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

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 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).
<table>
<thead>
<tr>
<th>Obligations:</th>
<th>Obligation Category:</th>
<th>Obligation Characteristics:</th>
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</thead>
<tbody>
<tr>
<td>Bond</td>
<td>Not Domestic Currency</td>
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<td>Not Domestic Law</td>
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<td>Not Domestic Issuance</td>
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<td>Pari Passu Ranking</td>
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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

<table>
<thead>
<tr>
<th>Deliverable Obligations:</th>
<th>Deliverable Obligation Category:</th>
<th>Deliverable Obligation Characteristics:</th>
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</thead>
<tbody>
<tr>
<td>Bond</td>
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<td>Pari Passu Ranking</td>
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<td>Specified Currency (Standard Specified Currencies)</td>
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<td>Not Bearer</td>
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<td>Not Contingent</td>
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<td>Transferable</td>
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<td>Maximum Maturity 30 Years</td>
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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