant withholding or deduction and/or not to be subject to any gross-up obligations (if the Swap Counterparty is or would otherwise be required to make such withholding or deduction), subject to obtaining the prior written consent of the Trustee; or
- (b) to transfer its residence for tax purposes to another jurisdiction, subject to obtaining the prior written consent of the Trustee.

If the Issuer is unable to transfer its interests to another party or to transfer its tax residence in accordance with the preceding provisions prior to the 30th calendar day following the date of imposition of such withholding taxes or, if earlier, the 10th calendar day prior to the first date on which it or the Swap Counterparty would otherwise be required to make a payment net of withholding taxes or subject to gross-up, the Swap Counterparty may terminate the swap transaction under the relevant Swap Agreement.

### **Transfer by the Swap Counterparty to its Affiliates**

The Swap Counterparty may, at any time, transfer to any of its Affiliates all or part of its interests and obligations under the relevant Swap Agreement together with its interests and obligations under the Notes, the Trust Deed, the Dealer Agreement and the Agency Agreement to any of its Affiliates upon providing at least five Business Days prior written notice to the Issuer and the Trustee provided that:

- (a) the transferee or its guarantor (if applicable) has a rating from Moody's, S&P or Fitch or any Affiliates of or successors to the rating businesses thereof that is the same or higher than that of the Swap Counterparty at the time of such transfer;
- (b) as of the date of such transfer the transferee will not, as a result of such transfer, be required to withhold or deduct on account of any tax under the Swap Agreements;
- (c) a Termination Event or an Event of Default will not occur under the Swap Agreements as a result of such transfer; and
- (d) no additional amount will be payable by the Issuer to the Swap Counterparty or the transferee on the next succeeding scheduled payment date under the Swap Agreements as a result of such transfer.

### **The Swap Counterparty**

A description of the Swap Counterparty is set out in the section entitled "Description of Citibank, N.A. London Branch" in the Base Prospectus.

### **Description of the Reference Entity**

Unicredit SpA ("**Unicredit**") is a public company whose shares are listed and admitted to trading on the Frankfurt Stock Exchange and the Italian Stock Exchange. Unicredit's principal address is

Piazza Cordusio, 20123 Milano, Italy. Unicredit is an Italian global banking and financial services company with offices in 22 countries and core markets in Italy, Austria, Russia and Southern Germany. Unicredit has debt securities listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange. As at the date of the Series Prospectus, Unicredit's long-term, senior unsecured debt ratings are "Baa2" by Moody's, "BBB+" by S&P and "BBB+" by Fitch.

## Annex 4

### Form of the Credit Default Swap Confirmation

*Set out below is the form of the Credit Default Swap Confirmation*

Date: 26 July 2013

To: Emerald Capital Limited

From: Citibank, N.A., London Branch

Re: Credit Derivative Transaction relating to Emerald Capital Limited Series No: 2013-04 RON 90,000,000 Floating Rate Unicredit SpA Credit Linked Notes due 2016 (the “**Notes**”) (Ref: LEM18C2539681).

Dear Sirs,

The purpose of this letter agreement (this “**Confirmation**”) is to confirm the terms and conditions of the Transaction entered into between us on the first day on which this Confirmation has been signed by both Party A and Party B (the “**Transaction**”, and such date the “**Signing Date**”). This Confirmation constitutes a “Confirmation” as referred to in the 2002 ISDA Master Agreement specified below.

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions (the “**2003 Definitions**”) as supplemented by the July 2009 Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 14 July 2009) (the “**July 2009 Supplement**” and, together with the 2003 Definitions, the “**Credit Derivatives Definitions**”), each as published by the International Swaps and Derivatives Association, Inc., as amended herein, are incorporated into this Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms a part of, and is subject to the 2002 ISDA Master Agreement dated the Issue Date (the “**Agreement**”) deemed entered into between Citibank, N.A., London Branch (“**Party A**”) and Emerald Capital Limited (“**Party B**”) in respect of which the Schedule to such 2002 ISDA Master Agreement is in the form of the ISDA Schedule Terms dated 8 July 2013. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

Party A and Party B have entered into a related interest rate swap by means of a confirmation under the Agreement on the Issue Date (the “**Interest Rate Swap**” and, together with this Transaction, the “**Swap Agreements**”).

Party A represents and warrants that it has the capacity and powers to enter into this Agreement and that the entry into this Agreement has been validly authorised, executed and delivered by it.

Capitalised terms used but not defined herein will have the meanings given to them in the Series Prospectus dated 25 July 2013, as amended and supplemented from time to time, relating to the issue of the Notes (the “**Series Prospectus**”).

In this Confirmation, references to the “**Conditions**” are to the terms and conditions of the Notes as set out in the Series Prospectus.

In the event of any inconsistency between terms defined in this Confirmation and the corresponding terms in the Conditions, the terms as defined in the Conditions shall govern. In the

event of any inconsistency between terms defined in this Confirmation and the corresponding terms in the Interest Rate Swap, the terms as defined in this Confirmation shall govern.

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

## **1 General Terms**

Trade Date:	13 June 2013. Notwithstanding Section 1.5 of the Credit Derivatives Definitions, the Parties agree that they have entered into the Transaction to which this Confirmation relates on the Signing Date.
Effective Date:	26 July 2013
Scheduled Termination Date:	Two Business Days following 26 February 2016
Floating Rate Payer:	Party B
Fixed Rate Payer	Party A
Calculation Agent:	Citigroup Global Markets Limited
Calculation Agent City:	London
Business Days:	London and Bucharest and TARGET Settlement Day
Business Day Convention:	Modified Following (which subject to Section 1.4 and 1.6 of the Credit Derivatives Definitions, shall apply to any date referred to in the Confirmation that falls on a day that is not a Business Day).
Reference Entity:	Unicredit SpA and any Successor
Reference Obligation(s):	Any Bond Obligation of, or any Bond guaranteed by, the Reference Entity as specified by Party A in its sole and absolute discretion. As at the Effective Date, the Reference Obligation specified is XS0207065110. If at any time Party A determines that there are no suitable obligations to constitute the Reference Obligation, it may terminate the Transaction pursuant to Section 2.30(e) of the Credit Derivatives Definitions.
All Guarantees:	Applicable
Reference Price:	100 per cent.

## **2 Fixed Payments**

Fixed Rate Payer Calculation Amount:	Initially EUR 20,000,000 and thereafter the Principal Amount of the Notes from time to time.
Fixed Rate Payer Period End Date(s):	Each Interest Period Date in respect of the Notes up to and including the Interest Period Date immediately preceding the Event Determination Date, which are subject to adjustment in accordance with the Modified Following Business Day Convention. Section 2.9(b) of the Credit Derivative Definitions shall

be replaced with the following: “(b) the final Fixed Rate Payer Calculation Period will end on, and exclude, the Fixed Rate Payer Calculation Period End Date falling on or immediately prior to the earlier to occur of the Scheduled Termination Date and the Fixed Rate Payer Period End Date falling on or immediately prior to the Event Determination Date.”

Section 2.10 of the Credit Derivatives Definitions is amended by deleting the last four lines thereof, beginning with “, provided” and replacing them in their entirety with “, provided that if an Event Determination Date occurs, the Fixed Rate Payer Payment Date that occurred on or immediately prior to the Event Determination Date shall be the final Fixed Rate Payer Payment Date.”

Section 5.4 of the Credit Derivatives Definitions is amended by deleting the last two lines thereof, beginning with “the earlier” and replacing them in their entirety with “the Fixed Rate Payer Period End Date falling on or immediately prior to the Event Determination Date.”

Fixed Rate Payer Payment Date(s): Two Business Days after each Fixed Rate Payer Period End Date, which are subject to adjustment in accordance with the Modified Following Business Day Convention.

Fixed Rate: 3.15 per cent. per annum.

If, on or prior to a Fixed Rate Payer Payment Date, Party A determines that a Credit Event may have occurred prior to such Fixed Rate Payer Payment Date, Party A may notify Party B thereof and payment of the Fixed Amount by Party A to Party B on such Fixed Rate Payer Payment Date shall be suspended until Party A confirms whether or not a Credit Event has occurred. If Party A confirms that no Credit Event has occurred, Party A will pay to Party B the Fixed Amount that was originally due to have been paid on the Fixed Rate Payer Payment Date two Business Days after it makes such confirmation, and no interest shall be payable in respect of such postponement.

Fixed Rate Day Count Fraction: Actual/Actual

### 3 Floating Amounts

Floating Rate Payer Calculation Amount: Initially EUR 20,000,000 and thereafter the Principal Amount of the Notes from time to time.

Conditions to Settlement: (1) Credit Event Notice



Notifying Party: Party A or Party B

- (2) Notice of Publicly Available Information: Applicable, except to the extent that it is deemed delivered pursuant to the July 2009 Supplement.
- Public Sources: As set out in Section 3.7 of the Credit Derivatives Definitions.

Specified Number: Two

**“Credit Event Notice”** means an irrevocable notice (which Party A has the right but not the obligation to deliver) from Party A (which may be oral including by telephone to be confirmed in writing) to Party B during the Notice Delivery Period that describes a Credit Event that occurred on or after the Credit Linkage Start Date to and including the Credit Linkage End Date in respect of the Notes or (if applicable and earlier) the Early Redemption Date, each as determined by reference to Greenwich Mean Time.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

If a Credit Event Notice contains the information required in the Notice of Publicly Available Information, such Credit Event Notice shall be deemed to be both a Credit Event Notice and a Notice of Publicly Available Information.

Credit Events:

Bankruptcy  
Failure to Pay

Restructuring  
Modified Restructuring Maturity  
Limitation and Conditionally  
Transferable Obligation  
Applicable

Obligation Category:

Borrowed Money

Obligation Characteristics:

None

Excluded Obligations:

None

#### 4 Settlement Terms

Settlement Method:	Auction Settlement
Fallback Settlement Method:	Cash Settlement
Deliverable Obligation Category:	Bond or Loan
Deliverable Obligation Characteristics:	Not Subordinated Specified Currency Not Contingent Assignable Loan Consent Required Loan Transferable Maximum Maturity: 30 years Not Bearer

##### Terms relating to Auction Settlement:

Auction Settlement Date:	Five Business Days following the determination of the Auction Final Price.
Auction Settlement Amount:	The greater of: (a) an amount in EUR equal to the product of (i) the Floating Rate Payer Calculation Amount and (ii) the Reference Price minus the Auction Final Price; and (b) zero.

##### Terms relating to Cash Settlement (if applicable)

Valuation Obligation:	Any obligation of the Reference Entity chosen by the Calculation Agent in its sole discretion pursuant to Section 2.15 of the Credit Derivatives Definitions, for which purpose there are no Excluded Deliverable Obligations. References in Article VII of the Credit Derivatives Definitions to "Reference Obligation" shall be construed as references to "Valuation Obligation".
Valuation Dates:	Single Valuation Date: the Business Day selected by the Calculation Agent in its sole discretion (the " <b>Schedule Valuation Date</b> "), provided that such Business Day shall be no earlier than forty-five (45) Business Days and later than sixty (60) Business Days after the relevant Event Determination Date, <i>provided that</i> if the Calculation Agent in its sole discretion considers that all of the Valuation Obligation(s) with respect to the Reference Entity outstanding on the relevant Event Determination Date are reasonably likely to cease to exist prior to the date that is forty-five (45) Business Days after the relevant Event Determination Date, the Calculation may designate, as the Valuation Date, an earlier day.

Valuation Notice:	<p>As soon as reasonably practicable following the determination of the relevant Final Price, the Calculation Agent shall send a notice to Party A and Party B that contains the Quotations received, the Final Price and the calculation of the Cash Settlement Amount.</p> <p>Failure by the Calculation Agent to send a Valuation Notice shall not affect Party B's obligation to pay the Cash Settlement Amount.</p>
Valuation Time:	Any time (as selected by the Calculation Agent in its sole discretion) on the applicable Valuation Date during the hours that the Dealers customarily quote prices for the relevant Valuation Obligation.
Quotation Method:	Bid
Quotation Amount:	An amount selected by the Calculation Agent greater than or equal to EUR 1,000,000 subject to a maximum of EUR 20,000,000.
Valuation Method:	<p>If there is only one Valuation Obligation, Highest, or if there is more than one Valuation Obligation, Blended Highest.</p> <p>Where "Blended Highest" means the weighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Valuation Obligation on the Valuation Date.</p>
Settlement Currency:	EUR
Quotations	<p>Each Full Quotation or other quotation, excluding accrued interest, expressed as a percentage with respect to a Valuation Date. The Calculation Agent shall attempt to obtain Full Quotations from at least five Dealers (including any Noteholder holding 100 per cent. of the Notes then outstanding) on the Scheduled Valuation Date. If fewer than five Full Quotations are available, but at least two Full Quotations are available, the Calculation Agent shall determine the Final Price on the basis of the available Full Quotations.</p> <p>If at least two Full Quotations are not available on the Scheduled Valuation Date, but a Weighted Average Quotation is available then such Weighted Average Quotation will be used, on the Scheduled Valuation Date, to determine the Final Price. If both two Full Quotations and a Weighted Average Quotation are not available, but a single Full Quotation is available, such single Full Quotation will be used, on the Scheduled Valuation Date, to determine the Final Price.</p> <p>If a single Full Quotation is also not available, but one or more firm quotations for an amount equal to or less than the Minimum Quotation Amount is available, then the</p>

weighted average of such firm quotations will be used on the Scheduled Valuation Date to determine the Final Price. If one or more firm quotations for an amount equal to or less than the Minimum Quotation Amount are not available, the Quotation will be zero.

Where a Quotation is sought in respect of a Valuation Obligation which is a Consent Required Loan, the Calculation Agent shall, to the extent practicable in connection with any requests for quotations in respect of such Valuation Obligation, inform the Dealers of the identity of the debtor, the governing law and jurisdiction of the relevant loan documentation, details of any guarantee and/or security, the main covenants contained within the relevant loan documentation, the maturity date of the loan and any amortisation, the interest rate of the loan, whether the loan is a revolving loan or a term loan, the amounts if any drawn down under the loan, any conditions to transfer and the date of the relevant loan agreement subject to not thereby breaching any duty of confidentiality the Calculation Agent or any Affiliate thereof may owe in respect of such Consent Required Loan. Any firm bid quotations received from Dealers in respect of such Valuation Obligation shall be treated as firm bid quotations notwithstanding that the Dealers express such firm bid quotations as being subject to the loan documentation.

Cash Settlement Date:	Five Business Days following the Valuation Date.
Cash Settlement Amount:	The greater of: <ul style="list-style-type: none"><li>(a) an amount in EUR payable equal to the product of (i) the Floating Rate Payer Calculation Amount and (ii) the Reference Price minus the Final Price; and</li><li>(b) zero.</li></ul>

## **5 Additional Termination Events**

- (a) The occurrence of either or both of the events set out below will constitute an Additional Termination Event for the purposes of this Transaction in respect of which Party B shall be the sole Affected Party. Notwithstanding any other provision of the Agreement, Party A will, promptly upon becoming aware of such Additional Termination Event, notify Party B specifying the nature of the event, and may designate an Early Termination Date in respect of the Transaction upon not more than 20 days notice. For the avoidance of doubt, the Early Termination Date so designated may be the date of occurrence of the relevant event.
- (b) The provisions of this paragraph shall apply if on any day falling on or after the Effective Date the following occurs:
  - (i)  $MTM > 40\% MV$ ; and/or

- (ii) the Reference CDS Spread is determined, by the Calculation Agent, to be equal to or greater than 800 basis points per annum.

Where:

“**MTM**” is the firm market unwind value, in EUR, of the Swap Agreements from the point of view of the Swap Counterparty, as determined by the Calculation Agent. The firm market unwind value is expressed as a positive number if it represents a cost to the Issuer and is expressed as a negative number if it represents a cost to the Swap Counterparty.

“**MV**” is the market value, in EUR, of the Collateral as determined by the Calculation Agent.

“**Reference CDS Spread**” refers to the then prevailing spread offered on 5-year credit default swaps where the buyer of protection is the fixed rate payer of such spread to the floating rate payer (on a quarterly, Act/360 basis), in exchange for receiving market standard credit protection on the Trigger Credit Events with respect to the Trigger Reference Entity and CDS Obligations as specified below.

“**Trigger Reference Entity**” means Romania or any Successor.

“**CDS Obligations**” means any obligation of the Trigger Reference Entity that falls within the Obligation Category and possesses the Obligation Characteristics specified below. For such purpose, “All Guarantees” shall be applicable.

“**Obligation Category**” means Bond.

“**Obligation Characteristics**” means Not Subordinated, Not Domestic Currency, Not Domestic Law and Not Domestic Issuance.

“**Trigger Credit Events**” means Failure to Pay (Grace Period Extension: Applicable), Obligation Acceleration, Repudiation/Moratorium and Restructuring (Multiple Holder Obligation: Not Applicable).

## 6 Other Provisions

- (a) Notwithstanding Part 1, paragraph 11 (*Termination Currency*) of the Schedule to the Agreement, the Termination Currency for this Transaction shall be EUR.
- (b) For the purpose of determining any amounts payable pursuant to Section 6 (*Early Termination; Close-Out Netting*) of the Agreement in connection with an early termination of this Transaction, notwithstanding any other provision of the Agreement, all calculations and determinations that, under the Agreement, would otherwise be made by Party B shall be made by Party A.
- (c) The termination of the Interest Rate Swap (except following a Credit Event) shall be an Additional Termination Event in respect of all Transactions in relation to this Series, for which purpose the Affected Party shall be Party B, except if Party A is the Defaulting Party or the sole Affected Party in relation to the termination of the Interest Rate Swap, in which case the Affected Party hereunder shall be Party A. For the avoidance of doubt if an event or circumstance which would otherwise constitute or give rise to this Additional Termination Event, would also constitute or give rise to any other Termination Event or Event of Default, it will be treated as only giving rise to such other Termination Event or Event of Default.

- (d) The "Breach of Agreement" provisions of Section 5(a)(ii) of the Agreement shall not apply to Party A or Party B.
- (e) The "Misrepresentation" provisions of Section 5(a)(iv) of the Agreement shall not apply to Party A or Party B.
- (f) Section 1.11 of the Credit Derivatives Definitions shall be amended by inserting the words "the day falling two Business Days after" after the words "(including prior to the Trade Date), the" but before the words "later of the" on the 15th line thereof.
- (g) Party B agrees that Party A may report the details of this Transaction (including any modification or termination of this Transaction) to a trade repository that collects and maintains records of derivatives.
- (h) An Additional Termination Event will occur in respect of which Party B is the Affected Party if RON is replaced as the currency of Romania with EUR.

## 7 Other Terms

- (a) **Non-insurance business.** Party A and Party B acknowledge and agree that this Transaction is not intended to constitute insurance business and is not a contract of insurance, assurance, suretyship or guarantee and payments may be made under this Transaction by each party independently and without proof of the economic loss (if any) of the other party.
- (b) **Third party rights.** No person shall have any right to enforce any provision of this Transaction under the Contracts (Rights of Third Parties) Act 1999.
- (c) **Rounding.** For the purposes of any calculations, determinations and valuations referred to in this Confirmation, (a) all percentages resulting from such calculations, determinations or valuations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.) and (b) all amounts used in or resulting from such calculations, determinations or valuations will be rounded to the nearest USD (with USD 0.5 being rounded upwards).

## 8 Account Details

EUR Account details of Party A:	<p>Citibank, N.A. London Branch  Swift: CITIGB2L  A/C of: Citibank, N.A., London Branch  Swift: CITIGB2L  Account Number: 780839</p>
RON Account details of Party B:	<p>Citibank Romania  Swift: CITIROBU  A/C of: Citibank, N.A., London Branch  Swift: CITIROBU  Account Number: 600002031  Attn: Emerald Capital Limited Series 2013-04  ISIN: XS0945640851</p>
EUR Account details of Party B:	<p>Citibank, N.A., London Branch  Swift: CITIGB2L</p>

A/C of: Citibank, N.A., London Branch  
Swift: CITIGB2L  
Account Number: 8378339  
Attn: Emerald Capital Limited Series 2013-04  
ISIN: XS0945640851

This Confirmation and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

This Transaction has been arranged by Citigroup Global Markets Limited which is authorised by the Prudential Regulation Authority (the “**PRA**”) and regulated by the Financial Conduct Authority (the “**FCA**”) and the Prudential Regulation Authority. Unless specified herein, information about the time of dealing and the amount or basis of any charges shared with any third party in connection with this Transaction will be made available on request.

Your counterparty to the Transaction is Citibank, N.A., London branch, which is authorised by the PRA and subject to regulation by the FCA and limited regulation by the PRA. In the event that you have dealt with employees of an affiliate of Citibank, N.A., London branch in placing the order for or otherwise arranging the Transaction (which is likely if you are not a UK person), then the Transaction has been introduced to you, and arranged, by such affiliate. Such affiliate does not act as agent for Citibank, N.A., London branch, which is the principal to the Transaction with you. In the European Union, such affiliate may be Citigroup Global Markets Limited or Citibank International plc (each of which is authorised by the PRA and regulated by the FCA and the PRA) or Citibank Ireland Financial Services plc (authorised and regulated by the Irish Financial Services Regulatory Authority).

Please confirm your agreement to be bound by the terms of the foregoing by executing a copy of this Confirmation and returning it to us by facsimile.

Yours faithfully,

**CITIBANK, N.A., LONDON BRANCH**

By:

Name:

Title:

Confirmed on the date first above written:

**EMERALD CAPITAL LIMITED**

By:

Name:

**CITIGROUP GLOBAL MARKETS LIMITED**

By:

Name:

Title:

## **Annex 5**

### **Form of the Interest Rate Swap Confirmation**

*Set out below is the form of the Interest Rate Swap Confirmation:*

Date: 26 July 2013

To: Emerald Capital Limited

From: Citibank, N.A., London Branch

Re: Interest Rate Swap Transaction relating to Emerald Capital Limited Series No: 2013-04 RON 90,000,000 Floating Rate Unicredit SpA Credit Linked Notes due 2016 (the “**Notes**”) (Ref: LXS467932).

Dear Sirs,

The purpose of this letter agreement (the “**Confirmation**”) is to confirm the terms and conditions of the Transaction entered into between us on the first day on which this Confirmation has been signed by both Party A and Party B (the “**Transaction**”, and such date the “**Signing Date**”). This Confirmation constitutes a “Confirmation” as referred to in the 2002 ISDA Master Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions (the “**2006 Definitions**”), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the 2006 Definitions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms a part of, and is subject to the 2002 ISDA Master Agreement dated the Issue Date (the “**Agreement**”) deemed entered into between Citibank, N.A., London Branch (“**Party A**”) and Emerald Capital Limited (“**Party B**”) in respect of which the Schedule to such 2002 ISDA Master Agreement is in the form of the ISDA Schedule Terms dated 8 July 2013. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

Party A and Party B have entered into a related credit default swap by means of a confirmation under the Agreement on the Issue Date (the “**Credit Default Swap**”, and together with this Transaction, the “**Swap Agreements**”).

Party A represents and warrants that it has the capacity and power to enter into this Agreement and that the entry into this Agreement has been validly authorised, executed and delivered by it.

Capitalised terms used but not otherwise defined herein have the meanings given to such terms in the Credit Default Swap relating to the Notes or in the Series Prospectus dated 25 July 2013, as amended and supplemented from time to time, relating to the issue of the Notes (the “**Series Prospectus**”).

In this Confirmation, the “**Conditions**” refers to the terms and conditions of the Notes, as set out in the Series Prospectus.

In the event of any inconsistency between terms defined in this Confirmation and the corresponding terms in the Credit Default Swap or the Conditions, the terms as defined in the Credit Default Swap or the Conditions, as the case may be, shall govern.

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



## 1 General Terms

Trade Date:	13 June 2013. Notwithstanding Section 3.7 of the 2006 Definitions, the Parties agree that they have entered into the Transaction to which this Confirmation relates on the Signing Date.
Effective Date:	26 July 2013
Termination Date:	The Maturity Date of the Notes
Calculation Agent:	Citigroup Global Markets Limited
Business Days:	London and Bucharest and TARGET Settlement Day.
Business Day Convention:	Modified Following

## 2 Initial Exchange

Initial Exchange Date:	The Effective Date
Party A Initial Exchange Amount:	EUR 20,536,573.76
Party B Initial Exchange Amount:	RON 90,000,000

## 3 Fixed Amount 1

Fixed Amount 1 Payer:	Party B
Fixed Amount 1:	On each Fixed Amount 1 Payment Date Party B will pay to Party A an amount equal to the aggregate interest amounts receivable (in accordance with the terms of the Collateral) in respect of the Collateral held by or on behalf of Party B on such date.
Fixed Amount 1 Payment Date(s):	<p>In respect of the Collateral, each Collateral Payment Date from and including the Collateral Payment Date immediately following the Effective Date to and including the Collateral Maturity Date.</p> <p><b>“Collateral Payment Date”</b> means each date on which interest and/or principal is due and payable in respect of the Collateral.</p> <p><b>“Collateral Maturity Date”</b> means the Collateral Payment Date falling on the maturity date of the Collateral.</p>

## 4 Fixed Amount 2

Fixed Amount 2 Payer:	Party B
Fixed Amount 2:	On each Fixed Amount 2 Payment Date Party B will pay to Party A an amount equal to the fixed amount receivable by Party B from Party A under the Credit Default Swap on such date.

Fixed Amount 2 Payment Date(s):	In respect of the Credit Default Swap, each Credit Default Swap Payment Date.  “ <b>Credit Default Swap Payment Date</b> ” means each “Fixed Rate Payer Payment Date”, as defined in the Credit Default Swap.
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## 5 Floating Amounts

Floating Rate Payer:	Party A
Floating Rate Payer Calculation Amount:	The Principal Amount of the Notes as at the relevant Floating Rate Payer Period End Date.
Floating Rate Payer Period End Date(s):	Each Interest Period Date in respect of the Notes from and including the Interest Period Date immediately following the Effective Date.
Floating Rate Payer Payment Date(s):	Two Business Days following each Floating Rate Payer Period End Date.
Floating Rate Option:	RON-RBOR-REUTERS
Spread:	3.15 per cent. per annum.
Designated Maturity:	3 months.
Floating Rate Day Count Fraction:	Actual/Actual

## 6 Final Exchange

Party A Final Exchange Date:	The Termination Date
Party A Final Exchange Amount:	The Principal Amount of the Notes then outstanding.
Party B Final Exchange Date:	The Collateral Maturity Date.
Party B Final Exchange Amount:	The principal amount of the Collateral repayable.

## 7 Additional Termination Events

- (a) The occurrence of either or both of the events set out below will constitute an Additional Termination Event for the purposes of this Transaction in respect of which Party B shall be the sole Affected Party. Notwithstanding any other provision of the Agreement, Party A will, promptly upon becoming aware of such Additional Termination Event, notify Party B specifying the nature of the event, and may designate an Early Termination Date in respect of the Transaction upon not more than 20 days notice. For the avoidance of doubt, the Early Termination Date so designated may be the date of occurrence of the relevant event.
- (b) The provisions of this paragraph shall apply if on any day falling on or after the Effective Date the following occurs:
  - (i) MTM > 40% MV; and/or
  - (ii) the Reference CDS Spread is determined, by the Calculation Agent, to be equal to or greater than 800 basis points per annum.

Where:

“**MTM**” is the firm market unwind value, in EUR, of the Swap Agreements from the point of view of the Swap Counterparty, as determined by the Calculation Agent. The firm market unwind value is expressed as a positive number if it represents a cost to the Issuer and is expressed as a negative number if it represents a cost to the Swap Counterparty.

“**MV**” is the market value, in EUR, of the Collateral as determined by the Calculation Agent.

“**Reference CDS Spread**” refers to the then prevailing spread offered on 5-year credit default swaps where the buyer of protection is the fixed rate payer of such spread to the floating rate payer (on a quarterly, Act/360 basis), in exchange for receiving market standard credit protection on the Trigger Credit Events with respect to the Trigger Reference Entity and CDS Obligations as specified below.

“**Trigger Reference Entity**” means Romania or any Successor.

“**CDS Obligations**” means any obligation of the Trigger Reference Entity that falls within the Obligation Category and possesses the Obligation Characteristics specified below. For such purpose, “All Guarantees” shall be applicable.

“**Obligation Category**” means Bond.

“**Obligation Characteristics**” means Not Subordinated, Not Domestic Currency, Not Domestic Law and Not Domestic Issuance.

“**Trigger Credit Events**” means Failure to Pay (Grace Period Extension: Applicable), Obligation Acceleration, Repudiation/Moratorium and Restructuring (Multiple Holder Obligation: Not Applicable).

## 8 Other Provisions

- (a) Notwithstanding Part 1, paragraph 11 (*Termination Currency*) of the Schedule to the Agreement, the Termination Currency for this Transaction shall be EUR.
- (b) For the purpose of determining any amounts payable pursuant to Section 6 (*Early Termination; Close-Out Netting*) of the Agreement in connection with an early termination of this Transaction, notwithstanding any other provision of the Agreement:
  - (i) all calculations and determinations that, under the Agreement, would otherwise be made by Party B shall be made by Party A; and
  - (ii) each Fixed Amount 1 shall be calculated without taking into account any sale by or on behalf of Party B of any Collateral in connection with such early termination or any related early redemption of the Notes.
- (c) The termination of the Credit Default Swap (including following a Credit Event) shall be an Additional Termination Event in respect of all Transactions in relation to this Series, for which purpose the Affected Party shall be Party B, except if Party A is the Defaulting Party or the sole Affected Party in relation to the termination of the Credit Default Swap, in which case the Affected Party hereunder shall be Party A. For the avoidance of doubt if an event or circumstance which would otherwise constitute or give rise to this Additional Termination Event, would also constitute or

give rise to any other Termination Event or Event of Default, it will be treated as only giving rise to such other Termination Event or Event of Default.

- (d) The “Breach of Agreement” provisions of Section 5(a)(ii) of the Agreement shall not apply to Party A or Party B.
- (e) The “Misrepresentation” provisions of Section 5(a)(iv) of the Agreement shall not apply to Party A or Party B.
- (f) Party B agrees that Party A may report the details of this Transaction (including any modification or termination of this Transaction) to a trade repository that collects and maintains records of derivatives.
- (g) An Additional Termination Event will occur in respect of which Party B is the Affected Party if RON is replaced as the currency of Romania with EUR.

## 9 Third party rights

No person shall have any right to enforce any provision of this Transaction under the Contracts (Rights of Third Parties) Act 1999.

## 10 Account Details

EUR Account details of Party A:	Citibank, N.A. London Branch Swift: CITIGB2L A/C of: Citibank, N.A., London Branch Swift: CITIGB2L Account Number: 780839
RON Account details of Party B:	Citibank Romania Swift: CITIROBU A/C of: Citibank, N.A., London Branch Swift: CITIROBU Account Number: 600002031 Attn: Emerald Capital Limited Series 2013-04 ISIN: XS0945640851
EUR Account details of Party B:	Citibank, N.A., London Branch Swift: CITIGB2L A/C of: Citibank, N.A., London Branch Swift: CITIGB2L Account Number: 8378339 Attn: Emerald Capital Limited Series 2013-04 ISIN: XS0945640851

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

This Transaction has been arranged by Citigroup Global Markets Limited which is authorised by the Prudential Regulation Authority (the “**PRA**”) and regulated by the Financial Conduct Authority (the “**FCA**”) and the PRA. Unless specified herein, information about the time of dealing and the amount or basis of any charges shared with any third party in connection with this Transaction will be made available on request.

Your counterparty to the Transaction is Citibank, N.A., London branch, which is authorised by the PRA and subject to regulation by the FCA and limited regulation by the PRA. In the event that you have dealt with employees of an affiliate of Citibank, N.A., London branch in placing the order for or otherwise arranging the Transaction (which is likely if you are not a UK person), then the Transaction has been introduced to you, and arranged, by such affiliate. Such affiliate does not act as agent for Citibank, N.A., London branch, which is the principal to the Transaction with you. In the European Union, such affiliate may be Citigroup Global Markets Limited or Citibank International plc (each of which is authorised by the PRA and regulated by the FCA and the PRA) or Citibank Ireland Financial Services plc (authorised and regulated by the Irish Financial Services Regulatory Authority).

Please confirm your agreement to be bound by the terms of the foregoing by executing a copy of this Confirmation and returning it to us by facsimile.

Yours faithfully,

**CITIBANK, N.A., LONDON BRANCH**

By:

Name:

Title:

Confirmed on the date first above written:

**EMERALD CAPITAL LIMITED**

By:

Name:

**CITIGROUP GLOBAL MARKETS LIMITED**

By:

Name:

Title:

## GENERAL INFORMATION

1. From the date of this Series Prospectus and for so long as the Notes remain outstanding, the following documents will be available for inspection in physical format during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the office of the Issuing and Paying Agent and at the office of the Irish Paying Agent. Copies of the documents referred to below may be obtained free of charge from the specified office of the Irish Paying Agent:
  - (a) this Series Prospectus;
  - (b) the Supplemental Trust Deed in relation to the Notes;
  - (c) the audited financial statements of the Issuer in respect of its financial year ending 31 December 2010 and 31 December 2011;
  - (d) the audited consolidated financial statements of the Swap Counterparty in respect of the years ending 31 December 2011 and 31 December 2012; and
  - (e) the memorandum and articles of association of the Swap Counterparty.
2. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 24 July 2013.
3. Save as set out herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2011 (such date being the date of the Issuer's latest audited financial statements) which is material or significant.
4. The Issuer has not been involved in any litigation, arbitration or governmental proceedings (including such proceedings which are pending or threatened or of which the Issuer is aware during the 12 months preceding the date of the Series Prospectus) which may have or have had in the recent past, significant effects on the financial position or profitability of the Issuer.
5. The Issuer does not intend to provide any post issuance transactional information on the Notes or the Collateral (as described in the Terms and Conditions above).
6. Arthur Cox Listing Services Limited has been appointed by the Issuer to act as its listing agent and as such is not seeking admission to listing of the Notes on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive on its own behalf, but as an agent on behalf of the Issuer.
7. References to any web or internet addresses in this document do not form part of the prospectus for the purpose of its approval or the listing of the Notes.

**REGISTERED OFFICE OF THE ISSUER**

53 Merrion Square  
Dublin 2  
Ireland

**TRUSTEE**

**Citicorp Trustee Company Limited**  
Citigroup Centre  
13<sup>th</sup> Floor  
Canada Square  
Canary Wharf  
London E14 5LB

**REGISTRAR**

**Citigroup Global Markets Deutschland AG**  
Agency and Trust Department  
Reuterweg 16  
60323 Frankfurt  
Germany

**ISSUING AND PAYING AGENT, CALCULATION  
AGENT, CUSTODIAN AND SWAP COUNTERPARTY**

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

**DEALER, CALCULATION AGENT AND DISPOSAL  
AGENT**

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

**IRISH PAYING AGENT**

**Citibank International Plc**  
1 North Wall Quay  
IFSC  
Dublin 1

**IRISH LISTING AGENT**

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

**LEGAL ADVISERS**

*to the Issuer  
as to Irish law*

**A & L Goodbody**  
International Financial Services Centre  
North Wall Quay  
Dublin 1  
Ireland

*to the Dealer and the Trustee  
as to English law*

**Linklaters LLP**  
One Silk Street  
London EC2Y 8HQ  
United Kingdom

A16753402

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

**EMERALD CAPITAL LIMITED**

By:

Delegated Signatory