

EXTEL CARD



The Governor and Company of the
BANK OF SCOTLAND
(Constituted by Act of the Scots Parliament in 1695)

U.S. \$250,000,000
Undated Floating Rate Primary Capital Notes

The issue price of the Undated Floating Rate Primary Capital Notes (the "Notes") will be 100 per cent. of their principal amount.

Interest will be payable semi-annually in arrears in May and November and will be at an annual rate of $\frac{1}{4}$ per cent. per annum above the arithmetic average (rounded upwards, if necessary, to the nearest $\frac{1}{8}$ per cent.) of the mean of the bid and offered quotations of the Reference Banks to leading banks for six-month U.S. dollar deposits in London as more particularly described under "Conditions of the Notes—3. Interest".

Payments on the Notes will be made in London, Brussels, Luxembourg and Zurich without withholding, or deduction for or on account of, United Kingdom taxes, subject as referred to in "Conditions of the Notes—6. Taxation".

The Notes will be unsecured obligations of the Bank subordinated in that payments of interest and principal on the Notes will only be payable to the extent that, after such payment, the Bank would remain solvent. The payment of interest or principal is dependent upon a dividend having been declared, paid or made in the relevant Interest Period. In the event of the winding up of the Bank the rights of the Noteholders will rank as if, on the day prior to the commencement of the winding up, the Notes had been converted into a notional class of preference stock or shares of the Bank ranking ahead of all issued stock or shares for the time being in the capital of the Bank.

The Notes are undated and have no final maturity. All or some of the Notes may be redeemed at the option of the Bank at par on any Interest Payment Date falling in or after November, 1990.

Application has been made to the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland for the Notes to be admitted to the Official List.

A copy of this document, which comprises the listing particulars required by The Stock Exchange (Listing) Regulations 1984, has been delivered to the Registrar of Companies in Scotland for registration in accordance with such Regulations.

The Notes have not been registered under the United States Securities Act of 1933 and, except as set out herein, may not be offered or sold directly or indirectly in the United States or to United States persons, as such terms are defined herein, as part of the distribution of the Notes.

The Notes will initially be represented by a temporary Global Note without interest coupons which will be deposited with a common depository for Cedel S.A. and the Euro-clear System on or about 14th November, 1985. The Global Note will be exchangeable for definitive Notes not earlier than 90 days following the completion of distribution of the Notes, upon certification as to beneficial ownership.

Merrill Lynch Capital Markets

BankAmerica Capital Markets Group
Banque Bruxelles Lambert S.A.
Baring Brothers & Co., Limited
Crédit Lyonnais
Daiwa Europe Limited
Goldman Sachs International Corp.
E.F. Hutton & Company (London) Ltd.
Kleinwort, Benson Limited
Mitsubishi Trust & Banking Corporation (Europe) S.A.
Samuel Montagu & Co. Limited
Morgan Guaranty Ltd
Nippon Credit International (HK) Ltd.
Orion Royal Bank Limited
Saitama Bank (Europe) S.A.
Sumitomo Trust International Limited

Bankers Trust International Limited
Barclays Merchant Bank Limited
Citicorp Investment Bank Limited
Dai-ichi Kangyo International Limited
Dresdner Bank
Aktiengesellschaft
Kidder, Peabody International Limited
Lloyds Merchant Bank Limited
Mitsui Trust Bank (Europe) S.A.
Morgan Grenfell & Co. Limited
Morgan Stanley International
Nomura International Limited
PK Christiania Bank (UK) Limited
Société Générale
S.G. Warburg & Co. Ltd.

The British Linen Bank Limited

The date of this Extel Card is 5th November, 1985.

THIS CARD IS CIRCULATED TO GIVE DETAILS OF AN ISSUE BY THE BANK
AND SHOULD BE RETAINED FOR REFERENCE PURPOSES.

BAA-Q4

The Governor and Company of the
BANK OF SCOTLAND

BAN

(Constituted by Act of the Scots Parliament in 1695)

U.S. \$250,000,000

Undated Floating Rate Primary Capital Notes

Issue Price 100 per cent.

These particulars are given in compliance with the Regulations of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") for the purpose of giving information with regard to The Governor and Company of the Bank of Scotland (the "Bank"), the Bank and its subsidiaries (the "Group") and the above-mentioned Notes (the "Notes"). The Bank is the person responsible for the information contained in this document. To the best of the knowledge and belief of the Bank (which has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Bank accepts responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List.

CONDITIONS OF THE NOTES

There is set out below the text (subject, in minor respects, to completion and amendment) of the Conditions of the Notes which will appear on the reverse of each definitive Note.

The US\$250,000,000 Undated Floating Rate Primary Capital Notes (the "Notes") of The Governor and Company of the Bank of Scotland (the "Bank") are constituted by a trust deed (the "Trust Deed", which expression shall wherever the context so admits include any deed supplemental thereto) dated 14th November, 1985 and made between the Bank and General Accident Executor and Trustee Company Limited (the "Trustee", which expression shall wherever the context so admits include its successors as trustee under the Trust Deed), as trustee for the holders of the Notes (the "Noteholders"). The issue of the Notes was authorised pursuant to a resolution of the Board of Directors of the Bank passed on 31st October, 1985. The Notes on issue have interest coupons (the "Coupons") attached. The Noteholders, and the holders of the Coupons (the "Couponholders"), are and will be entitled to the benefit of, and be bound by and deemed to have notice of, all the provisions of the Trust Deed, copies of which are available for inspection at the principal office of the Trustee (being at the date hereof Estates House, 66 Gresham Street, London EC2V 7DH) and at the specified offices of the paying agents (the "Paying Agents") appointed in accordance with Condition 5 below. The Notes have the benefit of a paying agency agreement dated 14th November, 1985 and made between the Bank, the Trustee and the initial Paying Agents.

1. Form and Denomination

The Notes are issued in bearer form, serially numbered, in the denominations of U.S.\$10,000 and U.S.\$250,000 each, with Coupons and one talon for further Coupons attached. References to Coupons include, where the context so permits, references to talons.

Title to the Notes and to the Coupons shall pass by delivery. The bearer of any Note and/or Coupon may be deemed to be, and may be treated as, the absolute owner thereof for all purposes (notwithstanding any notice of ownership or writing thereon), whether or not such Note or Coupon shall be overdue.

25 Notes in the denomination of U.S.\$10,000 will be exchangeable for one Note in the denomination of U.S.\$250,000 and one Note in the denomination of U.S.\$250,000 will be exchangeable for 25 Notes in the denomination of U.S.\$10,000. Notes will be exchangeable at any specified office of any of the Paying Agents and each Note presented for exchange should be presented together with all unmatured Coupons appertaining thereto, failing which the Paying Agent to whom such Note is surrendered may require an indemnity in a form satisfactory to the Bank.

2. Status and Subordination

(A) *Status*—The Notes and the Coupons constitute unsecured, subordinated obligations of the Bank and rank *pari passu* without any preference among themselves.

(B) *Condition of Payment*—The rights of the Noteholders and Couponholders are subordinated to the claims of Senior Creditors (as defined below) in that payments of principal and interest in respect of the Notes are conditional upon the Bank being solvent at the time of payment by the Bank and in that no principal or interest shall be payable in respect of the Notes except to the extent that the Bank could make such payment and still be solvent immediately thereafter. For this purpose, the Bank shall be considered to be solvent if (i) it is able to pay its debts to Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities to Senior Creditors. A report as to the solvency of the Bank by two directors of the Bank or, in certain circumstances as provided in the Trust Deed, the auditors of the Bank or, if the Bank is being wound up, its liquidator shall, unless the contrary is proved, be treated and accepted by the Bank, the Trustee and the Noteholders and Couponholders as correct and sufficient evidence thereof. Interest in respect of which the condition referred to in this paragraph is not satisfied on the Interest Payment Date relating thereto shall, so long as the same remains unpaid, constitute "Arrears of Interest" for the purposes of these Conditions (otherwise than for the purposes of paragraph (C) of this Condition). Arrears of Interest under this paragraph shall not bear interest.

In these Conditions, "Senior Creditors" means creditors of the Bank (a) who are unsubordinated creditors of the Bank or (b) who are subordinated creditors of the Bank other than those whose claims rank, or are expressed to rank, *pari passu* with or junior to the claims of the Noteholders; "Assets" means the non-consolidated gross assets of the Bank and "Liabilities" means the non-consolidated gross liabilities of the Bank, all as shown by the latest published audited balance sheet of the Bank but adjusted for contingencies and for subsequent events in such manner and to such extent as such directors, auditors or, as the case may be, liquidator may determine to be appropriate.

(C) *Optional Payment of Interest*—Without prejudice to the provisions of paragraph (B) of this Condition, the Bank shall not be obliged to make payment of the interest accrued during any Interest Period (as defined in Condition 3(B) below) if, during that Interest Period, no dividend or other distribution (as defined in the Trust Deed) shall have been declared, paid or made on any class of its stock or share capital; and all interest not so paid shall, so long as the same remains unpaid, also constitute "Arrears of Interest". The Bank may at its option (after giving notice to the Noteholders) at any time pay all or part of the Arrears of Interest (being, if part only, the whole of the interest accrued on all the Notes during any one or more Interest Periods) but so that, in the case of any such partial payment, the interest accrued during any Interest Period shall not be paid prior to that accrued during any earlier Interest Period. All Arrears of Interest shall (subject to paragraphs (B) and (D) of this Condition) become due in full on whichever is the earliest of (i) the date on which any dividend or other distribution is next declared, paid or made on any class of stock or share capital of the Bank, (ii) the date set for any repayment permitted under Condition 4 below or (iii) the commencement of winding up of the Bank. If notice is given by the Bank of its intention to pay the whole or part of Arrears of Interest, the Bank shall be obliged (subject to paragraph (B) of this Condition) to do so upon the expiry of such notice. Arrears of Interest under this paragraph shall not bear interest.

(D) *Winding up*—If an order is made or an effective resolution is passed for the winding up in Scotland or England of the Bank, the Bank shall, in lieu of any other payment on the Notes and on any Coupons representing Arrears of Interest and/or interest due but unpaid, but subject to the condition set out in paragraph (B) of this Condition, be obliged to pay, in respect of the Notes and such Coupons, such amounts as would have been payable if the holders of the Notes and such Coupons had, on the day preceding the commencement of such winding up, become holders of preference stock or shares in the capital of the Bank forming or being part of a class having a preferential right in the winding up over the holders of all other classes of stock or shares in the capital of the Bank and entitled to receive in such winding up an amount equal to the principal amount of the Notes together with interest (if any) accrued since the Interest Payment Date next preceding or coinciding with the commencement of such winding up and, in respect of such Coupons, to such Arrears of Interest and/or, as the case may be, such interest due but unpaid.

N.B. The obligations of the Bank in respect of the Notes and the Coupons are conditional upon the Bank being solvent immediately before and after payment by the Bank. If this Condition is not satisfied, any amounts which might otherwise have been allocated in or towards payment of principal and interest in respect of the Notes may be used to absorb losses.

3. Interest

(A) *Period of Accrual of Interest and Coupons*—The Notes bear interest from the Closing on 14th November, 1985 (or, if payment to the Bank for the Notes is postponed in accordance with the Subscription Agreement until not later than 30th November, 1985, the date on which such payment is made). Interest payments in respect of the Notes shall (subject as provided in Condition 2 above) be made against surrender of the appropriate Coupons in accordance with the provisions of Condition 5 below. After all the Coupons attached to or issued in respect of any Note have matured, further Coupons and one further talon shall (subject to the terms of the Trust Deed) be issued against presentation of the relevant talon.

Interest on each Note shall cease to accrue from the due date for repayment thereof unless payment of principal is improperly withheld or (on due presentation of a Note) refused or is not made by reason of the provisions of Condition 2 above. Any unmatured Coupons (which expression shall in these Conditions mean (i) Coupons maturing on Interest Payment Dates falling after the due date for repayment of the relevant Note but not those maturing on Interest Payment Dates falling on or before such due date in respect of which interest shall not have been paid by the Bank and (ii) any talon in so far as it relates to any such unmatured Coupons) appertaining to such Note (whether or not attached to such Note) shall become void; and any interest accruing thereafter and, if such due date is not an Interest Payment Date, the interest accrued from the preceding Interest Payment Date (or, in the absence thereof, the Closing) shall be payable only against presentation of such Note.

(B) *Interest Payment Dates and Interest Periods*—Interest shall (subject as provided in Condition 2 above) be payable on each Interest Payment Date, being (save as mentioned below) the date falling six calendar months after the Closing and thereafter each date falling six calendar months after the preceding Interest Payment Date. If any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next business day unless it would thereby fall in the next calendar month; in such event, the Interest Payment Date shall be the immediately preceding business day and each subsequent Interest Payment Date shall be the last business day of the sixth calendar month after the calendar month in which the preceding Interest Payment Date shall have fallen. The period from (and including) one Interest Payment Date (or the Closing) to (but excluding) the next Interest Payment Date is referred to herein as an "Interest Period". As used in this Condition, "business day" means a day (excluding Saturdays) on which banks and foreign exchange markets are open for business in London and in New York City.

(C) *Rate of Interest*—The rate of interest from time to time payable in respect of the Notes (the "Rate of Interest") shall be determined by the Agent Bank (referred to in paragraph (G) of this Condition) as follows:—

- (i) On the second business day prior to the commencement of each Interest Period (an "Interest Determination Date"), the Agent Bank shall request the principal London offices of the Reference Banks (as described in paragraph (G) of this Condition) to provide the Agent Bank with their bid and offered quotations to leading banks for deposits of dollars in the London inter-bank market for such Interest Period as at 11.00 a.m. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall, subject as provided below, be $\frac{1}{4}$ per cent. per annum above the arithmetic average (rounded upwards, if necessary, to the nearest $\frac{1}{8}$ per cent.) of the mean ("Limean") of such bid and offered quotations of three out of the five quoting Reference Banks (excluding, if the Limean of all such Reference Banks is not the same, the highest and lowest Limean and, if the highest Limean applies in respect of more than one Reference Bank, excluding the Limean in respect of one such Reference Bank and similarly if the lowest such Limean applies in respect of more than one Reference Bank), as determined by the Agent Bank.
- (ii) If on any Interest Determination Date only four of the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (i) above on the basis of the average of the Limean of those Reference Banks providing such quotations (excluding the Limean in respect of two such Reference Banks on the basis set out in (i) above).
- (iii) If on any Interest Determination Date only two or three of the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest shall be determined in accordance with (i) above on the basis of the average of the Limean of all the quoting Reference Banks (without any exclusion as aforesaid).
- (iv) If on any Interest Determination Date less than two of the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall, be the rate per annum which the Agent Bank

determines as being $\frac{1}{4}$ per cent. per annum above the arithmetic average (rounded upwards, if necessary, to the nearest $\frac{1}{8}$ per cent.) of the mean of the bid and offered quotations, as communicated to (and at the request of) the Agent Bank by the Reference Banks or any two or more of them, which such Reference Banks make, as at 11 a.m. (New York City time) on the relevant Interest Determination Date, for dollar deposits for the relevant Interest Period to leading banks in New York City, or if less than two of the Reference Banks provide the Agent Bank with such quotations, $\frac{1}{4}$ per cent. per annum above the lowest mean of the dollar bid and offered rates which, on the relevant Interest Determination Date, any one or more leading banks in New York City (selected by the Agent Bank after consultation with the Bank) informs the Agent Bank it is quoting for the relevant Interest Period to leading banks which have their head offices in Europe.

- (v) If on any Interest Determination Date the Agent Bank is unable to determine the Rate of Interest in accordance with (i), (ii), (iii) or (iv) above, the Rate of Interest for the relevant Interest Period shall be the Rate of Interest in effect on the last day of the immediately preceding Interest Period.

- (vi) In no event shall the Rate of Interest be less than 5 per cent. per annum in respect of any Interest Period ending on or before the Interest Payment Date in November 1990. Thereafter, there shall be no minimum interest rate.

(D) *Determination of Rate of Interest and calculation of Coupon Amounts*—The Agent Bank shall, as soon as practicable on or after each Interest Determination Date, determine the amount of interest payable on the presentation and surrender of each Coupon in respect of Notes of each denomination (the "Coupon Amounts") for the relevant Interest Period. The Coupon Amounts shall be calculated by applying the Rate of Interest to the principal amount of one Note of each denomination, multiplying such sum by the actual number of days in the Interest Period concerned divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

(E) *Publication of Rate of Interest and Coupon Amount*—The Bank shall cause the Rate of Interest and the Coupon Amount for each Interest Period in respect of a Note in the denomination of U.S.\$10,000 and the relevant Interest Payment Date to be notified to The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") and shall cause such information to be notified to the Noteholders not later than the date of commencement of the relevant Interest Period or, if this is not practicable, as soon as practicable thereafter.

(F) *Determination or calculation by the Trustee*—If the Agent Bank fails for any reason to determine the Rate of Interest or to calculate the Coupon Amounts in accordance with paragraphs (C) and (D) of this Condition, the Trustee shall (having such regard as it shall think fit to such paragraphs, but subject, if applicable, to the minimum Rate of Interest referred to therein) determine the Rate of Interest and/or, as the case may be, calculate the Coupon Amounts in such manner as it shall at its absolute discretion deem fair and reasonable in the circumstances, and such determination and/or calculation shall be deemed to be a determination and/or calculation by the Agent Bank.

(G) *Agent Bank and Reference Banks*—So long as any of the Notes remains outstanding, the Bank shall procure that there shall at all times be an Agent Bank and five Reference Banks for the purposes of the Notes. The initial Agent Bank shall be Citibank, N.A., and the initial Reference Banks shall be the principal London office of each of Barclays Bank PLC, Crédit Lyonnais, Dai-ichi Kangyo Bank Limited, Lloyds Bank Plc and Morgan Guaranty Trust Company of New York, but if Citibank, N.A. is unable or unwilling to continue to act as Agent Bank, or if the principal London office of any Reference Bank is unable or unwilling to continue to act as a Reference Bank, the Bank shall promptly appoint another bank approved by the Trustee to act as such in its place.

(H) *Subsequent adjustments*—If after the calculation of a Coupon Amount the relevant Interest Period is altered, the Agent Bank (failing which, the Trustee) shall promptly determine what adjustment is appropriate, or agree with the Bank alternative arrangements in lieu thereof, and the Bank shall thereupon take, *mutatis mutandis*, the action required under paragraph (E) of this Condition.

(I) *Notifications to be final*—All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Agent Bank, a Reference Bank or the Trustee, shall (in the absence of wilful default, bad faith or manifest error by it or any of its directors, officers or employees) be binding for all purposes in determining the liability of the Bank in respect of the Notes and the Coupons, and (in the absence of such wilful default, bad faith or manifest error) no liability shall attach to the Agent Bank, any Reference Bank or the Trustee in connection with the exercise or non-exercise of its powers, duties or discretions in such capacity.

4. Repayment and Purchase

There is no fixed repayment date for the Notes, and the Bank shall (subject to the provisions of Condition 2 above) only have the right to repay them in accordance with the following provisions of this Condition:—

(a) *Optional repayment*—On any Interest Payment Date falling in or after November, 1990, the Bank may (on the expiry of not more than 60 nor less than 30 days' notice to the Trustee and the Noteholders) repay all or, from time to time, some (being an aggregate principal amount of U.S.\$1,000,000 or a whole multiple thereof) of the Notes at their principal amount together with all Arrears of Interest (if any) in respect of all the Notes as provided in Condition 2 above.

(b) *Repayment for taxation purposes*—If, immediately prior to the giving of the notice referred to below, the Bank satisfies the Trustee that on the next Interest Payment Date (i) the Bank would for reasons outside its control be unable (after using such endeavours as the Trustee shall consider reasonable) to make the relevant payment of interest without having to pay additional amounts in accordance with Condition 6 below, or (ii) payments of interest on the Notes would be treated as "distributions" within the meaning of the Taxes Acts for the time being of the United Kingdom, the Bank may (on the expiry of not more than 60 nor less than 30 days' notice to the Noteholders) repay all, but not some only, of the Notes on any Interest Payment Date at their principal amount together with all Arrears of Interest (if any).

(c) *Drawings*—In the case of any partial repayment, Notes shall be drawn, in a manner approved by the Trustee, not more than 45 days before the date fixed for repayment. The Noteholders shall be given notice identifying the Notes so drawn, and of the date fixed for repayment, the amount of Arrears of Interest (if any) and the principal amount of any Notes to be outstanding thereafter, not less than 30 days before the date fixed for repayment.

(d) *Purchases*—The Bank or any of the Bank's subsidiaries may at any time purchase Notes (provided that all unmatured Coupons appertaining thereto are surrendered therewith) in any manner at prices (exclusive of expenses and accrued interest) not exceeding (i) in the case of a purchase by tender, the average of the middle market quotations taken from The Stock Exchange daily Official List for the 10 business days prior to the date of purchase (the "Average Price"), or (ii) in the case of a purchase through The Stock Exchange, the greater of the Average Price and the market price if the latter is not more than 5 per cent. above the Average Price, or (iii) in any other case, 150 per cent. of such middle market quotation on the business day next preceding the date of purchase; provided that the limitations in (i), (ii) and (iii) shall apply only so long as the Notes are listed on The Stock Exchange. If purchases are made by tender, tenders must be available to all Noteholders alike.

(c) *Cancellation*—All Notes repaid as aforesaid shall, and all Notes purchased as aforesaid may, at the option of the purchaser be cancelled forthwith, together with all unmatured Coupons surrendered therewith, and may not be reissued or resold.

(f) *Repayment notices*—Any notice by the Bank under paragraph (b) or (c) of this Condition shall be irrevocable, and the Bank shall be bound to give effect thereto.

The provisions of paragraphs (d) and (e) of this Condition shall not apply to any acquisition or resale of Notes by any company which is in the ordinary course of its business as a dealer in securities (as defined in the Trust Deed) or to any acquisition otherwise than as beneficial owner.

5. Payments; issues of further Coupons

(A) Payment of principal or interest, including Arrears of Interest (if any), in respect of Notes shall (subject to Condition 2 above) be made against surrender of the relevant Note or Coupon at any specified office of any of the Paying Agents, by dollar cheque drawn on a bank in New York City, or by transfer to a dollar account maintained by the payee with a bank outside the United States. Subject to paragraph (C) of this Condition, no payment of principal or interest in respect of the Notes will be made to an address in the United States or by transfer to an account maintained by the payee in the United States. If in relation to any Note or Coupon, any payment is to be made in respect of interest the Interest Payment Date for which falls on or after the date on which the winding up of the Bank is deemed to have commenced, such payment shall be made only against presentation of the relevant Note, and the Coupons relating to any such Interest Payment Date shall be void. Each Note presented for repayment should be presented together with all unmatured Coupons appertaining thereto, failing which the Paying Agent to whom such Note is surrendered may require an indemnity in a form satisfactory to the Bank.

(B) Payment of principal or interest, including Arrears of Interest (if any) in respect of any Note or Coupon, is subject in all cases (but without prejudice to the provisions of Conditions 6 and 7 below) to any fiscal or other laws and regulations applicable thereto. Without prejudice to the generality of the foregoing, the Bank reserves the right to require Noteholders to provide a Paying Agent, prior to the relevant payment being made, with such certification or information as may be required to enable the Bank to comply with the requirements of the then current United States federal income tax laws.

(C) The Initial Paying Agents and their specified offices are listed at the end of this document. The Bank may, with the approval of the Trustee, from time to time vary or terminate the appointment of any Paying Agent and appoint other or further Paying Agents provided that there shall at all times be Paying Agents with specified offices in London and one city in continental Europe. The Bank shall, if so required by the Trustee, appoint a Paying Agent having a specified office in New York City if (a) the Bank shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that payment of the full amount of interest on the Notes (to persons so entitled under applicable local law) would be available at such specified offices in dollars when due, (b) payment of the full amount of such interest at all such specified offices is illegal or effectively precluded by exchange controls or other similar restrictions, (c) the Bank does not within a reasonable period (as determined by the Trustee) appoint a Paying Agent with a specified office in a jurisdiction where such payment is not illegal or so precluded, and (d) payment at a specified office in New York City is then permitted by United States law. Notice of any such termination or appointment and of any changes in the specified offices of the Paying Agents shall be given to the Noteholders.

(D) If any date for payment in respect of any Note or, as the case may be, Coupon is not a day on which banks are open for business in the place where it is presented for payment and (if that place is not New York City and payment is by transfer to a dollar account) in New York City, the holder thereof shall not be entitled to payment of the amount due until the next following such day in such place or places or to any interest or other sum in respect of such delay.

(E) On and after the Interest Payment Date for the final Coupon forming part of any Coupon sheet, the talon forming part of such Coupon sheet may be surrendered at any specified office of any Paying Agent in exchange for a further Coupon sheet (including a further talon but excluding any Coupons which have become void). However, the Bank may restrict to not less than one Paying Agent with a specified office outside the United Kingdom, or may vary, from time to time, the specified offices of Paying Agents at which further Coupon sheets may be collected; and if collection is permitted at any other specified office, it shall be subject to such conditions as may be specified, including that all costs (including, without limitation, any taxes) due as a result shall be paid by the holder of the relevant talon when it is so surrendered. Notice of any restriction or variation of the specified offices for this purpose shall be given to the Noteholders as soon as practicable thereafter.

6. Taxation

All payments of principal and/or interest in respect of the Notes or, as the case may be, Coupons shall be made without withholding or deduction for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of the United Kingdom, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Bank shall pay such additional amounts as will result (after such withholding or deduction) in the receipt by the holders of the sums which would have been receivable (in the absence of such withholding or deduction) from it in respect of their Notes and/or, as the case may be, Coupons; except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:—

- (a) by or on behalf of a holder liable to such tax, duty or charge in respect of such Note or Coupon by reason of having some connection with the United Kingdom, other than the mere holding or ownership of such Note or Coupon; and/or
- (b) at any specified office in the United Kingdom of a Paying Agent by or on behalf of a holder who, at the time of such presentation, is eligible to receive the relevant payment without withholding or deduction for or on account of any such tax, duty or charge (under then current United Kingdom law and practice) but fails to fulfil any legal requirement necessary to establish such eligibility; and/or
- (c) more than 30 days after the relevant date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting the same for payment at the expiry of such period of 30 days.

The "relevant date" in respect of any payment means the date on which such payment first becomes due or (if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Trustee on or prior to such due date) the date on which notice is given to the Noteholders that such moneys have been so received.

Any reference in this document to principal and/or interest in respect of the Notes shall be deemed to include a reference to any additional amounts which may be payable under this Condition and/or any obligations undertaken in addition thereto or in substitution therefor pursuant to the Trust Deed.

7. Prescription

Notes and Coupons (which expression shall not in this Condition include talons) shall become void unless presented for payment within a period of 12 years and six years respectively from the relevant dates thereof.

8. Default and Enforcement

(A) If the Bank fails to make payment of principal and/or interest in respect of the Notes for a period of 15 days or more after the due date for the same or, as the case may be, after any other date upon which the payment of interest is compulsory, the Trustee may institute proceedings in Scotland or England (but not elsewhere) for the winding up of the Bank. For the purpose of this paragraph, (i) a payment shall be deemed to be due or compulsory even if the condition set out in Condition 2(B) above is not satisfied, and (ii) for the avoidance of doubt, the exercise by the Bank of its right, pursuant to Condition 2(C) above, not to make any payment(s) of interest shall not constitute failure to make payment of interest.

(B) The Trustee shall not be bound to take the action referred to in paragraph (A) of this Condition, if entitled so to do, unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding and (ii) it shall have been indemnified to its satisfaction.

(C) No remedy against the Bank, other than the institution of proceedings for the winding up in Scotland or England (but not elsewhere) of the Bank or proving or claiming in the winding up (in Scotland or England or elsewhere) of the Bank, shall be available to the Trustee or the Noteholders or Couponholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Bank of any of its obligations under the Notes or the Trust Deed (other than for recovery of the Trustee's remuneration or expenses).

(D) None of the Noteholders or Couponholders shall be entitled to institute proceedings for the winding up of the Bank or to prove or claim in the winding up, except that if the Trustee, having become bound to institute such proceedings, fails so to do, or, being able to prove or claim in the winding up, fails so to do, then any one or more such holders may, on giving an indemnity satisfactory to the Trustee or the Court, in the name of the Trustee (but not otherwise), institute proceedings for the winding up in Scotland or England (but not elsewhere) of the Bank and/or prove or claim in the winding up (in Scotland or England or elsewhere) in respect of the Notes and Coupons of such holder(s).

9. Replacement of Notes and Coupons

If any Note or Coupon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the office of the Bank at 55 Old Broad Street, London EC2P 2HL or at the specified office of any other agent appointed from time to time by the Bank, with the approval of the Trustee, for the purpose and notified to the Noteholders.

Replacement will be made only on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Bank may reasonably require. Mutilated or defaced Notes and Coupons must be surrendered before replacements will be issued.

10. Notices

Any notice to the Noteholders shall be valid if published once in a leading English language daily newspaper in Europe (which is expected to be the *Financial Times*) or, if at any time such publication is not practicable, in such other English language newspaper or newspapers with general circulation in Europe as the Bank, with the approval of the Trustee, shall determine. Such notice shall be deemed to have been given on the date of publication or, if published on more than one date, on the date of the first such publication.

11. Meetings of Noteholders, Modification, Waiver and Substitution of Principal Debtor

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including modification by an Extraordinary Resolution of the terms and conditions of the Notes and the Trust Deed, except that any modification of certain terms concerning, *inter alia*, the currency of payment, status and subordination, the due dates for payment of interest, the calculation of interest on the Notes, the principal amount of any Note and the quorums and majorities at meetings of the Noteholders, may only be made at a meeting at which the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 50 per cent., of the principal amount of the Notes for the time being outstanding. A resolution duly passed at a meeting of Noteholders shall be binding on the Noteholders, whether present or not, and on the Couponholders.

The Trustee may agree without the consent of the Noteholders or the Couponholders to any modification (except as aforesaid), or to any waiver or authorisation of any breach or proposed breach of any provision, of the Trust Deed or the Notes or the Coupons, which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders. The Trustee may also agree without such consent to any modification which is made to correct a manifest error or is of a formal, minor or technical nature.

The Trustee may agree to the substitution at any time or times of a successor company (as defined in the Trust Deed), or any other company which is under the control of the Bank or such successor company, as the principal debtor under the Trust Deed and the Notes. Such agreement shall also be subject to the relevant provisions of the Trust Deed, including (in the case of the substitution of any company other than such a successor company) the unconditional and irrevocable guarantee, on a subordinated basis equivalent to that mentioned in Condition 2 above, of the Notes by the Bank or such successor company. In connection with any proposed substitution as aforesaid, the Trustee shall not have regard to the consequences of such substitution for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with or subject to the jurisdiction of, any particular territory. No Noteholder or Couponholder shall, in connection with any such substitution, be entitled to claim any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders or Couponholders except to the extent already provided for by Condition 6 above or any additional or substituted covenant given pursuant to the Trust Deed.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders, and any such modification or substitution shall (unless the Trustee agrees otherwise) be notified to the Noteholders as soon as practicable thereafter.

12. Indemnification of the Trustee

The Trust Deed contains provisions governing the responsibility of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it, unless indemnified to its satisfaction, from taking proceedings for the winding up of the Bank. The Trustee shall be entitled to enter into business transactions with the Bank and/or any of the Bank's subsidiaries without accounting for any profit resulting therefrom.

13. Governing Law

The Trust Deed, the Notes and the Coupons are governed by and shall be construed in accordance with English law, and the Bank has submitted to the jurisdiction of the English Courts for all purposes in connection with the Trust Deed, the Notes and the Coupons.

USE OF PROCEEDS

The proceeds of the issue will be used in the Group's banking business. It is estimated that the net proceeds will amount to approximately U.S.\$248,430,000 after payment of expenses.

UNITED KINGDOM TAXATION

The comments below are of a general nature and are based on advice received by the Bank as to current United Kingdom law and practice. The comments relate only to the position of persons who are the absolute beneficial owners of their Notes. Noteholders who are in doubt as to their personal tax position should consult their professional advisers.

1. The Notes will constitute "quoted Eurobonds" within the terms of section 35 of the Finance Act 1984, provided they remain in bearer form and continue to be quoted on a recognised stock exchange within the meaning of section 535 of the Income and Corporation Taxes Act 1970. Accordingly, payments of interest may be made without withholding or deduction for or on account of United Kingdom income tax where:—
 - (a) the person by or through whom the payment is made is not in the United Kingdom. In accordance with current Inland Revenue practice, no withholding or deduction for or on account of United Kingdom income tax is required where the payment of interest is made by an overseas paying agent, notwithstanding that the Bank is resident in the United Kingdom and will appoint a principal paying agent in the United Kingdom; or
 - (b) the payment is made by or through a person who is in the United Kingdom and
 - (i) it is proved, on a claim in that behalf made to the Commissioners of Inland Revenue, that the person who is the beneficial owner of the Note and entitled to the interest is not resident in the United Kingdom or, where the interest is by virtue of any provision of the United Kingdom Taxes Acts deemed to be income of a person other than the person who is the beneficial owner of the Note, on a claim in that behalf made to the Commissioners of Inland Revenue by that other person, that such other person is not resident in the United Kingdom; or
 - (ii) the Note and Coupon are held by one and the same person in a "recognised clearing system". Cedel and Euro-clear have each been designated as a "recognised clearing system" for this purpose.

In all other cases, interest must be paid under deduction of United Kingdom income tax subject to such relief as may be available under the provisions of any relevant double taxation treaty.

2. A collecting agent in the United Kingdom obtaining payment elsewhere than in the United Kingdom on behalf of a holder of a Note or Coupon may be required to withhold, or deduct for or on account of, United Kingdom income tax unless it is proved, on a claim in that behalf made to the Commissioners of Inland Revenue, that the beneficial owner of the Note or Coupon is not resident in the United Kingdom.
3. The interest has a United Kingdom source and accordingly is chargeable to United Kingdom tax by direct assessment even if the interest is paid without withholding or deduction. However, based on long-standing Inland Revenue practice, the interest is not assessed to United Kingdom tax in the hands of Noteholders who are not residents of the United Kingdom, except where such persons:—
 - (a) are chargeable in the name of an agent in the United Kingdom; or
 - (b) have a branch in the United Kingdom which has the management or control of the interest; or
 - (c) seek to claim relief in respect of taxed income from United Kingdom sources; or
 - (d) are chargeable to corporation tax on the income of a United Kingdom branch or agency to which the interest is attributable.
4. Noteholders should be aware that the provisions relating to additional amounts referred to in Condition 6 of the Notes would not apply if the Inland Revenue sought to assess the person entitled to the relevant interest directly to United Kingdom tax on interest. However, exemption from or reduction of such United Kingdom tax liability might be available under an appropriate double taxation treaty.
5. Noteholders may be subject to United Kingdom taxation on capital gains on a disposal of Notes if they are resident or ordinarily resident in the United Kingdom or if they carry on a trade in the United Kingdom through a branch or agency to which the Notes are attributable. The exemption for "qualifying corporate bonds" within section 64 of the Finance Act 1984 does not apply to the Notes.
6. No United Kingdom capital transfer tax is charged on the death of, or on a gift of Notes by, a holder of Notes who is neither domiciled nor deemed to be domiciled in the United Kingdom, for the purposes of such tax, provided that the relevant Notes are held outside the United Kingdom at the time of death or gift.

DIRECTORS OF THE BANK

The Directors of the Bank (who are non-executive unless a title or office is specified below and whose business address is The Mound, Edinburgh, EH1 1YZ) are as follows:-

Sir Thomas N. Risk (Governor)
 Lord Balfour of Burleigh (Deputy Governor)
 J. E. Boyd
 Lord Clydesmuir
 J. G. S. Gammell
 G. D. Gwilt
 T. O. Hutchison
 Professor R. B. Jack
 Sir William J. Lithgow, Bt.

D. J. MacLeod
 J. M. Menzies
 D. B. Pattullo (Treasurer and General Manager)
 A. M. Pelham Burn
 Lord Polwarth
 W. F. Robertson
 R. C. Smith
 M. F. Strachan

CAPITALISATION AND LOAN CAPITAL

The statement below setting out the capital stock of the Bank together with the reserves and loan capital of the Group is drawn up on the following basis:

- (A) Capital Stock is as shown by the audited consolidated balance sheet as at 28th February, 1985 as increased by subsequent issues (Notes (a) (b) and (c) below).
- (B) Reserves of the Group are as shown by the audited consolidated balance sheet as at 28th February, 1985 with the addition of the net premium arising on the subsequent issues of capital stock (Notes (b) and (c) below).
- (C) Loan capital includes existing issues by Scotland International Finance BV and the Notes now being issued.

Proprietors' Funds

	£ million	£ million
Capital Stock: Authorised—Note (a)		136.2
Issued — Notes (b) and (c)		123.8
Reserves: — Notes (b) and (c)		360.9
		<u>484.7</u>

Loan Capital (Notes (d) and (e))

Issued by:		
Scotland International Finance BV:		
US\$100 million floating rate notes redeemable not later than 1992	69.71	
US\$50 million 10¾ per cent. notes redeemable not later than 1990	34.85	
US\$50 million 14¼ per cent. fixed/floating rate notes redeemable not later than 1996	34.85	
	<u>139.41</u>	
The Bank:		
The Undated Floating Rate Primary Capital Notes now being issued	174.28	313.7
		<u>798.4</u>

Notes:-

- (a) Since 28th February, 1985 the Authorised Capital Stock has been increased by 48,717,173 Stock Units of £1 each.
- (b) Since 28th February, 1985 41,161,769 Stock Units of £1 each have been issued, fully paid, by virtue of a rights issue at a price of 200p per Stock Unit.
- (c) Since 28th February, 1985 348,486 Stock Units of £1 each have been issued fully paid pursuant to the Bank's Profit Sharing Stock Ownership Scheme at a price of 358.33p per Stock Unit.
- (d) The loan capital has been translated at the closing spot middle rate of exchange in the London Foreign Exchange Market of US\$1.4345 = £1 on 21st October, 1985.
- (e) The loan capital has been issued on the basis that claims thereunder are subordinated to the claims of depositors and other unsecured creditors of the Bank. The notes now being issued are subordinated to the claims of holders of the existing notes.

SUBSCRIPTION AND SALE

Merrill Lynch International & Co. ("Merrill Lynch"), Bank of America International Limited, Bankers Trust International Limited, Banque Bruxelles Lambert S.A., Barclays Merchant Bank Limited, Baring Brothers & Co., Limited, Citicorp Investment Bank Limited, Crédit Lyonnais, Dai-ichi Kangyo International Limited, Daiwa Europe Limited, Dresdner Bank Aktiengesellschaft, Goldman Sachs International Corp., E F Hutton & Company (London) Ltd., Kidder, Peabody International Limited, Kleinwort, Benson Limited, Lloyds Merchant Bank Limited, Mitsubishi Trust & Banking Corporation (Europe) S.A., Mitsui Trust Bank (Europe) S.A., Samuel Montagu & Co. Limited, Morgan Grenfell & Co. Limited, Morgan Guaranty Ltd, Morgan Stanley International, Nippon Credit International (Hong Kong) Limited, Nomura International Limited, Orion Royal Bank Limited, PK Christiania Bank (UK) Limited, Saitama Bank (Europe) S.A., Société Générale, Sumitomo Trust International Limited, S. G. Warburg & Co. Ltd. and The British Linen Bank Limited (the "Managers") have pursuant to a Subscription Agreement dated 5th November, 1985 agreed with the Bank, subject to the satisfaction of certain conditions, to procure subscribers or in default thereof to subscribe for the Notes at the issue price of 100 per cent. of the principal amount of the Notes. The Bank will pay to the Managers a combined management and underwriting commission of 0.30 per cent. of the principal amount of the Notes (plus United Kingdom Value Added Tax). In addition, the Bank has agreed to pay a selling commission of 0.20 per cent. of the principal amount of the Notes (plus United Kingdom Value Added Tax) and has agreed to reimburse the Managers an amount of up to U.S.\$60,000 (plus United Kingdom Value Added Tax) in respect of certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Managers to terminate the Agreement in certain circumstances prior to payment to the Bank.

The Notes will be represented initially by a temporary Global Note, without interest coupons, which will be deposited with a common depositary for Cedel S.A. ("Cedel") and the Euro-clear System ("Euro-clear") at the Closing on 14th November, 1985 (or, if payment to the Bank for the Notes is postponed in accordance with the Subscription Agreement until not later than 30th November, 1985, the date on which such payment is made). Upon such deposit of the temporary Global Note, Cedel and Euro-clear will credit the subscribers of the Notes with principal amounts of Notes equal to the principal amounts thereof for which such subscribers have respectively paid through them. The temporary Global Note will be exchangeable for definitive Notes on and after a date (the "Exchange Date") which is not earlier than 90 days after completion of the distribution of the Notes, as determined by Merrill Lynch, upon certification that the beneficial owners of such Notes (i) are not United States persons or (ii) are branches located outside the United States of United States banks ("U.S. Bank Branches") that acquired such Notes in compliance with the restrictions referred to below. A beneficial owner must exchange his interest in the temporary Global Note for definitive Notes before interest payments can be collected, except as described below under "General Information".

Save for having obtained approval of this document by the Council of The Stock Exchange in London under The Stock Exchange (Listing) Regulations 1984 and for having delivered copies thereof to the Registrar of Companies in Edinburgh, no action is being taken to permit a public offering of the Notes, or the distribution of any document, in or from any jurisdiction where action would be required for such purposes. This document does not constitute, and may not be used for the purposes of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised.

In particular, the Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "Securities Act"). Accordingly, except as mentioned below, the Notes may not be offered or sold directly or indirectly in the United States or to any United States person as part of the distribution of the Notes. Any offers or sales of any Notes in the United States or to United States persons after the completion of the distribution would constitute a violation of United States laws unless made in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom.

Each Manager has agreed that it will not offer or sell any Notes acquired in connection with the distribution of the Notes directly or indirectly in the United States or to United States persons, except a Manager under specified conditions. Each Manager has also agreed not to make, as principal or agent, any offers or sales of any Notes, however acquired, in the United States or to United States persons prior to the Exchange Date. Each Manager has further agreed to deliver to each purchaser of Notes from it a written confirmation setting out the restrictions imposed on such purchasers with respect to offers and sales of the Notes in the United States and to United States persons.

Notwithstanding the foregoing restrictions, each Manager may, with the prior approval of Merrill Lynch, offer and sell Notes in a principal amount of at least U.S. \$250,000 to U.S. Bank Branches under restrictions and other circumstances designed to preclude a distribution that would require registration of the Notes under the Securities Act.

Neither the Bank nor any of the Managers represents that Notes may at any time lawfully be sold in or from any jurisdiction (other than in or from Great Britain following the approval of this document and delivery of a copy thereof as mentioned above), in compliance with any applicable registration requirements or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating such sales.

In connection with the offering of the Notes, the Managers may (in accordance with, and to the extent permitted by, applicable law) over-allot and/or effect transactions in the Notes with a view to stabilising or maintaining the market price of the Notes at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

In this document, the expression "United States" means the United States of America (including, for the purposes of the next definition and of restrictions under the United States Securities Act of 1933, its territories and possessions and all areas subject to its jurisdiction), and "United States person" means any citizen, national or resident of the United States, any corporation or other entity created or organised in or under the laws of the United States or any political subdivision thereof and any estate or trust that is subject to United States federal income taxation regardless of the source of its income.

References herein to "pounds", "£" or "p" are to the currency of the United Kingdom of Great Britain and Northern Ireland, and references to "dollars", "US\$" or "cents" are to the currency of the United States.

GENERAL INFORMATION

1. The listing of the Notes on The Stock Exchange will be expressed in dollars as a percentage of their principal amount (excluding accrued interest); transactions will normally be effected for settlement in dollars and for delivery on the fifth working day after the date of the transaction. It is expected that listing on The Stock Exchange will be granted for the Notes on 8th November, 1985, subject only to the issue of the temporary Global Note.

2. The Notes have been accepted for clearance through Cedel (reference no. 144444) and Euro-clear (reference no. 14510).

3. Save for the issues referred to in Notes (b) and (c) under "Capitalisation and Loan Capital" above there has been, since 28th February, 1985, the date to which the latest audited consolidated published accounts of the Group were made up, no significant change in the financial or trading position of the Group, taken as a whole, nor has there been any material adverse change in the financial position or prospects of the Bank.

4. Neither the Bank nor any of its subsidiaries is involved in any legal or arbitration proceedings which may have, or have had during the twelve months preceding the date of this document, a significant effect on the financial position of the Group, nor, so far as the Bank is aware, are any such proceedings pending or threatened against the Bank or any of its subsidiaries.

5. Under current requirements, no repayment of the Notes for taxation reasons, nor any repayment of the Notes at the option of the Bank, may be made without the consent of the Bank of England.

6. The following legend will appear on all Notes and Coupons: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code." The sections referred to in the legend provide that a United States person will not, with certain exceptions, be permitted to deduct any loss, and will not be eligible for favourable capital gain treatment with respect to any gain, realised on a sale, exchange or redemption of a Note or Coupon. In the event that any Interest Payment Date occurs prior to the Exchange Date, payment of interest on the Notes will be made to Cedel S.A. or to the Euro-clear Operator, for credit to the accounts of the persons for whom they hold the temporary Global Note, only upon presentation to the Trustee of a certificate to the effect that Cedel S.A. or the Euro-clear Operator has received a certificate that as of such Interest Payment Date the Note in relation to which interest is to be paid either (i) is not beneficially owned by a United States person or (ii) is beneficially owned by a U.S. Bank Branch that acquired such Notes in compliance with the restrictions referred to under "Subscription and Sale". Interest payable prior to the Exchange Date in respect of any portion of the temporary Global Note as to which no such certificate has been presented will be paid to the holders of the definitive Notes represented by such portion of the temporary Global Note at the time of issue of such definitive Notes.

7. Sir Thomas N. Risk, the Governor of the Bank, is also the Governor of The British Linen Bank Limited. Messrs. J. E. Boyd, D. J. MacLeod and D. B. Pattullo, Directors of the Bank, are also directors of The British Linen Bank Limited. Mr A. W. Mallinson, a partner in Slaughter and May, is a member of the London Local Board of the Bank.

8. The annual consolidated published accounts of the Bank and its subsidiaries for the three financial years to 28th February, 1985 were audited by Arthur Young (formerly Arthur Young McClelland Moores & Co.), Chartered Accountants, of 17 Abercromby Place, Edinburgh EH3 6LT.

9. Copies of the following document may be inspected during usual business hours at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB and of Shepherd & Wedderburn, W.S., 16 Charlotte Square, Edinburgh EH2 4YS until 20th November, 1985:-

- (a) the Bank of Scotland Act 1920;
- (b) the regulations for the management and administration of the Bank;
- (c) the annual report and accounts of the Bank for the years ended 29th February, 1984 and 28th February, 1985;
- (d) the Subscription Agreement; and
- (e) drafts (subject to modification) of the Trust Deed to constitute the Notes (including the texts of the definitive Notes and Coupons and of the temporary Global Note), the Agent Bank Agreement and the Paying Agency Agreement.

**SECRETARY AND PRINCIPAL OFFICE
OF THE BANK**

H. K. Young, C.A.
The Mound
Edinburgh EH1 1YZ

**TRUSTEE FOR THE
NOTEHOLDERS**

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London EC2V 6AY

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To the Managers and the Trustee in England
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PRINCIPAL PAYING AGENT

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London EC2P 2HL

PAYING AGENTS

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