

Indicative Termsheet - For Discussion Purposes Only
Credit Derivative Transaction
Physical Settlement

Date: 23 August 2002
To: ABC Bank (“Counterparty”)
From: XYZ Bank
Re: Credit Derivative Transaction

Attention:

Fax No:

Our Ref:

C'pty Ref:

The purpose of this document (this "Indicative Termsheet") is to confirm the terms and conditions of the Credit Derivative Transaction entered into between us on the Trade Date specified below (the "Transaction").

This Indicative Termsheet does NOT constitute a "Confirmation".

The definitions and provisions contained in the 1999 ISDA Credit Derivatives Definitions, as supplemented by the Supplement Relating to Convertible, Exchangeable or Accreting Obligations dated the 9th November 2001, and as supplemented by the Supplement Relating to Successor and Credit Events dated the 28th November 2001 (the “Credit Derivatives Definitions”), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Indicative Termsheet.

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

1. General Terms

| | |
|-----------------------------|---|
| Trade Date: | 23 August 2002 |
| Effective Date: | 28 August 2002 |
| Scheduled Termination Date: | 28 August 2004 |
| Floating Rate Payer: | XYZ Bank (Seller) |
| Fixed Rate Payer: | ABC Bank (Buyer) |
| Calculation Agent: | Seller |
| Calculation Agent City: | New York |
| Business Day: | New York and London |
| Business Day Convention: | Modified Following (which shall apply to any date referred to in this Confirmation that falls on a day that is not a Business Day.) |
| Reference Entity: | Banco Nacional de Desenvolvimento Economico e Social - EM Latin America Corporate |

Reference Obligation

| | |
|------------------------|------------------|
| Primary Obligor: | Reference Entity |
| Guarantor: | None |
| Coupon: | 6.5% |
| Maturity Date: | 15 June 2006 |
| ISIN/Cusip Number: | US059614AG22 |
| Original Issue Amount: | USD 250,000,000 |
| Reference Price: | 100% |

2. Fixed Payments

| | |
|--------------------------------------|--|
| Fixed Rate Payer Calculation Amount: | USD 1,800,000 |
| Fixed Rate Payer Payment Dates: | 28 February 2003 and thereafter each 28 February and 28 August |
| Fixed Rate: | 36.5 % per annum |
| Fixed Rate Day Count Fraction: | Actual/360 |

3. Floating Payment

Floating Rate Payer Calculation Amount: USD 1,800,000

Conditions to Payment: Credit Event Notice

Notifying Party: Buyer or Seller

Notice of Intended Physical Settlement

Notice of Publicly Available Information: Applicable

Public Sources: Standard Public Sources .

Specified Number: Two

4. Credit Events

The following Credit Events shall apply to this Transaction:

Bankruptcy

Failure To Pay

Grace Period Extension: Applicable

Payment Requirement: USD 1,000,000 (or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay).

Obligation Acceleration

Repudiation/Moratorium

Restructuring

Default Requirement: USD 10,000,000 (or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event).

| | | |
|--------------|-----------------------------|--|
| Obligations: | Obligation Category: | Obligation Characteristics: |
| | Bond | Not Domestic Currency Not Domestic Law Not Domestic Issuance Pari Passu Ranking |

5. Settlement Terms

Settlement Method: Physical Settlement

Physical Settlement Terms

Physical Settlement Period: Section 8.5 of the Credit Derivatives Definitions

Portfolio: Exclude Accrued Interest

| | | |
|---------------------------------|---|--|
| Deliverable Obligations: | Deliverable Obligation Category: | Deliverable Obligation Characteristics: |
| | Bond | Not Domestic Law Not Domestic Issuance Pari Passu Ranking Specified Currency (Standard Specified Currencies) Not Bearer Not Contingent Transferable Maximum Maturity 30 Years |

Excluded Deliverables Obligations: Not Applicable

Partial Cash Settlement of Loans: Not Applicable

Escrow: Applicable

6. Dispute Resolution Section 10.2 of the Credit Derivatives Definitions shall apply

7. Offices

Floating Rate Payer: (Seller) London

Fixed Rate Payer: (Buyer) London