

**RENTE PLUS COMPANY LIMITED**  
**INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31ST OCTOBER 2010**

## **RENTE PLUS COMPANY LIMITED**

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### **REPORT OF THE DIRECTORS**

The Directors present their interim report and the unaudited financial statements for the period 1st May 2010 to 31st October 2010.

### **INCORPORATION**

The Company was incorporated in Jersey, Channel Islands on 17th January 2005 under the Companies (Jersey) Law 1991.

### **ACTIVITIES**

The principal activity of Rente Plus Company Limited (the "Company") is the issue of Rente Plus Notes in series under the terms of the Rente Plus Company Limited Recourse Secured Debt Issuance programme. The proceeds from the issue of the Notes have initially been placed on deposit with ABN Amro Bank N.V., London Branch ("ABN Amro London" or the "Swap Counterparty"). At any time, ABN Amro London may deliver collateral assets to the Company in place of the deposit and may substitute such collateral assets with other collateral assets. In addition, the Company has entered into Collateral Swaps and Portfolio Credit Default Swaps with ABN Amro London. The risk factors relevant to the Note holders have been disclosed in the Offering Circular, which describes how the amount payable to the Note holders upon maturity may be less than the original principal amount subscribed on the issue date, or may even be zero. The Notes issued are listed on the Euronext Amsterdam N.V. stock exchange.

### **RESULTS AND DIVIDENDS**

The profit for the period amounted to € 572 (year ended 30th April 2010: € 1,130).

The Directors did not recommend a dividend for the period (year ended 30th April 2010: year € Nil).

### **DIRECTORS**

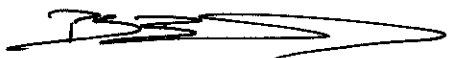
The Directors who held office during the period and subsequently were:-

G.P. Essex-Cater  
H.C. Grant  
S.M. Vardon  
C. Ruark

### **REGISTERED OFFICE**

22 Grenville Street, St. Helier, Jersey, Channel Islands, JE4 8PX

### **BY ORDER OF THE BOARD**



Authorised Signatory

**State Street Secretaries (Jersey) Limited**

(formerly Maurant & Co. Secretaries Limited)

Secretary

Date: 28<sup>th</sup> Feb-Mar 2012

## **RENTE PLUS COMPANY LIMITED**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. The financial statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, Directors are also required to:

- \* properly select and apply accounting policies;
- \* present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- \* provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- \* make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **STATEMENT OF PERSONS RESPONSIBLE WITHIN THE ISSUER**

With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), the Directors of the Company whose names appear on page 1 confirm to the best of their knowledge that the Financial Statements for the period ended 31st October 2010 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by the applicable accounting standards. The Report of the Directors gives a fair review of the development of the Company's business, financial position and the important events that have occurred during the financial year and their impact on the Financial Statements. The principal risks and uncertainties faced by the Company are disclosed in Note 13 of these financial statements.

Signed on behalf of the Board of Directors



## RENTE PLUS COMPANY LIMITED

### BALANCE SHEET

AS AT 31ST OCTOBER 2010

	<u>Notes</u>	<u>31st Oct 10</u>	<u>30th Apr 10</u>
		€	€
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	2	265,000,000	265,000,000
Derivative assets	3	25,679,756	28,044,313
		<u>290,679,756</u>	<u>293,044,313</u>
<b>Current assets</b>			
Trade and other receivables	4	6,432,691	3,366,199
Cash and cash equivalents	5	4,670	4,672
		<u>6,437,361</u>	<u>3,370,871</u>
<b>TOTAL ASSETS</b>		<u>297,117,117</u>	<u>296,415,184</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	6	3	3
Retained earnings		6,392	5,820
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>6,395</u>	<u>5,823</u>
<b>Non-current liabilities</b>			
Financial liabilities at fair value through profit or loss	7	219,374,331	218,023,747
Derivative liabilities	3	71,305,425	75,020,566
		<u>290,679,756</u>	<u>293,044,313</u>
<b>Current liabilities</b>			
Trade and other payables	8	6,430,966	3,365,048
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>297,117,117</u>	<u>296,415,184</u>

The financial statements were approved and authorised for issue by the Board of Directors on the 28<sup>th</sup> day of February 2012 and were signed on its behalf by:

Director: 

(The notes on pages 7 to 21 form part of these financial statements)

**RENTE PLUS COMPANY LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010**

	<u>Notes</u>	<b>1st May 10 to 31st Oct 10</b>	<b>1st May 09 to 30th Apr 10</b>
		€	€
<b>INCOME</b>			
Investment income		1,003,537	2,625,586
Derivative income		5,561,430	10,846,082
Deposit interest income		2	1
Transaction fee income	1	575	1,144
		<hr/> 6,565,544	<hr/> 13,472,813
<b>EXPENDITURE</b>			
Note interest expense		5,561,430	10,846,082
Derivative expense		1,003,537	2,625,586
Bank charges		-	120
Loss/(gain) on exchange		5	( 105)
		<hr/> 6,564,972	<hr/> 13,471,683
<b>OPERATING PROFIT</b>		<hr/> 572	<hr/> 1,130
<b>UNREALISED GAIN/(LOSS) ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
Financial assets		-	( 4,247,273)
Financial liabilities		( 1,350,585)	(114,349,625)
Derivative instruments			
- Credit default swap		3,715,140	93,066,104
- Collateral swap		( 2,364,555)	25,530,794
		<hr/> 572	<hr/> 1,130

**Continuing operations**

All items dealt with in arriving at the profit for the period ended 31st October 2010 relate to continuing operations.

*(The notes on pages 7 to 21 form part of these financial statements)*

**RENTE PLUS COMPANY LIMITED**

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**STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010**

	<b>Share Capital</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>€</b>	<b>€</b>	<b>€</b>
Balance at 1st May 2009	3	4,690	4,693
Total comprehensive income for the year	-	1,130	1,130
	<hr/>	<hr/>	<hr/>
Balance at 30th April 2010	3	5,820	5,823
	<hr/>	<hr/>	<hr/>
Balance at 1st May 2010	3	5,820	5,823
Total comprehensive income for the period	-	572	572
	<hr/>	<hr/>	<hr/>
Balance at 31st October 2010	3	6,392	6,395
	<hr/>	<hr/>	<hr/>

*(The notes on pages 7 to 21 form part of these financial statements)*

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## RENTE PLUS COMPANY LIMITED

### STATEMENT OF CASH FLOWS

FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010

	<b>1st May 10 to 31st Oct 10</b>	<b>1st May 09 to 30th Apr 10</b>
	<b>€</b>	<b>€</b>
<b>Cash flows from operating activities</b>		
Operating profit for the period / year	572	1,130
Adjustments for (gain)/loss on revaluation on financial instruments:		
Financial assets	-	4,247,273
Financial liabilities	1,350,585	114,349,625
Derivative instruments		
- Credit default swap	( 3,715,140)	( 93,066,104)
- Collateral swap	2,364,555	( 25,530,794)
Investment income	( 1,003,537)	( 2,625,586)
Note interest expense	5,561,430	10,846,082
Derivative income	( 5,561,430)	( 10,846,082)
Derivative expense	1,003,537	2,625,586
(Increase)/decrease in trade and other receivables	( 3,066,492)	722,157
Increase/(decrease) in trade and other payables	3,065,918	( 722,990)
<b>Cash flow from operating activities</b>	<b>( 2)</b>	<b>297</b>
<b>Cash flow from investing activities</b>		
Investment income	919,049	2,921,808
Derivative income	2,580,000	11,272,850
Derivative expense	( 919,049)	( 2,921,808)
<b>Net cash flow from investing activities</b>	<b>2,580,000</b>	<b>11,272,850</b>
<b>Cash flow from financing activities</b>		
Note interest expense	( 2,580,000)	( 11,272,850)
<b>Net cash flow from financing activities</b>	<b>( 2,580,000)</b>	<b>( 11,272,850)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>( 2)</b>	<b>297</b>
<b>Cash and cash equivalents at the beginning of the period / year</b>	<b>4,672</b>	<b>4,375</b>
<b>Cash and cash equivalents at the end of the period / year</b>	<b>4,670</b>	<b>4,672</b>

*(The notes on pages 7 to 21 form part of these financial statements)*

## **RENTE PLUS COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010**

##### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with applicable International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by International Financial Reporting Interpretations Committee. The more significant accounting policies used are set out below.

###### **Basis of accounting**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets, financial liabilities and derivative financial instruments at fair value through the profit or loss.

###### **New accounting standards, amendments to existing standards and interpretations of existing accounting standards (separately or together "New Accounting Requirements") that are effective for the current period**

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, there are no mandatory New Accounting Requirements applicable in the current year that had any material effect on the reported performance, financial position, or disclosures of the Company. Consequently, no mandatory New Accounting Requirements are listed. The Company has not adopted any New Accounting Requirements that are not mandatory.

The Company has not adopted any New Accounting Requirements that are not mandatory.

###### **New Standards and interpretations not yet adopted**

IFRS 9 (Replacement of IAS 39), "Financial Instruments: Recognition and Measurement": IFRS 9 is mandatory for accounting periods commencing from 1st January 2015. However, IFRS 9 may be early adopted at any time from 12th November 2009 onwards. The main changes resulting from the replacement of IAS 39 by IFRS 9 are changes to the permitted classifications and subsequent measurement of financial instruments. However, in the opinion of the Directors, adoption of IFRS 9 would result in no material changes to the Company's financial

Other standards issued by the IASB but not yet effective are not expected to have any significant impact on the Company's financial statements in future years.

###### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the year. Actual results could differ from those estimates.

The significant estimates and assumptions used in the preparation of the financial statements are in relation to the fair values calculation of the Company's financial instruments as outlined in Note 13.



## **RENTE PLUS COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010**

##### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

###### **Financial assets at fair value through profit or loss**

The Company designates its investments in Collateral as financial assets at fair value through profit or loss at inception in accordance with IAS 39. Purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the financial asset. Investments are initially recognised at fair value which is equivalent to cost on the date of purchase and subsequently remeasured at their estimated fair value. Transaction costs for all financial assets carried at fair value through profit or loss are expensed as incurred. Realised and unrealised gains and losses on investments are recognised in the statement of comprehensive income. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

###### **Financial liabilities at fair value through profit or loss**

The Company designates the Notes issued as financial liabilities at fair value through profit or loss in accordance with IAS 39. Notes are initially recognised at fair value which is equivalent to their net issue proceeds on the date of issue and subsequently remeasured at their estimated fair value. Realised and unrealised gains and losses on the Notes are recognised in the statement of comprehensive income. Financial liabilities are derecognised when contractual obligations are discharged, cancelled or expired.

###### **Derivative financial instruments**

Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Fair values are derived by valuation techniques since the derivatives are not actively traded. All derivatives are carried as current assets when fair value is positive, and as current liabilities when fair value is negative. Realised and unrealised gains and losses on Collateral Swaps and Portfolio Credit Default Swaps are recognised within the statement of comprehensive income. Derivative financial instruments are derecognised when the rights to receive cash flows from them have expired or the Company has substantially transferred all the risks and rewards of ownership.

###### **Fair value estimation**

In accordance with the amendment to IFRS 7, the Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

## **RENTE PLUS COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010**

##### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

###### **Fair value estimation - (continued)**

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for the investments held by the Company is the current bid price.

The Company may invest in financial instruments that are not traded in an active market. The fair value of such instruments is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants. The fair value of the deposits with ABN Amro London are valued using discounted cash flow techniques.

Derivatives, such as the Collateral Swap and Portfolio Credit Default Swap, are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions. All derivatives are carried as assets when the fair value is positive, and as liabilities when the fair value is negative. The Collateral Swap is valued using discounted cash flow techniques. The Portfolio Credit Default Swap is valued using a standardised market credit default swap model in combination with a Guassian Copula valuation model.

As explained in note 7, financial liabilities consist of limited recourse notes in separate series, and each such series is separately secured by a charge on assets acquired and other agreements entered into such as the Portfolio Credit Default Swap and Collateral Swap agreements (together the "Collateral"), to fund the Company's payment obligations on each series. The fair value for each separate series of Notes is equal to the net fair value of the Collateral.

###### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

###### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

# **RENTE PLUS COMPANY LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

### **FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

##### **Foreign currency translation**

###### **a) Currency of domicile, functional currency and presentation currency**

The currency of domicile is GBP (pounds sterling). Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates, the Company's "Functional Currency". The financial statements are presented in Euros (€) which is deemed to be the Company's Functional and Presentational Currency.

###### **b) Transactions and balances**

Foreign currency transactions are translated into Euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

##### **Transaction fees receivable**

The Company under the terms of the fees and expenses letter is entitled to receive an annual transaction fee of £1,000 receivable quarterly in arrears.

##### **Share capital**

Ordinary shares are classified as equity.

##### **Revenue recognition**

Financial assets and financial liabilities held at fair value through profit or loss are marked to fair value. As a result, both realised and unrealised gains and losses resulting from changes in fair value are taken to the statement of comprehensive income. These fair values do not include accruals for interest. Therefore, interest income and expense disclosed in the statement of comprehensive income is recognised on an effective interest rate basis to include this element.

##### **Dividend distributions**

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

##### **Administration expenses**

Administration expenses incurred are paid by The Royal Bank of Scotland plc on behalf of the Company and are therefore not recognised within these financial statements.

##### **Segmental reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Directors perform a regular review of the operating results of the Company and make decisions using financial information at the entity level. Accordingly, the Directors believe that the Company has only one operating segment.

The Directors are responsible for ensuring that the Company carries out business activities in line with the transaction documents. They may delegate some or all of the day to day management of the business including the decisions to purchase and sell securities to other parties both internal and external to the Company. The decisions of such parties are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Directors. The Directors retain full responsibility as to the major allocation decisions of the Company.

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**RENTE PLUS COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010****2. FINANCIAL ASSETS AT FAIR VALUE  
THROUGH PROFIT OR LOSS**

	<b>31st Oct 10</b>	<b>30th Apr 10</b>
	€	€
<b>Non-current assets</b>		
Deposit with ABN Amro N.V re. Rente Plus Notes 2	70,000,000	70,000,000
Deposit with ABN Amro N.V re. Rente Plus Notes 3	135,000,000	135,000,000
Deposit with ABN Amro N.V re. Rente Plus Notes 4	60,000,000	60,000,000
	<u>265,000,000</u>	<u>265,000,000</u>

The Deposits bear interest at the 3 month Euribor rate.

**3. DERIVATIVE INSTRUMENTS**

	<b>31st Oct 10</b>	<b>30th Apr 10</b>
	€	€
<b>Derivative assets</b>		
Collateral Swap Transaction re. Rente Plus Notes 2	4,418,277	5,375,902
Collateral Swap Transaction re. Rente Plus Notes 3	14,579,847	15,673,877
Collateral Swap Transaction re. Rente Plus Notes 4	6,681,632	6,994,534
	<u>25,679,756</u>	<u>28,044,313</u>
<b>Derivative liabilities</b>		
Portfolio Credit Default Swap re. Rente Plus Notes 2 due 2013	9,914,044	12,480,855
Portfolio Credit Default Swap re. Rente Plus Notes 3 due 2015	42,035,488	42,858,952
Portfolio Credit Default Swap re. Rente Plus Notes 4 due 2015	19,355,893	19,680,759
	<u>71,305,425</u>	<u>75,020,566</u>

**Collateral Swaps**

Under the terms of the Collateral Swap Agreement relating to the Rente Plus Notes 2, ABN Amro Bank N.V. (the "Swap Counterparty") is obliged to make the following annual payments: for the calculation period from and including 20th March 2008 to, but excluding, 20th March 2013, amounts calculated on a floating rate payable each 20th March, commencing on 20th March 2009 and ending on 20th March 2013. The floating rate is calculated based on the 5 year interpolated Dutch State Loan yield, subject to a minimum and maximum cap of 4% and 8% respectively. Under the terms of the Collateral Swap the Company is obliged to make payments to the Swap Counterparty equal to any amount receivable by or on behalf of the Company from time to time in the nature of interest, principal or any like payment in respect of the Collateral.

**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010**

**3. DERIVATIVE INSTRUMENTS - (CONTINUED)**

**Collateral Swaps - (continued)**

Under the terms of the Collateral Swap Agreement relating to the Rente Plus Notes 3, the Swap Counterparty is obliged to make the following annual payments: for the calculation period from and including 20th March 2008 to, but excluding, 20th March 2015, amounts calculated on a floating rate payable each 20th March, commencing on 20th March 2009 and ending on 20th March 2015. The floating rate is calculated based on the 5 year interpolated Dutch State Loan yield, subject to a minimum and maximum cap of 4.3% and 8% respectively. Under the terms of the Collateral Swap the Company is obliged to make payments to the Swap Counterparty equal to any amount receivable by or on behalf of the Company from time to time in the nature of interest, principal or any like payment in respect of the Collateral.

Under the terms of the Collateral Swap Agreement relating to the Rente Plus Notes 4, the Swap Counterparty is obliged to make the following annual payments: for the calculation period from and including 20th June 2008 to, but excluding, 20th June 2015, amounts calculated on a floating rate payable each 20th June, commencing on 20th June 2009 and ending on 20th June 2015. The floating rate is calculated based on the 5 year Euribor Swap Rate, subject to a minimum and maximum cap of 4.3% and 8% respectively. Under the terms of the Collateral Swap the Company is obliged to make payments to the Swap Counterparty equal to any amount receivable by or on behalf of the Company from time to time in the nature of interest, principal or any like payment in respect of the Collateral.

**Credit Default Swaps**

The Company has entered into three Portfolio Credit Default Swaps with ABN Amro Bank N.V., London Branch (the "Portfolio Credit Default Swap Counterparty"). Under the terms of the Portfolio Credit Default Swaps, the Company will be exposed to credit risk on the companies in the underlying reference portfolio relating to each agreement. The Company receives nil premium under the terms of the Portfolio Credit Default Swaps. However, this nil premium was taken into account when pricing the Collateral Swap Agreements, which were entered into on the same date and with the same Swap Counterparty.

The amounts payable by the Company on the maturity of the Notes to the Noteholders will be significantly reduced and may even be zero if: thirteen or more credit related events occur in relation to the Reference Portfolio in respect of the Rente Plus Notes 2. In respect of the first twelve credit events the cash settlement amount shall be zero. In respect of the thirteenth, fourteenth, and fifteenth credit events the cash settlement amounts shall be EUR 23,333,800, EUR 23,333,100, and EUR 23,333,100 respectively.

The Series 3 Notes may be reduced from time to time during the term of the Notes following the occurrence of a number of credit related events specified in the relevant portfolio credit default swap transaction. In respect of the first thirteen credit events the cash settlement amount shall be zero. In respect of the fourteenth, fifteenth, and sixteenth credit events the cash settlement amounts shall be EUR 45,000,900, EUR 44,999,550, and EUR 44,999,550 respectively.

The Series 4 Notes may also be reduced from time to time during the term of the Notes following the occurrence of a number of credit related events specified in the relevant portfolio credit default swap transaction as further described in Note 8.

## RENTE PLUS COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

#### FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010

#### 3. DERIVATIVE INSTRUMENTS - (CONTINUED)

##### Credit Default Swaps - (continued)

As at the balance sheet date there had been 7 credit events in respect of the Rente Plus Notes 2 and 8 credit events in respect of Rente Plus Notes 3 and Rente Plus Notes 4. The credit events in respect of the Rente Plus Notes 2 relate to Delphi Corporation, Quebecor World Inc., Federal National Mortgage Association, Federal Home Loan Mortgage Association, Washington Mutual Inc., Ambac Assurance Corporation and General Motors. The credit events in respect of the Rente Plus Notes 3 relate to Delphi Corporation, Quebecor World Inc., Federal National Mortgage Association, Federal Home Loan Mortgage Association, Washington Mutual Inc., Ambac Assurance Corporation, General Motors Corporation and Takefuji Corporation. The credit events in respect of the Rente Plus Notes 4 relate to Dana Corporation, Quebecor World Inc., Federal National Mortgage Association, Federal Home Loan Mortgage Association, Washington Mutual Inc., Ambac Assurance Corporation, General Motors Corporation and Takefuji Corporation.

On the 19th December 2008 Standard & Poor's lowered its long and short-term counterparty credit ratings on ABN AMRO Bank N.V. (the "**Downgrade**")

On the 19th January 2009 the Company entered into a Credit Support Annex, supplemental to the ISDA Master Agreement, with ABN AMRO Bank N.V. whereby pursuant to the Terms and Conditions, as a result of the Downgrade, ABN AMRO Bank N.V. (as swap counterparty) were required to post Collateral in support of its obligations as Swap Counterparty in relation to the Notes (note 7).

The Collateral was posted to and is held by the Bank of New York Mellon. The Bank of New York Mellon (as Trustee) and Standard & Poor's (as Rating Agency) confirmed that the amount of the Collateral posted by the Swap Counterparty was sufficient in their respective views to comply with the downgrade provisions of the Terms and Conditions.

Standard & Poor's (as Rating Agency) has confirmed that as a result of the posting of Collateral by the Swap Counterparty, each Standard & Poor's rating of the Notes will be maintained at CCC- for Rente Plus Notes 2, CCC- for Rente Plus Notes 3 and CCC+ for Rente Plus Notes 4.

#### 4. TRADE AND OTHER RECEIVABLES

	<u>31st Oct 10</u>	<u>30th Apr 10</u>
	€	€
Investment income receivable	271,758	187,270
Derivative income receivable	6,159,208	3,177,778
Transaction fees receivable	1,725	1,151
	<u>6,432,691</u>	<u>3,366,199</u>

#### 5. CASH AND CASH EQUIVALENTS

	<u>31st Oct 10</u>	<u>30th Apr 10</u>
	€	€
RBS Sterling Deposit account	4,668	4,670
Client account	2	2
	<u>4,670</u>	<u>4,672</u>

## RENTE PLUS COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

#### FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010

##### 6. SHARE CAPITAL

	<u>31st Oct 10</u>	<u>30th Apr 10</u>
AUTHORISED:	£	£
10,000 ordinary shares of £1 each	10,000	10,000
ISSUED AND FULLY PAID:	€	€
2 ordinary shares of £1 each	3	3

Holders of the ordinary shares are entitled to receive notice of, and vote at, general meetings of the Company and to receive dividends as may be declared by the Directors from time to time.

##### 7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>31st Oct 10</u>	<u>30th Apr 10</u>
	€	€
<b>Non-current liabilities</b>		
EUR 70,000,000 Rente Plus Notes 2 due 2013	64,504,233	62,895,047
EUR 135,000,000 Rente Plus Notes 3 due 2015	107,544,359	107,814,925
EUR 60,000,000 Rente Plus Notes 4 due 2015	47,325,739	47,313,775
	219,374,331	218,023,747

Under the terms of the Rente Plus Company Limited recourse Secured Debt Issuance Programme the Company has issued EUR 70,000,000 Rente Plus Notes 2 due 2013 (the "Series 2 Notes"). The Series 2 Notes are in bearer form and in the denomination of EUR 1,000 per Note. The Notes are credit linked Notes and the principal amount of the Notes may be reduced from time to time during the term of the Notes following the occurrence of a number of credit related events specified in the relevant portfolio credit default swap transaction. In respect of the first twelve credit events the cash settlement amount shall be zero. In respect of the thirteenth, fourteenth, and fifteenth credit events the cash settlement amount shall be EUR 23,333,800, EUR 23,333,100, and EUR 23,333,100 respectively.

The Company has issued EUR 135,000,000 Rente Plus Notes 3 due 2015 (the "Series 3 Notes"). The Series 3 Notes are in bearer form and in the denomination of EUR 1,000 per Note. The Series 3 Notes are credit linked Notes and the principal amount of the Notes may be reduced from time to time during the term of the Notes following the occurrence of a number of credit related events specified in the relevant portfolio credit default swap transaction. In respect of the first thirteen credit events the cash settlement amount shall be zero. In respect of the fourteenth, fifteenth, and sixteenth credit events the cash settlement amount shall be EUR 45,000,900, EUR 44,999,550, and EUR 44,999,550 respectively.

## **RENTE PLUS COMPANY LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010**

##### **7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - (CONTINUED)**

The Company has issued EUR 60,000,000 Rente Plus Notes 4 due 2015 (the "Series 4 Notes"). The Series 4 Notes are in bearer form and in the denomination of EUR 1,000 per Note. The Notes are credit linked Notes and the principal amount of the Notes may be reduced from time to time during the term of the Notes following the occurrence of a number of credit related events specified in the relevant portfolio credit default swap transaction. Each Notional Cash Settlement Amount is calculated as: the greater of (a) zero and (b) the product of (i) the relevant reference entity notional amount and (ii) the result of (A) the reference price minus (B) the weighted average final price. Cash Settlement Amounts will occur should the aggregate Notional Cash Settlement Amounts exceed the Threshold Amount of EUR 274,285,714.29, the Cash Settlement Amount being calculated as the excess of the aggregate Notional Cash Settlement Amounts over the Threshold Amount. The maximum aggregate Cash Settlement Amount is EUR 60,000,000.00.

The Series 2 Notes are debt securities with a term of 8 years, bearing a fixed coupon of 4% p.a. for the first three years and a floating rate coupon thereafter. The floating rate coupon will be determined by reference to the 5 year interpolated Dutch State Loan yield, subject to a minimum rate of 4% and a maximum rate of 8%. The floating rate coupon will be set at the beginning of each coupon period and paid in arrears.

The Series 3 Notes are debt securities with a term of 10 years, bearing a fixed coupon of 4.3% p.a. for the first three years and a floating rate coupon thereafter. The floating rate coupon will be determined by reference to the 5 year interpolated Dutch State Loan yield, subject to a minimum rate of 4.3% and a maximum rate of 8%. The floating rate coupon will be set at the beginning of each coupon period and paid in arrears.

The Series 4 Notes are debt securities with a term of 10 years, bearing a fixed coupon of 4.3% p.a. for the first three years and a floating rate coupon thereafter. The floating rate coupon will be determined by reference to the 5 year Euribor Swap Rate, subject to a minimum rate of 4.3% and a maximum rate of 8%. The floating rate coupon will be set at the beginning of each coupon period and paid in arrears.

As at the balance sheet date there had been 7 credit events in respect of Rente Plus Notes 2 and 8 credit events in respect of Rente Plus Notes 3 and Rente Plus Notes 4.

On the scheduled final maturity dates, the final maturity amounts shall be determined as follows:

- (i) if a withheld amount has not been determined under the conditions of the Notes, an amount equal to the principal amount outstanding of the Notes on the final exchange date, subject to any reduction thereto on such date; or
- (ii) if a withheld amount has been determined under the conditions of the Notes, an amount equal to the principal amount outstanding of the Notes on the final exchange date minus an amount equal to the withheld amount.



## **RENTE PLUS COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)**

#### **FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010**

#### **8. TRADE AND OTHER PAYABLES**

	<b><u>31st Oct 10</u></b>	<b><u>30th Apr 10</u></b>
	<b>€</b>	<b>€</b>
Note interest payable	6,159,208	3,177,778
Derivative expense payable	271,758	187,270
	<b><u>6,430,966</u></b>	<b><u>3,365,048</u></b>

#### **9. TAXATION**

Profits arising in the Company are subject to Jersey Income Tax, currently at a rate of 0%.

#### **10. COMPANY EXPENSES**

All of the Company's administration expenses, including audit fees are met by a third party and are therefore not reflected within these financial statements.

#### **11. CONTROLLING PARTY**

The Company is owned by Maurant & Co. Trustees Limited as Trustee of the Rente Plus Company Trust, which is a charitable trust constituted under the laws of Jersey, Channel Islands. Control may be exercised by several parties, including the Trustee of the Rente Plus Company Trust and the Noteholders. In addition, the Notes have been issued in bearer form. Therefore in the opinion of the Directors, there is no identifiable single ultimate controlling party.

#### **12. RELATED PARTIES**

Each of G.P. Essex-Cater, H.C. Grant, S.M. Vardon and C. Ruark is an employee of a subsidiary of SSC. Affiliates of SSC now provide ongoing administrative services to the Company at commercial rates.

On 1st June 2010, Maurant & Co. Limited changed its name to State Street (Jersey) Limited.

On 1st June 2010, Maurant & Co. Secretaries Limited changed its name to State Street Secretaries (Jersey) Limited.

## RENTE PLUS COMPANY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

#### FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010

#### 13. FINANCIAL INSTRUMENTS

##### Strategy in using financial instruments

As stated in the Report of the Directors, the principal activity of the Company is limited to the issue of Notes in series under the terms of the Rente Plus Company Limited Recourse Secured Debt Issuance programme. The proceeds from the issue of the Notes have been used to acquire collateral and to enter into collateral swap and portfolio credit default swap transactions with ABN Amro Bank N.V., London Branch. Therefore the role of financial assets and financial liabilities is central to the activities of the Company. The financial liabilities provided the funding to purchase the Company's financial assets. Financial assets and liabilities provide the majority of the assets and liabilities of the Company along with all of the income and expense.

The collateral assets serve as collateral under the swap transactions that the Company has entered into with ABN Amro Bank N.V., and also generate the income required to fund the Note coupons payable. All income and principal amounts receivable on the collateral assets are payable to the Swap Counterparty under the terms of the collateral swaps.

The strategies used by the Company in achieving its objectives regarding the use of its financial assets and liabilities were set when the Company entered into the transactions. The Company has matched the properties of its financial liabilities to its assets to avoid significant elements of risk generated by mismatches of investment performance against its obligations, together with any credit, liquidity and market risks, as applicable.

##### Credit risk

Credit risk is the risk of default by the Swap Counterparty, ABN Amro London. It is also the risk that the Collateral will fail to perform to meet the Company's obligations to the Noteholders. The Notes are rated by a rating agency and procedures include a review of the collateral held by the Company on a regular basis, hence providing the Company with an effective means of monitoring credit risk via this assessment.

As mentioned in Note 3, despite the downgrade of ABN Amro London, ABN Amro London was able to post sufficient collateral according to the terms of the Swap Agreements to allow the credit ratings of the Notes to remain unchanged. Due to the limited recourse nature of the Notes issued by the Company, it is the Noteholders that ultimately bear the credit risk that the Collateral will fail to perform.

The Company's maximum exposure to credit risk is as follows:

	<u>31st Oct 10</u>
Deposit with ABN Amro N.V.	265,000,000
Derivative assets	25,679,756
	<hr/>
	€ 290,679,756
	<hr/>

##### Interest rate risk

The Company primarily finances its operations through the issue of Notes upon which interest is payable. Under the collateral swaps amounts equal to the coupons received from the collateral are paid to the swap counterparty. In turn, the Swap Counterparty pays to the Company amounts equal to its obligations to pay interest due on the Notes. Accordingly, the Directors believe that there is no net interest rate risk to the Company.

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**RENTE PLUS COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010****13. FINANCIAL INSTRUMENTS - (CONTINUED)****Interest rate risk - (continued)**

The interest rate profile of the Company's financial assets and liabilities is as follows:

<b>Financial assets</b>	Interest charging basis	<b>31st Oct 10</b>		<b>30th Apr 10</b>	
		Effective interest rate %	Amount €	Effective interest rate %	Amount €
Collateral assets	Fixed and Floating	see below	265,000,000	see below	265,000,000
Derivative instruments	Non- interest bearing	see below	25,679,756	see below	28,044,313
			<u>290,679,756</u>		<u>293,044,313</u>
<b>Financial liabilities</b>					
Notes	Fixed and Floating	4.09%	219,374,331	4.09%	218,023,747
Derivative instruments	Non- interest bearing	see below	71,305,425	see below	75,020,566
			<u>290,679,756</u>		<u>293,044,313</u>

The effective interest rate disclosed above has been presented as the effective coupon rate payable on the Notes as at the balance sheet date. In the Directors' opinion, it is not feasible to present a relevant interest rate attributable to the derivative transactions as these transactions must be considered together with the collateral assets to form the collateral. Therefore the effective interest rate for the Collateral (being the aggregate of the deposit, Collateral Swap and Portfolio Credit Default Swap) is estimated to be equal to the effective coupon rate payable on the Notes as at the balance sheet date. Accordingly, in the Directors' opinion, it is not relevant to include other trade receivables and trade payables in the above disclosure.

**Currency risk**

All of the Company's significant assets and liabilities are denominated in Euros. Consequently, the Directors believe that there is no material currency risk to the Company.

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**RENTE PLUS COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010****13. FINANCIAL INSTRUMENTS - (CONTINUED)****Fair values**

The Company's financial instruments are stated at their estimated fair values.

Primary financial instruments	31st Oct 10		30th Apr 10	
	Book value	Fair Value	Book value	Fair Value
	€	€	€	€
Collateral	265,000,000	265,000,000	265,000,000	265,000,000
Collateral Swap	-	25,679,756	-	28,044,313
Credit Default Swap	-	(71,305,425)	-	(75,020,566)
Notes	(265,000,000)	(219,374,331)	(265,000,000)	(218,023,747)

The fair value of the Notes in issue and the derivative financial instruments, are determined by RBS using specialist valuation software and models which are subject to model validation and various model inputs. The fair value of the deposits with ABN Amro London are valued using discounted cash flow techniques. The Collateral Swap is valued using discounted cash flow techniques. The Portfolio Credit Default Swap is valued using a standardised market credit default swap model in combination with a Guassian Copula valuation model.

As explained in note 7, financial liabilities consist of limited recourse notes in separate series, and each such series is separately secured by a charge on assets acquired and other agreements entered into such as the Portfolio Credit Default Swap and Collateral Swap agreements (together the "Collateral"), to fund the Company's payment obligations on each series. The fair value for each separate series of Notes is equal to the net fair value of the Collateral.

**Fair value hierarchy**

The Company's financial instruments by level of fair value measurements hierarchy are presented below.

	Level 1	Level 2	Level 3	Total
31st October 2010	€	€	€	€
Collateral	-	-	265,000,000	265,000,000
Collateral Swap	-	-	25,679,756	25,679,756
Credit Default Swap	-	-	71,305,425	71,305,425
Notes	-	-	219,374,331	219,374,331

There were no movements in or out of level 3 during the year or in the prior year.

## RENTE PLUS COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

#### FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010

#### 13. FINANCIAL INSTRUMENTS - (CONTINUED)

##### Fair value hierarchy - (continued)

The Company's financial instruments by level of fair value measurements hierarchy are presented below.

	Level 1	Level 2	Level 3	Total
	€	€	€	€
<b>30th April 2010</b>				
Collateral	-	-	265,000,000	265,000,000
Collateral Swap	-	-	28,044,313	28,044,313
Credit Default Swap	-	-	(75,020,566)	(75,020,566)
Notes	-	-	(218,023,747)	(218,023,747)

There were no movements in or out of level 3 during the year or in the prior year.

A reconciliation of all movements in the fair value of financial instruments categorised within level 3 for the year is presented below.

	Financial liabilities	Derivative liabilities	Derivative assets	Financial assets
	€	€	€	€
<b>31st October 2010</b>				
Opening balance	( 218,023,747)	( 75,020,566)	28,044,313	265,000,000
Fair value movement recognised in the statement of comprehensive income	( 1,350,584)	3,715,141	( 2,364,557)	-
Closing balance	(219,374,331)	(71,305,425)	25,679,756	265,000,000

##### Fair values - sensitivity analysis

As disclosed above, in the Director's opinion, there is no significant difference between the fair value of the Notes and the fair value of the Financial Instruments and derivative contracts. From the perspective of the Company, any change in the fair value of the Notes would be matched by an almost equal and opposite change in the fair value of the Financial Instruments and derivative contracts. Consequently the Company is not exposed to any significant net market price risk. Also as disclosed above, in the Director's opinion, there is no significant net interest rate risk to the Company, nor is there any significant currency rate risk to the Company.

IFRS 7 requires disclosure of "a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date."

As stated, whilst the financial instruments held by the Company are separately exposed to interest rate risk and market price risk, the profit or loss and equity of the Company is not exposed to any significant net interest rate or market price risk. Therefore, in the Director's opinion, no sensitivity analysis is required to be disclosed.

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**RENTE PLUS COMPANY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE PERIOD 1ST MAY 2010 TO 31ST OCTOBER 2010****13. FINANCIAL INSTRUMENTS - (CONTINUED)****Maturity of financial assets and liabilities**

The maturity profile of the Company's financial assets and liabilities, excluding trade receivables and trade payables and other receivables/payables is as follows:

	<u>31st Oct 10</u>		<u>30th Apr 10</u>	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
	€	€	€	€
In less than five years	290,679,756	( 290,679,756)	293,044,313	( 293,044,313)

**14. OPERATING SEGMENTS***Geographical information*

All the Company's revenues are generated from external sources from the United Kingdom and Channel Islands.

*Non-current assets*

The Company does not have non-current assets other than the financial assets at fair value through profit or loss.

*Major investment company*

All of the Company's operating revenues apart from deposit interest income are derived from one entity.

**15. KEY MANAGEMENT PERSONNEL**

The key management personnel have been identified as being the Directors of the Company. The emoluments of the key management personnel are paid by the ultimate controlling party and other related parties who make no recharge to the Company.

It is therefore not possible to make a reasonable apportionment of their emoluments in respect of each of the companies. Accordingly, no emoluments in respect of the Directors applicable to the Company have been disclosed.

**16. CAPITAL MANAGEMENT**

The Company's transactions are designed to enable the Company to pay its liabilities as they fall due, without realising a return on capital. The level of income and expense relating to the assets, liabilities and derivative instruments were established on incorporation of the Company in order that the Company realises a net result of Euro nil each year, with the exception of transaction fees receivable, deposit interest income and exchange gains and losses.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.