

Mehnaaz Nina Chaudhary

Interest Rate Hedging Product
IRG19065586

Mridula Mutharaju
Markets & International Banking

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Introduction

This presentation is being provided by RBS Markets & International Banking ('M&IB') in the context of the Financial Conduct Authority (FCA) agreed review of Interest Rate Hedging Products (IRHP) and our outcome approved by our independent reviewer to redress you to an alternate IRHP.

M&IB cannot and does not provide advice on the appropriate solution or course of action in relation to the alternate IRHP, and M&IB's services will not be deemed to constitute the offer or provision of advice in any way. If you feel you need further guidance please seek independent advice.

All rates quoted exclude the lending margin unless otherwise stated. For reference, current Base Rate is 0.50%. In addition to the Base Rate, the lending margin can be provided to you independently should you require.

The alternate IRHP may have accounting implications. Please consult your accountant.

If you decide to close out the alternate IRHP before its scheduled termination date, you may have to pay breakage costs. **Please note that such break costs may be substantial.** Please see the break cost scenario analysis on pages 12 and 13.

It is your responsibility to ensure that you understand the expected worst case total cost of any alternate IRHP and your underlying debt and you are comfortable that you can meet any required future commitments.

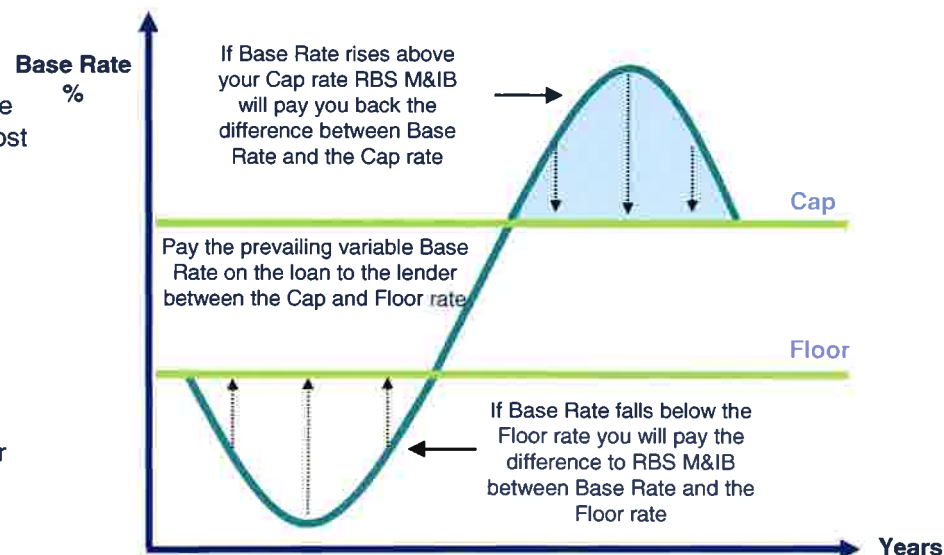
The Notes on page 17/18 of this paper are important – please take the time to read them.

Outcome of your Review

- Your original IRHP reference IRG19065586 was a Base Rate Collar with a Cap at 6.25% and a Floor at 5.25% from 03/12/2007 to 03/12/2022, hedging a starting amount of £1,580,000.00. This was a zero premium Collar.
- Your Base Rate Collar will be replaced with another Base Rate Collar with a Cap at 6.25% and a Floor at 4.30% from 03/12/2007 to 03/12/2022, hedging a starting amount of £1,100,000.00. There will be no additional premium to pay.
- A provisional net payment of £184,536.83 is due to you, the calculation for which is set out on pages 8, 9 and 10.

Base Rate Collar (Pay variable within a range)

- A Cap ensures the Base interest rate (**excluding lending margin**) you pay does not exceed an agreed rate.
- To create a Collar a Floor is added to provide a known minimum interest rate (**excluding lending margin**). Adding the Floor offsets some or all of the cost of the Cap.
- You do not benefit should Base interest rates set below the Floor level.
- E.g. Base Rate cost is Capped at 6.25% and Floored at 4.30%
- If Base Rate sets at 7.00% you will pay the 7.00% against your loan to the lender (plus lending margin) but RBS M&IB will credit you back 0.75% under the Cap.
- If Base Rate sets at 3.00% you will pay 3.00% against your loan to the lender (plus lending margin) and RBS M&IB will debit the additional 1.30% under the Floor.
- If Base Rate sets at a level between the Cap and the Floor, you will pay the prevailing Base Rate to your lender (plus lending margin).
- If a premium is paid for in instalments this will be charged irrespective of where Base Rate sets.
- So you would pay the variable Base Rate interest rate, subject to a minimum of 4.30% and a maximum of 6.25%, plus any premiums due under the Collar, plus the lending margin.



| | Base Rate % | You Pay % |
|------------------------------|-------------|-----------|
| Capped at 6.25%* | 8.50% | 6.25% |
| | 8.00% | 6.25% |
| | 7.50% | 6.25% |
| | 7.00% | 6.25% |
| | 6.50% | 6.25% |
| Floored at 4.30%* | 6.00% | 6.00% |
| | 5.50% | 5.50% |
| | 5.00% | 5.00% |
| | 4.50% | 4.50% |
| | 4.00% | 4.30% |
| | 3.50% | 4.30% |
| | 3.00% | 4.30% |
| Rates exclude lending margin | | |

(Quoted rates exclude bank lending margin)

(*Percentage comparisons exclude any product premiums that may be charged)

Base Rate Collar (Pay variable within a range) Continued

| Start Date | End Date | Cap rate | Floor rate | Monthly premium |
|------------|------------|----------|------------|-----------------|
| 03/12/2007 | 03/12/2022 | 6.25% | 4.30% | £0.00 |

Summary of a Base Rate Collar

- Protected against Base Rate above the Cap rate.
- Able to benefit from Base Rate below the Cap rate down to the Floor rate only.
- Introducing a Floor offsets some or all of the premium cost of a Cap
- However, you will not benefit from variable Base Rate below the Floor level.
- If the prevailing Base Rate is lower than your Floor rate you will pay RBS M&IB the interest difference between the Base Rate and the Floor rate.
- If you make overpayments on your loan where the balance falls below the Floor contract outstanding you will pay an interest difference on debt you no longer hold.
- There may be a cost to terminate the structure early, depending on the prevailing market conditions. **This cost can be substantial**, an indication of the break costs is calculated on pages 12 and 13.
- The collar can be partially broken, again there may be a cost to do so depending on prevailing market rates. **This cost can be substantial**.
- If the premium is paid in instalments you are always liable for the payment of the premiums in addition to any liability to pay the interest difference between the Base Rate and the Floor rate.
- If a premium is charged and is paid in instalments, the worst case interest rate you will pay is still the Cap rate but your overall costs will be higher as you will pay the Collar premiums on top of the interest.

(Quoted rates exclude bank lending margin)

New Protection Profile

| From | To | Debt Hedged |
|------------|------------|---------------|
| 03/12/2007 | 03/01/2008 | £1,100,000.00 |
| 03/01/2008 | 04/02/2008 | £1,096,649.18 |
| 04/02/2008 | 03/03/2008 | £1,093,278.16 |
| 03/03/2008 | 03/04/2008 | £1,089,468.54 |
| 03/04/2008 | 06/05/2008 | £1,086,055.06 |
| 06/05/2008 | 03/06/2008 | £1,082,412.53 |
| 03/06/2008 | 03/07/2008 | £1,078,957.28 |
| 03/07/2008 | 04/08/2008 | £1,075,274.37 |
| 04/08/2008 | 03/09/2008 | £1,071,776.65 |
| 03/09/2008 | 03/10/2008 | £1,068,258.04 |
| 03/10/2008 | 03/11/2008 | £1,064,513.86 |
| 03/11/2008 | 03/12/2008 | £1,060,952.09 |
| 03/12/2008 | 05/01/2009 | £1,057,165.44 |
| 05/01/2009 | 03/02/2009 | £1,053,559.81 |
| 03/02/2009 | 03/03/2009 | £1,049,933.29 |
| 03/03/2009 | 03/04/2009 | £1,045,680.19 |
| 03/04/2009 | 05/05/2009 | £1,042,006.33 |
| 05/05/2009 | 03/06/2009 | £1,038,111.08 |
| 03/06/2009 | 03/07/2009 | £1,034,392.66 |
| 03/07/2009 | 03/08/2009 | £1,030,452.85 |
| 03/08/2009 | 03/09/2009 | £1,026,689.18 |
| 03/09/2009 | 05/10/2009 | £1,022,902.53 |
| 05/10/2009 | 03/11/2009 | £1,018,896.58 |
| 03/11/2009 | 03/12/2009 | £1,015,063.99 |
| 03/12/2009 | 04/01/2010 | £1,011,013.48 |
| 04/01/2010 | 03/02/2010 | £1,007,133.54 |
| 03/02/2010 | 03/03/2010 | £1,003,230.63 |
| 03/03/2010 | 06/04/2010 | £998,726.90 |
| 06/04/2010 | 04/05/2010 | £994,774.56 |
| 04/05/2010 | 03/06/2010 | £990,607.09 |

| From | To | Debt Hedged |
|------------|------------|-------------|
| 03/06/2010 | 05/07/2010 | £986,606.01 |
| 05/07/2010 | 03/08/2010 | £982,391.90 |
| 03/08/2010 | 03/09/2010 | £978,341.39 |
| 03/09/2010 | 04/10/2010 | £974,267.22 |
| 04/10/2010 | 03/11/2010 | £969,982.09 |
| 03/11/2010 | 03/12/2010 | £965,858.48 |
| 03/12/2010 | 04/01/2011 | £961,524.62 |
| 04/01/2011 | 03/02/2011 | £957,350.89 |
| 03/02/2011 | 03/03/2011 | £953,152.09 |
| 03/03/2011 | 04/04/2011 | £948,379.62 |
| 04/04/2011 | 03/05/2011 | £944,127.22 |
| 03/05/2011 | 03/06/2011 | £939,668.73 |
| 03/06/2011 | 04/07/2011 | £935,364.81 |
| 04/07/2011 | 03/08/2011 | £930,855.51 |
| 03/08/2011 | 05/09/2011 | £926,499.37 |
| 05/09/2011 | 03/10/2011 | £922,116.77 |
| 03/10/2011 | 03/11/2011 | £917,531.58 |
| 03/11/2011 | 05/12/2011 | £913,096.08 |
| 05/12/2011 | 03/01/2012 | £908,459.37 |
| 03/01/2012 | 03/02/2012 | £903,969.56 |
| 03/02/2012 | 05/03/2012 | £899,453.29 |
| 05/03/2012 | 03/04/2012 | £894,565.25 |
| 03/04/2012 | 03/05/2012 | £889,992.59 |
| 03/05/2012 | 06/06/2012 | £885,222.91 |
| 06/06/2012 | 03/07/2012 | £880,595.25 |
| 03/07/2012 | 03/08/2012 | £875,771.27 |
| 03/08/2012 | 03/09/2012 | £871,087.22 |
| 03/09/2012 | 03/10/2012 | £866,375.32 |
| 03/10/2012 | 05/11/2012 | £861,469.18 |
| 05/11/2012 | 03/12/2012 | £856,700.19 |

| From | To | Debt Hedged |
|------------|------------|-------------|
| 03/12/2012 | 03/01/2013 | £851,739.05 |
| 03/01/2013 | 04/02/2013 | £846,912.28 |
| 04/02/2013 | 04/03/2013 | £842,056.27 |
| 04/03/2013 | 03/04/2013 | £836,687.85 |
| 03/04/2013 | 03/05/2013 | £831,771.27 |
| 03/05/2013 | 03/06/2013 | £826,666.71 |
| 03/06/2013 | 03/07/2013 | £821,690.25 |
| 03/07/2013 | 05/08/2013 | £816,527.22 |
| 05/08/2013 | 03/09/2013 | £811,491.58 |
| 03/09/2013 | 03/10/2013 | £806,425.32 |
| 03/10/2013 | 04/11/2013 | £801,174.56 |
| 04/11/2013 | 03/12/2013 | £796,047.03 |
| 03/12/2013 | 03/01/2014 | £790,736.39 |
| 03/01/2014 | 03/02/2014 | £785,546.90 |
| 03/02/2014 | 03/03/2014 | £780,326.77 |
| 03/03/2014 | 03/04/2014 | £774,626.27 |
| 03/04/2014 | 06/05/2014 | £769,341.39 |
| 06/05/2014 | 03/06/2014 | £763,876.90 |
| 03/06/2014 | 03/07/2014 | £758,527.97 |
| 03/07/2014 | 04/08/2014 | £753,001.52 |
| 04/08/2014 | 03/09/2014 | £747,587.15 |
| 03/09/2014 | 03/10/2014 | £742,141.46 |
| 03/10/2014 | 03/11/2014 | £736,521.01 |
| 03/11/2014 | 03/12/2014 | £731,009.18 |
| 03/12/2014 | 05/01/2015 | £725,323.99 |
| 05/01/2015 | 03/02/2015 | £719,746.01 |
| 03/02/2015 | 03/03/2015 | £714,134.62 |
| 03/03/2015 | 07/04/2015 | £708,078.35 |
| 07/04/2015 | 05/05/2015 | £702,398.04 |
| 05/05/2015 | 03/06/2015 | £696,548.54 |

Notes:

- Once a structure is executed the profile is set and will not change regardless of what happens with the underlying loan/ debt.
- The hedge profile should not be mistaken for the final loan repayment profile

New Protection Profile

| From | To | Debt Hedged |
|------------|------------|-------------|
| 03/06/2015 | 03/07/2015 | £690,798.61 |
| 03/07/2015 | 03/08/2015 | £684,882.97 |
| 03/08/2015 | 03/09/2015 | £679,064.11 |
| 03/09/2015 | 05/10/2015 | £673,210.44 |
| 05/10/2015 | 03/11/2015 | £667,193.16 |
| 03/11/2015 | 03/12/2015 | £661,269.18 |
| 03/12/2015 | 04/01/2016 | £655,183.67 |
| 04/01/2016 | 03/02/2016 | £649,187.97 |
| 03/02/2016 | 03/03/2016 | £643,156.77 |
| 03/03/2016 | 04/04/2016 | £636,843.61 |
| 04/04/2016 | 03/05/2016 | £630,739.30 |
| 03/05/2016 | 03/06/2016 | £624,477.66 |
| 03/06/2016 | 04/07/2016 | £618,299.56 |
| 04/07/2016 | 03/08/2016 | £611,966.20 |
| 03/08/2016 | 05/09/2016 | £605,714.30 |
| 05/09/2016 | 03/10/2016 | £599,424.81 |
| 03/10/2016 | 03/11/2016 | £592,982.85 |
| 03/11/2016 | 05/12/2016 | £586,617.47 |
| 05/12/2016 | 03/01/2017 | £580,102.41 |
| 03/01/2017 | 03/02/2017 | £573,660.44 |
| 03/02/2017 | 03/03/2017 | £567,180.19 |
| 03/03/2017 | 03/04/2017 | £560,335.13 |
| 03/04/2017 | 03/05/2017 | £553,776.20 |
| 03/05/2017 | 05/06/2017 | £547,071.77 |
| 05/06/2017 | 03/07/2017 | £540,433.48 |
| 03/07/2017 | 03/08/2017 | £533,652.47 |
| 03/08/2017 | 04/09/2017 | £526,934.81 |
| 04/09/2017 | 03/10/2017 | £520,176.77 |
| 03/10/2017 | 03/11/2017 | £513,278.80 |
| 03/11/2017 | 04/12/2017 | £506,440.00 |

| From | To | Debt Hedged |
|------------|------------|-------------|
| 04/12/2017 | 03/01/2018 | £499,463.35 |
| 03/01/2018 | 05/02/2018 | £492,541.71 |
| 05/02/2018 | 05/03/2018 | £485,579.68 |
| 05/03/2018 | 03/04/2018 | £478,296.71 |
| 03/04/2018 | 03/05/2018 | £471,249.75 |
| 03/05/2018 | 04/06/2018 | £464,070.51 |
| 04/06/2018 | 03/07/2018 | £456,938.61 |
| 03/07/2018 | 03/08/2018 | £449,677.22 |
| 03/08/2018 | 03/09/2018 | £442,460.38 |
| 03/09/2018 | 03/10/2018 | £435,200.38 |
| 03/10/2018 | 05/11/2018 | £427,813.67 |
| 05/11/2018 | 03/12/2018 | £420,465.95 |
| 03/12/2018 | 03/01/2019 | £412,995.00 |
| 03/01/2019 | 04/02/2019 | £405,559.56 |
| 04/02/2019 | 04/03/2019 | £398,080.25 |
| 04/03/2019 | 03/04/2019 | £390,327.34 |
| 03/04/2019 | 03/05/2019 | £382,757.53 |
| 03/05/2019 | 03/06/2019 | £375,068.67 |
| 03/06/2019 | 03/07/2019 | £367,408.35 |
| 03/07/2019 | 05/08/2019 | £359,631.77 |
| 05/08/2019 | 03/09/2019 | £351,878.86 |
| 03/09/2019 | 03/10/2019 | £344,080.70 |
| 03/10/2019 | 04/11/2019 | £336,169.75 |
| 04/11/2019 | 03/12/2019 | £328,277.59 |
| 03/12/2019 | 03/01/2020 | £320,275.44 |
| 03/01/2020 | 03/02/2020 | £312,289.30 |
| 03/02/2020 | 03/03/2020 | £304,255.13 |
| 03/03/2020 | 03/04/2020 | £296,056.65 |
| 03/04/2020 | 05/05/2020 | £287,926.39 |
| 05/05/2020 | 03/06/2020 | £279,692.41 |

| From | To | Debt Hedged |
|------------|------------|-------------|
| 03/06/2020 | 03/07/2020 | £271,464.68 |
| 03/07/2020 | 03/08/2020 | £263,136.01 |
| 03/08/2020 | 03/09/2020 | £254,810.13 |
| 03/09/2020 | 05/10/2020 | £246,434.11 |
| 05/10/2020 | 03/11/2020 | £237,961.33 |
| 03/11/2020 | 03/12/2020 | £229,485.76 |
| 03/12/2020 | 04/01/2021 | £220,915.51 |
| 04/01/2021 | 03/02/2021 | £212,338.29 |
| 03/02/2021 | 03/03/2021 | £203,710.25 |
| 03/03/2021 | 06/04/2021 | £194,913.73 |
| 06/04/2021 | 04/05/2021 | £186,181.96 |
| 04/05/2021 | 03/06/2021 | £177,362.47 |
| 03/06/2021 | 05/07/2021 | £168,526.27 |
| 05/07/2021 | 03/08/2021 | £159,605.13 |
| 03/08/2021 | 03/09/2021 | £150,663.80 |
| 03/09/2021 | 04/10/2021 | £141,668.86 |
| 04/10/2021 | 03/11/2021 | £132,593.16 |
| 03/11/2021 | 03/12/2021 | £123,491.01 |
| 03/12/2021 | 04/01/2022 | £114,310.89 |
| 04/01/2022 | 03/02/2022 | £105,100.13 |
| 03/02/2022 | 03/03/2022 | £95,834.37 |
| 03/03/2022 | 04/04/2022 | £86,458.61 |
| 04/04/2022 | 03/05/2022 | £77,081.46 |
| 03/05/2022 | 03/06/2022 | £67,634.68 |
| 03/06/2022 | 04/07/2022 | £58,146.14 |
| 04/07/2022 | 03/08/2022 | £48,590.06 |
| 03/08/2022 | 05/09/2022 | £38,988.73 |
| 05/09/2022 | 03/10/2022 | £29,329.62 |
| 03/10/2022 | 03/11/2022 | £19,607.85 |
| 03/11/2022 | 05/12/2022 | £9,833.86 |

Notes:

- Once a structure is executed the profile is set and will not change regardless of what happens with the underlying loan/ debt.
- The hedge profile should not be mistaken for the final loan repayment profile

Outcome of your Review

| From | To | Amounts payable / (receivable) by you on the original IRHP | Amounts payable / (receivable) by you on the proposed alternative IRHP | Net cash difference in your favour / (in the bank's favour) |
|------------|------------|---|---|---|
| | | A | B | C = A-B |
| 03/12/2007 | 06/05/2008 | £277.80 | £0.00 | £277.80 |
| 03/01/2008 | 03/06/2008 | £298.17 | £0.00 | £298.17 |
| 04/02/2008 | 03/07/2008 | £318.45 | £0.00 | £318.45 |
| 03/03/2008 | 04/08/2008 | £338.52 | £0.00 | £338.52 |
| 03/04/2008 | 03/09/2008 | £316.33 | £0.00 | £316.33 |
| 06/05/2008 | 03/10/2008 | £315.29 | £0.00 | £315.29 |
| 03/06/2008 | 03/11/2008 | £869.24 | £0.00 | £869.24 |
| 03/07/2008 | 03/12/2008 | £2,630.32 | £1,002.82 | £1,627.50 |
| 04/08/2008 | 05/01/2009 | £4,420.22 | £2,169.36 | £2,250.86 |
| 03/09/2008 | 03/02/2009 | £4,446.60 | £2,300.51 | £2,146.09 |
| 03/10/2008 | 03/03/2009 | £4,875.46 | £2,629.15 | £2,246.31 |
| 03/11/2008 | 03/04/2009 | £6,018.20 | £3,346.18 | £2,672.02 |
| 03/12/2008 | 05/05/2009 | £6,232.83 | £3,471.45 | £2,761.38 |
| 05/01/2009 | 03/06/2009 | £5,627.39 | £3,134.24 | £2,493.15 |
| 03/02/2009 | 03/07/2009 | £5,800.59 | £3,230.71 | £2,569.88 |
| 03/03/2009 | 03/08/2009 | £5,971.11 | £3,325.68 | £2,645.43 |
| 03/04/2009 | 03/09/2009 | £5,949.30 | £3,313.53 | £2,635.77 |
| 05/05/2009 | 05/10/2009 | £6,118.56 | £3,407.81 | £2,710.75 |
| 03/06/2009 | 03/11/2009 | £5,523.23 | £3,076.23 | £2,447.00 |
| 03/07/2009 | 03/12/2009 | £5,692.20 | £3,170.34 | £2,521.86 |

| From | To | Amounts payable / (receivable) by you on the original IRHP | Amounts payable / (receivable) by you on the proposed alternative IRHP | Net cash difference in your favour / (in the bank's favour) |
|------------|------------|---|---|---|
| | | A | B | C = A-B |
| 03/08/2009 | 04/01/2010 | £6,047.45 | £3,368.20 | £2,679.25 |
| 03/09/2009 | 03/02/2010 | £5,647.72 | £3,145.57 | £2,502.15 |
| 05/10/2009 | 03/03/2010 | £5,250.78 | £2,924.49 | £2,326.29 |
| 03/11/2009 | 06/04/2010 | £6,347.33 | £3,535.22 | £2,812.11 |
| 03/12/2009 | 04/05/2010 | £5,206.52 | £2,899.84 | £2,306.68 |
| 04/01/2010 | 03/06/2010 | £5,555.05 | £3,093.95 | £2,461.10 |
| 03/02/2010 | 05/07/2010 | £5,901.45 | £3,286.88 | £2,614.57 |
| 03/03/2010 | 03/08/2010 | £5,325.35 | £2,966.02 | £2,359.33 |
| 06/04/2010 | 03/09/2010 | £5,669.14 | £3,157.50 | £2,511.64 |
| 04/05/2010 | 04/10/2010 | £5,645.53 | £3,144.35 | £2,501.18 |
| 03/06/2010 | 03/11/2010 | £5,439.39 | £3,029.53 | £2,409.86 |
| 05/07/2010 | 03/12/2010 | £5,416.26 | £3,016.65 | £2,399.61 |
| 03/08/2010 | 04/01/2011 | £5,751.43 | £3,203.33 | £2,548.10 |
| 03/09/2010 | 03/02/2011 | £5,368.56 | £2,990.08 | £2,378.48 |
| 04/10/2010 | 03/03/2011 | £4,988.68 | £2,778.50 | £2,210.18 |
| 03/11/2010 | 04/04/2011 | £5,672.80 | £3,159.53 | £2,513.27 |
| 03/12/2010 | 03/05/2011 | £5,117.92 | £2,850.49 | £2,267.43 |
| 04/01/2011 | 03/06/2011 | £5,445.05 | £3,032.68 | £2,412.37 |
| 03/02/2011 | 04/07/2011 | £5,420.11 | £3,018.79 | £2,401.32 |
| 03/03/2011 | 03/08/2011 | £5,219.98 | £2,907.33 | £2,312.65 |

Outcome of your Review (Cont.)

| From | To | Amounts payable / (receivable) by you on the original IRHP | Amounts payable / (receivable) by you on the proposed alternative IRHP | Net cash difference in your favour / (in the bank's favour) |
|------------|------------|---|---|---|
| | | A | B | C = A-B |
| 04/04/2011 | 05/09/2011 | £5,715.11 | £3,183.10 | £2,532.01 |
| 03/05/2011 | 03/10/2011 | £4,826.24 | £2,688.03 | £2,138.21 |
| 03/06/2011 | 03/11/2011 | £5,316.77 | £2,961.24 | £2,355.53 |
| 04/07/2011 | 05/12/2011 | £5,461.75 | £3,041.99 | £2,419.76 |
| 03/08/2011 | 03/01/2012 | £4,924.57 | £2,742.80 | £2,181.77 |
| 05/09/2011 | 03/02/2012 | £5,238.18 | £2,917.47 | £2,320.71 |
| 03/10/2011 | 05/03/2012 | £5,212.01 | £2,902.89 | £2,309.12 |
| 03/11/2011 | 03/04/2012 | £4,849.26 | £2,700.85 | £2,148.41 |
| 05/12/2011 | 03/05/2012 | £4,990.83 | £2,779.70 | £2,211.13 |
| 03/01/2012 | 06/06/2012 | £5,625.96 | £3,133.45 | £2,492.51 |
| 03/02/2012 | 03/07/2012 | £4,444.32 | £2,475.32 | £1,969.00 |
| 05/03/2012 | 03/08/2012 | £5,074.78 | £2,826.46 | £2,248.32 |
| 03/04/2012 | 03/09/2012 | £5,047.64 | £2,811.34 | £2,236.30 |
| 03/05/2012 | 03/10/2012 | £4,858.39 | £2,705.94 | £2,152.45 |
| 06/06/2012 | 05/11/2012 | £5,313.97 | £2,959.68 | £2,354.29 |
| 03/07/2012 | 03/12/2012 | £4,483.86 | £2,497.34 | £1,986.52 |
| 03/08/2012 | 03/01/2013 | £4,935.53 | £2,748.90 | £2,186.63 |

| From | To | Amounts payable / (receivable) by you on the original IRHP | Amounts payable / (receivable) by you on the proposed alternative IRHP | Net cash difference in your favour / (in the bank's favour) |
|--------------|------------|---|---|---|
| | | A | B | C = A-B |
| 03/09/2012 | 04/02/2013 | £5,065.86 | £2,821.49 | £2,244.37 |
| 03/10/2012 | 04/03/2013 | £4,407.22 | £2,454.65 | £1,952.57 |
| 05/11/2012 | 03/04/2013 | £4,691.91 | £2,613.22 | £2,078.69 |
| 03/12/2012 | 03/05/2013 | £4,664.34 | £2,597.86 | £2,066.48 |
| 03/01/2013 | 03/06/2013 | £4,790.24 | £2,667.98 | £2,122.26 |
| 04/02/2013 | 03/07/2013 | £4,607.81 | £2,566.38 | £2,041.43 |
| 04/03/2013 | 05/08/2013 | £5,036.74 | £2,805.27 | £2,231.47 |
| 03/04/2013 | 03/09/2013 | £4,398.93 | £2,450.04 | £1,948.89 |
| 03/05/2013 | 03/10/2013 | £4,522.21 | £2,518.70 | £2,003.51 |
| 03/06/2013 | 04/11/2013 | £4,792.28 | £2,669.12 | £2,123.16 |
| 03/07/2013 | 03/12/2013 | £4,315.21 | £2,403.41 | £1,911.80 |
| 05/08/2013 | 03/01/2014 | £4,582.04 | £2,552.02 | £2,030.02 |
| 03/09/2013 | 03/02/2014 | £4,551.97 | £2,535.27 | £2,016.70 |
| 03/10/2013 | 03/03/2014 | £4,084.13 | £2,274.71 | £1,809.42 |
| 04/11/2013 | 03/04/2014 | £4,488.68 | £2,500.03 | £1,988.65 |
| 03/12/2013 | 06/05/2014 | £4,745.68 | £2,643.16 | £2,102.52 |
| 03/01/2014 | 03/06/2014 | £3,998.03 | £2,226.75 | £1,771.28 |
| Total | | £346,538.76 | £190,463.50 | £156,075.26 |

Notes:

•The above calculation does not include the cash flow due for the current period.

•The calculation of the net cash difference for the period between the date of the letter and the actual date of redress will be updated following acceptance and therefore include the cash flow due for the current period.

Outcome of your Review (Cont.)

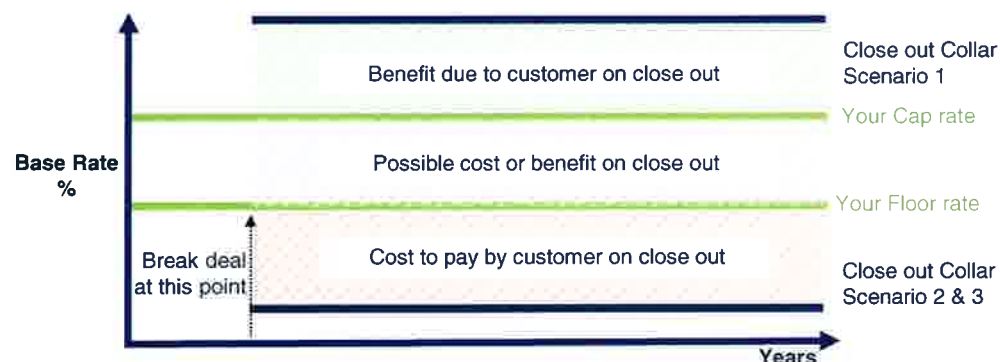
| Item of redress | £ |
|--|--------------------|
| 1. Refund of difference between net amounts payable by you on the original IRHP and net amounts that would have been paid on the proposed alternative IRHP, including early exit costs if applicable | £156,075.26 |
| 2. Refund of bank fees & charges | £455.00 |
| 3. Interest at 8% a year simple | £40,005.75 |
| 4. Tax on interest at 20% | (£8,001.15) |
| Total redress due to you including interest and after tax withheld | £188,534.86 |
| 5. Less any suspended payments or payments not received but included in 1. above | (£3,998.03) |
| Net redress due to you reflecting suspended payments | £184,536.83 |

Breakage Costs and Considerations

Illustrative example breakage cost calculations

If you wish to close out an IRHP contract early RBS M&IB will need to book the opposite structure in the interest rate market to close out the arrangement. The rate or cost of the close out IRHP contract will be determined by the market expectations of future interest rates (market forward rates). The difference between your IRHP contract and the close out IRHP will determine whether there is a cost or benefit to you.

For example: If at the time you wish to break a Collar contract the close out cost or benefit is broken down into the three individual components. The Cap (1), the Floor (2), and the Premiums – if any (3)



Break cost example for a Collar*:

Customer has a Collar with a Cap at 6.00% and a Floor at 4.00% for a 10 year term on a constant amount of £1m. With a quarterly premium* of £250. The Collar is broken at the end of the 3rd year with 7 years to run. To close out this Collar the bank will need to an equal and opposite structure in the interest rate market. :

- 1) Close out Collar if market rate is at 7%. The **benefit** due to the customer would be $(7\% - 6\%) * 7 * £1m = £70,000$
- 2) Close out Collar if the rate is at 3%. The **cost** to the customer would be $(4\% - 3\%) * 7 * £1m = £70,000$
- 3) Close out Collar if the rate is at 0.0%. The **cost** to the customer would be $(4\% - 0.0\%) * 7 * £1m = £280,000$

NB. Premium

In all cases the customer is still liable to pay any outstanding premiums. Therefore any benefit would be reduced or any cost increased. In this example the outstanding premiums would be £7,000 (being $£250 * 4 \text{ quarters} * 7 \text{ years}$).

Other considerations and risks

Costs or benefits that may result from a decision to close out Collars and especially Floors that lock in a minimum rate of interest, will be based on interest rate market conditions at that time. For example the prevailing levels of forward rates of interest and market expectations of future interest rate changes for the remaining time to the scheduled expiry date of the contract. Put simply the lower the average prevailing forward rates, and expectations of such rates, the higher the cost will be to exit.

This cost could be substantial.

The size of the breakage costs that may result is directly influenced by the length of the IRHP and the amount of debt under that IRHP as well as interest rate changes.

The risk of future breakage costs means an IRHP creates a liability which is marked against any and all security held by the bank. This security would not be released until any liabilities under the IRHP were settled. The size of any potential liability marked may change through the life of the IRHP due to movements in the underlying market.

IRHP contracts can be 'novated' (i.e. legally transferred) to another bank or counterparty, but this would be subject to the other party accepting the novation. An increased liability under an IRHP may affect the ability to transfer the contract and possibly the banking to another provider.

***NB: Figures are for illustrative purposes only.**
Example is simplified and ignores market expectations for interest rates. In practice future cash flows are present valued when determining break cost or benefits

Break Cost Scenario Analysis

If you wish to exit an IRHP prior to maturity, M&IB will need to close out the IRHP in the interest rate market. The rate or cost of the close out IRHP will be determined by the market expectations of future interest rates (market forward rates). The difference between the IRHP and the close out contract will determine whether there is a cost or benefit to you.

This cost can be substantial. The table below **provides a simplified indication of the breakage costs under a scenario where the replacement market rate is at 0.00%* and the Floor element of the Collar, or the entire Collar is broken immediately following acceptance and execution of the alternative product.**

Please also note that while the Cap element of a Collar is of benefit to you and therefore theoretically of value, should the replacement interest rate be 0.00% then it is highly likely that the Cap will no longer hold any value within the Collar structure. Therefore it is unlikely to offset any break costs you would be liable for. Additionally if there were premiums payable under the Collar these would also be included in the breakage cost.

* On the assumption that interest rates do not move into negative territory.

| | | | Payment due under contract | Approx Break Costs over contract | | | | Payment due under contract | Approx Break Costs over contract |
|------------|------------|-------------|-------------------------------|--|------------|------------|-------------|-------------------------------|--|
| From | To | Debt hedged | Periodic Payment | Sum of outstanding cash flows | From | To | Debt hedged | Periodic Payment | Sum of outstanding cash flows |
| 03/12/2014 | 05/01/2015 | £725,323.99 | £2,819.82 | £135,900.34 | 03/12/2015 | 04/01/2016 | £655,183.67 | £2,469.95 | £106,072.52 |
| 05/01/2015 | 03/02/2015 | £719,746.01 | £2,458.97 | £133,080.52 | 04/01/2016 | 03/02/2016 | £649,187.97 | £2,294.39 | £103,602.57 |
| 03/02/2015 | 03/03/2015 | £714,134.62 | £2,355.67 | £130,621.55 | 03/02/2016 | 03/03/2016 | £643,156.77 | £2,197.31 | £101,308.18 |
| 03/03/2015 | 07/04/2015 | £708,078.35 | £2,919.61 | £128,265.88 | 03/03/2016 | 04/04/2016 | £636,843.61 | £2,400.81 | £99,110.87 |
| 07/04/2015 | 05/05/2015 | £702,398.04 | £2,316.95 | £125,346.27 | 04/04/2016 | 03/05/2016 | £630,739.30 | £2,154.88 | £96,710.06 |
| 05/05/2015 | 03/06/2015 | £696,548.54 | £2,379.72 | £123,029.32 | 03/05/2016 | 03/06/2016 | £624,477.66 | £2,280.63 | £94,555.18 |
| 03/06/2015 | 03/07/2015 | £690,798.61 | £2,441.45 | £120,649.60 | 03/06/2016 | 04/07/2016 | £618,299.56 | £2,258.06 | £92,274.55 |
| 03/07/2015 | 03/08/2015 | £684,882.97 | £2,501.23 | £118,208.15 | 04/07/2016 | 03/08/2016 | £611,966.20 | £2,162.84 | £90,016.48 |
| 03/08/2015 | 03/09/2015 | £679,064.11 | £2,479.98 | £115,706.92 | 03/08/2016 | 05/09/2016 | £605,714.30 | £2,354.82 | £87,853.65 |
| 03/09/2015 | 05/10/2015 | £673,210.44 | £2,537.91 | £113,226.94 | 05/09/2016 | 03/10/2016 | £599,424.81 | £1,977.28 | £85,498.83 |
| 05/10/2015 | 03/11/2015 | £667,193.16 | £2,279.42 | £110,689.03 | 03/10/2016 | 03/11/2016 | £592,982.85 | £2,165.61 | £83,521.55 |
| 03/11/2015 | 03/12/2015 | £661,269.18 | £2,337.09 | £108,409.61 | 03/11/2016 | 05/12/2016 | £586,617.47 | £2,211.47 | £81,355.94 |

(Break Cost analysis is for indicative purpose only)

Break Cost Scenario Analysis (Cont.)

| | | | Payment due under contract | Approx Break Costs over contract Sum of outstanding cash flows | | | | Payment due under contract | Approx Break Costs over contract |
|------------|------------|-------------|-------------------------------|---|------------|------------|-------------|-------------------------------|--|
| From | To | Debt hedged | Periodic Payment | | From | To | Debt hedged | Periodic Payment | Sum of outstanding cash flows |
| 05/12/2016 | 03/01/2017 | £580,102.41 | £1,981.88 | £79,144.47 | 03/01/2020 | 03/02/2020 | £312,289.30 | £1,140.50 | £20,832.35 |
| 03/01/2017 | 03/02/2017 | £573,660.44 | £2,095.04 | £77,162.59 | 03/02/2020 | 03/03/2020 | £304,255.13 | £1,039.47 | £19,691.85 |
| 03/02/2017 | 03/03/2017 | £567,180.19 | £1,870.92 | £75,067.55 | 03/03/2020 | 03/04/2020 | £296,056.65 | £1,081.22 | £18,652.38 |
| 03/03/2017 | 03/04/2017 | £560,335.13 | £2,046.37 | £73,196.63 | 03/04/2020 | 05/05/2020 | £287,926.39 | £1,085.44 | £17,571.16 |
| 03/04/2017 | 03/05/2017 | £553,776.20 | £1,957.18 | £71,150.26 | 05/05/2020 | 03/06/2020 | £279,692.41 | £955.55 | £16,485.72 |
| 03/05/2017 | 05/06/2017 | £547,071.77 | £2,126.84 | £69,193.08 | 03/06/2020 | 03/07/2020 | £271,464.68 | £959.42 | £15,530.17 |
| 05/06/2017 | 03/07/2017 | £540,433.48 | £1,782.69 | £67,066.24 | 03/07/2020 | 03/08/2020 | £263,136.01 | £960.99 | £14,570.75 |
| 03/07/2017 | 03/08/2017 | £533,652.47 | £1,948.93 | £65,283.55 | 03/08/2020 | 03/09/2020 | £254,810.13 | £930.58 | £13,609.76 |
| 03/08/2017 | 04/09/2017 | £526,934.81 | £1,986.47 | £63,334.62 | 03/09/2020 | 05/10/2020 | £246,434.11 | £929.02 | £12,679.18 |
| 04/09/2017 | 03/10/2017 | £520,176.77 | £1,777.15 | £61,348.15 | 05/10/2020 | 03/11/2020 | £237,961.33 | £812.98 | £11,750.16 |
| 03/10/2017 | 03/11/2017 | £513,278.80 | £1,874.52 | £59,571.00 | 03/11/2020 | 03/12/2020 | £229,485.76 | £811.06 | £10,937.18 |
| 04/12/2017 | 03/01/2018 | £499,463.35 | £1,765.23 | £57,696.48 | 03/12/2020 | 04/01/2021 | £220,915.51 | £832.82 | £10,126.12 |
| 03/01/2018 | 05/02/2018 | £492,541.71 | £1,914.84 | £55,931.25 | 04/01/2021 | 03/02/2021 | £212,338.29 | £750.46 | £9,293.29 |
| 05/02/2018 | 05/03/2018 | £485,579.68 | £1,601.75 | £54,016.41 | 03/02/2021 | 03/03/2021 | £203,710.25 | £671.96 | £8,542.84 |
| 05/03/2018 | 03/04/2018 | £478,296.71 | £1,634.07 | £52,414.66 | 03/03/2021 | 06/04/2021 | £194,913.73 | £780.72 | £7,870.87 |
| 03/04/2018 | 03/05/2018 | £471,249.75 | £1,665.51 | £50,780.59 | 06/04/2021 | 04/05/2021 | £186,181.96 | £614.15 | £7,090.15 |
| 03/05/2018 | 04/06/2018 | £464,070.51 | £1,749.48 | £49,115.08 | 04/05/2021 | 03/06/2021 | £177,362.47 | £626.84 | £6,476.01 |
| 04/06/2018 | 03/07/2018 | £456,938.61 | £1,561.10 | £47,365.60 | 03/06/2021 | 05/07/2021 | £168,526.27 | £635.32 | £5,849.16 |
| 03/07/2018 | 03/08/2018 | £449,677.22 | £1,642.25 | £45,804.49 | 05/07/2021 | 03/08/2021 | £159,605.13 | £545.28 | £5,213.84 |
| 03/08/2018 | 03/09/2018 | £442,460.38 | £1,615.89 | £44,162.25 | 03/08/2021 | 03/09/2021 | £150,663.80 | £550.23 | £4,668.56 |
| 03/09/2018 | 03/10/2018 | £435,200.38 | £1,538.11 | £42,546.36 | 03/09/2021 | 04/10/2021 | £141,668.86 | £517.38 | £4,118.33 |
| 03/10/2018 | 05/11/2018 | £427,813.67 | £1,663.20 | £41,008.25 | 04/10/2021 | 03/11/2021 | £132,593.16 | £468.62 | £3,600.95 |
| 05/11/2018 | 03/12/2018 | £420,465.95 | £1,386.96 | £39,345.05 | 03/11/2021 | 03/12/2021 | £123,491.01 | £436.45 | £3,132.33 |
| 03/12/2018 | 03/01/2019 | £412,995.00 | £1,508.28 | £37,958.09 | 03/12/2021 | 04/01/2022 | £114,310.89 | £430.94 | £2,695.88 |
| 03/01/2019 | 04/02/2019 | £405,559.56 | £1,528.90 | £36,449.81 | 04/01/2022 | 03/02/2022 | £105,100.13 | £371.45 | £2,264.94 |
| 04/02/2019 | 04/03/2019 | £398,080.25 | £1,313.12 | £34,920.91 | 03/02/2022 | 03/03/2022 | £95,834.37 | £316.12 | £1,893.50 |
| 04/03/2019 | 03/04/2019 | £390,327.34 | £1,379.51 | £33,607.79 | 03/03/2022 | 04/04/2022 | £86,458.61 | £325.94 | £1,577.37 |
| 03/04/2019 | 03/05/2019 | £382,757.53 | £1,352.76 | £32,228.27 | 04/04/2022 | 03/05/2022 | £77,081.46 | £263.34 | £1,251.44 |
| 03/05/2019 | 03/06/2019 | £375,068.67 | £1,369.77 | £30,875.51 | 03/05/2022 | 03/06/2022 | £67,634.68 | £247.01 | £988.09 |
| 03/06/2019 | 03/07/2019 | £367,408.35 | £1,298.51 | £29,505.74 | 03/06/2022 | 04/07/2022 | £58,146.14 | £212.35 | £741.09 |
| 03/07/2019 | 05/08/2019 | £359,631.77 | £1,398.13 | £28,207.23 | 04/07/2022 | 03/08/2022 | £48,590.06 | £171.73 | £528.73 |
| 05/08/2019 | 03/09/2019 | £351,878.86 | £1,202.17 | £26,809.10 | 03/08/2022 | 05/09/2022 | £38,988.73 | £151.58 | £357.00 |
| 03/09/2019 | 03/10/2019 | £344,080.70 | £1,216.07 | £25,606.93 | 05/09/2022 | 03/10/2022 | £29,329.62 | £96.75 | £205.43 |
| 03/10/2019 | 04/11/2019 | £336,169.75 | £1,267.31 | £24,390.86 | 03/10/2022 | 03/11/2022 | £19,607.85 | £71.61 | £108.68 |
| 04/11/2019 | 03/12/2019 | £328,277.59 | £1,121.54 | £23,123.55 | 03/11/2022 | 05/12/2022 | £9,833.86 | £37.07 | £37.07 |
| 03/12/2019 | 03/01/2020 | £320,275.44 | £1,169.66 | £22,002.01 | | | | | |

(Break Cost analysis is for indicative purpose only)

Key Concepts Explained

The Base Rate

The total interest paid on a loan is comprised of two parts:

1. Lending margin (%)
- &
2. Base Rate (%)

The lending margin is set by your loan. It does not form part of any IRHP contract.

The Base Rate is a variable rate which reflects the prevailing Base Rate and credit environment. IRHP contracts focus solely on protecting against changes in the Base Rate.

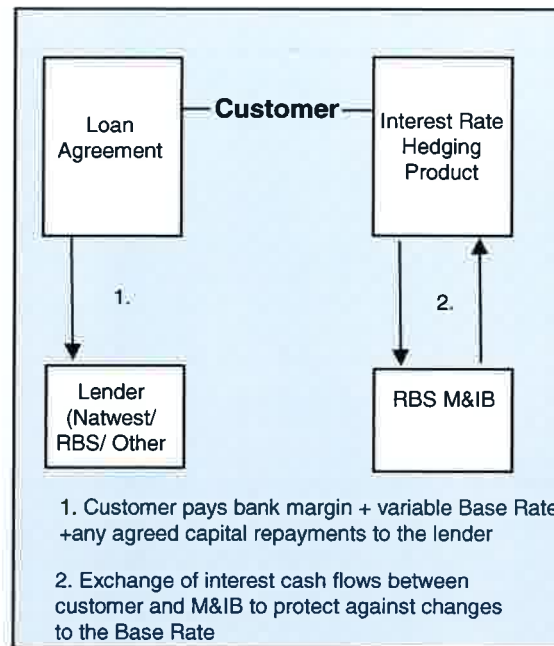
Important concept: Your loan remains on variable Base Rate. Whatever Base Rate sets at you will be charged. IRHP contracts work by crediting or debiting the interest difference to achieve your protected rate.

Separate Contracts

The IRHP contract runs alongside your loan agreement/s.

Net cash flows under the two agreements achieves the desired Base Rate interest cost.

Separation of the IRHP contract from the loan contract allows the interest rate management to be tailored to your needs in terms of timeframe and proportion of debt included.



Breakage costs

Taking an IRHP contract means you will likely commit to making a series of future payments under that contract. Consequently most contracts create a liability which is secured by any security held by the bank.

If you wish to exit an IRHP structure before its scheduled end date there may be a cost to pay.

As a separate contract from the loan contract any IRHP contract must be terminated independently. Repaying the underlying borrowing does not automatically terminate the IRHP structure. Security will continue to be held where a liability remains against an IRHP contract.

All IRHP contracts will be terminated with reference to the prevailing forward market rates (forward rates are the interest rate market expectation of Base Rate at any future point in time).

Understanding the calculation of breakage costs and the potential for breakage costs on your IRHP structure will help you shape the right strategy and minimise the risk to your business.

EMIR

The RBS Group recently sent you information relating to the European Market Infrastructure Regulation (EMIR). This regulation applies to all users of derivatives (including IRHPs) in the EU and has been implemented as part of the regulatory response to the financial crisis.

You need take no action in respect of EMIR unless you intend to conduct future derivatives business with the RBS Group. Please speak to your usual RM or Sales contact if this is the case. However, please note the points below in respect of EMIR and the transactions that are part of the FCA review of IRHPs:

Both parties to a trade are required to report the details of that trade to a central trade repository. RBS Group has submitted the trade report, where required, on your behalf. As such, please ensure that you are not conducting your own trade reporting or instructing a third party to carry out trade reporting on your behalf for the trades included in the review.

RBS Group will send a confirmation of the transaction discussed and ask that you sign and return this to us at your earliest convenience. In the event that we do not receive an exchanged confirmation we will deem you to have accepted the terms of the transaction as set out in the trade confirmation.

If you have signed and returned the acknowledgement to the EMIR related changes to our Terms of Business, then, in line with the risk mitigation requirements introduced by EMIR, we will reconcile the key terms of outstanding derivatives transactions annually and send a reconciliation statement to you.

* Before any trade is executed we will be pleased to forward a draft confirmation copy of the chosen trade to facilitate and meet the above timescales in a timely manner.

Important Information

The following notes contained within this paper are important – please take time to read them.

- M&IB cannot and do not provide any investment advice or recommendation on any solution or course of action. If you feel you need further guidance please seek independent advice.
- The Base Rate Collar excludes the lending margin unless otherwise stated. If you are unsure of the current variable Base Rate rate please consult your relationship manager or your M&IB contact.
- Before entering into an IRHP you should be comfortable that you understand the interest calculation and worst case repayments as well as all other risks under that contract. If you need further guidance please consult your accountant or adviser.
- You will note that the proposed alternative product is live and this may not be appropriate for your current circumstances. If you believe this to be the case, we can discuss alternative options with you. This could be a different product, or (subject to any condition of lending), having no product at all. In both cases you would need to pay the equivalent of any break cost on the live alternative product. The cost of this would be netted off against your provisional redress payment.
- If you enter into an IRHP with RBS and decide to close out the transaction before its scheduled termination date, you may have to pay breakage costs. Please note that such costs may be substantial.

Notes:

The following notes are important

1. **Any transaction terms agreed between us verbally are legally binding contract terms. Following execution of a trade you will be required to sign legal documentation (which may include a confirmation and Master Agreement) to confirm those terms.**
2. **Any hedging contract that you enter into with RBS is a separate legal contract from any borrowing it may relate to. In particular, they may be terminated independently of each other and early termination of one does not automatically terminate the other.**
3. **The cost to you of the overall hedging structure and any borrowing is the sum of the cost of the borrowing and the net cost to you of the hedging contract, whether this is a swap, cap, collar or any other hedging structure.**
4. **If you are hedging an interest rate exposure:**
 - You will be exposed to interest rate risk if there is a mismatch between the start dates or end dates of the underlying debt and any interest rate protection. This mismatch may be caused by circumstances such as a deferred start to the agreed protection or alternatively by delay in drawing down the loan.
 - You will be exposed to interest rate risk at any time that there is a difference between the value of the debt that is to be protected and the notional principal of your interest rate contract with us.
5. **If you enter into an over-the-counter derivative transaction with us and decide to close out the transaction before its scheduled termination date, you may have to pay breakage costs. These will be calculated by reference to prevailing market conditions and include costs incurred by us in terminating any related financial instrument or trading position. Please note that such break costs may be substantial.**
6. **Where you enter into a derivative transaction with us for the purposes of hedging debt and you subsequently wish to repay the debt (whether through a refinancing or otherwise) or discharge all other obligations to us, you should be aware that it may be necessary for us to terminate the hedging transaction prior to its scheduled termination date and satisfy any liabilities that you have to us with respect to such transaction (including break costs) before we will release any security you have provided to us with respect to such liabilities.**
7. **You are acting for your own account and will make an independent evaluation of the transactions entered into and their associated risks, and you have the opportunity to seek independent financial advice if unclear about any aspect of the transaction or risks associated with it and you place, or will place, no reliance on us for advice or recommendations of any sort.**
8. **These solutions may have accounting implications. Please consult your accountant.**
9. **We would also draw your attention to our terms of business.**
10. ***Any transaction will incorporate and be subject to, the terms of the ISDA Master Agreement entered into, or deemed to be entered into, between us, or otherwise, the RBS Standalone Derivatives Terms.***

Notes:

The contents of this document are indicative and are subject to change without notice. This document is intended for your sole use on the basis that before entering into this, and/or any related transaction, you will ensure that you fully understand the potential risks and return of this, and/or any related transaction and determine it is appropriate for you given your objectives, experience, financial and operational resources, and other relevant circumstances. You should consult with such advisers as you deem necessary to assist you in making these determinations. The Royal Bank of Scotland plc ("RBS") will not act and has not acted as your legal, tax, regulatory, accounting or investment adviser or owe any fiduciary duties to you in connection with this, and/or any related transaction and no reliance may be placed on RBS for investment advice or recommendations of any sort. RBS makes no representations or warranties with respect to the information and disclaims all liability for any use you or your advisers make of the contents of this document. However this shall not restrict, exclude or limit any duty or liability to any person under any applicable laws or regulations of any jurisdiction which may not lawfully be disclaimed.

Where the document is connected to Over The Counter ("OTC") financial instruments you should be aware that OTC derivatives ("OTC Derivatives") can provide significant benefits but may also involve a variety of significant risks. All OTC Derivatives involve risks which include (inter-alia) the risk of adverse or unanticipated market, financial or political developments, risks relating to the counterparty, liquidity risk and other risks of a complex character. In the event that such risks arise, substantial costs and/or losses may be incurred and operational risks may arise in the event that appropriate internal systems and controls are not in place to manage such risks. Therefore you should also determine whether the OTC transaction is appropriate for you given your objectives, experience, financial and operational resources, and other relevant circumstances.

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