Credit Suisse AG

(*incorporated with limited liability in Switzerland*)

acting through its Guernsey Branch

EUR 15 billion Covered Bond Programme

unconditionally and irrevocably guaranteed as to payments by

Credit Suisse Hypotheken AG

(*incorporated with limited liability in Switzerland*)

Under this €15 billion Covered Bond Programme (the **Programme**), Credit Suisse AG (**Credit Suisse** or **CS**), acting through its Guernsey branch (in such capacity, the **Issuer**) may from time to time issue covered bonds (the **Covered Bonds**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). Credit Suisse together with its subsidiaries and affiliates is referred to herein as the **Issuer Group**.

The obligations of Credit Suisse Hypotheken AG (the **Guarantor**) under its guarantee of the Covered Bonds (the **Guarantee**) are unsecured, and the Covered Bonds do not constitute mortgage bonds (*Pfandbriefe*) within the meaning of the Swiss Federal Act on Mortgage Bonds as of 25 June 1930 (as amended from time to time) (*Pfandbriefgesetz*) (the **Swiss Federal Act on Mortgage Bonds**). Accordingly, neither the Covered Bonds nor the Guarantee benefit from any security attached to mortgage bonds under the Swiss Federal Act on Mortgage Bonds and neither Credit Suisse nor the Guarantor are subject to supervision by the Swiss Financial Market Supervisory Authority FINMA (**FINMA**) pursuant to the Swiss Federal Act on Mortgage Bonds in relation to the issuance of the Covered Bonds or the Guarantee.

Covered Bonds may be issued in bearer or registered form (respectively, **Bearer Covered Bonds** and **Registered Covered Bonds**).

The Covered Bonds may be issued on a continuing basis to one or more of the dealers (the **Dealers)** specified under the section of this Base Prospectus entitled "*General Description of the Programme*" (below) and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis. References in this base prospectus (the **Base Prospectus**) to the **relevant Dealer** shall, in the case of an issue of Covered Bonds being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Covered Bonds.

An investment in Covered Bonds issued under the Programme involves certain risks. For a discussion of these risks, see the section of this Base Prospectus entitled *Risk Factors* (below).

This Base Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the **Financial Regulator** or **CSSF**), as competent authority under the Prospectus Directive and the Luxembourg Act (as defined below). The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus on the quality or solvency of the Issuer in accordance with Article 7(7) of the Luxembourg Act. The Financial Regulator only approves this Base Prospectus as meeting the requirements imposed under the Luxembourg Act. Such approval relates only to the Covered Bonds which are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (the **Regulated Market**) or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State. There can be no assurance that any such admission to trading will be obtained. Application has been made to the Luxembourg Stock Exchange (the **Luxembourg Stock Exchange**) for Covered Bonds issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to the official list (the **Official List**) and trading on the Regulated Market.

Covered Bonds which may be listed on the Regulated Market and/or admitted to trading on a regulated market (for the purposes of Directive 2004/39/EC) situated or operating in a member state of the European Union and/or offered to the public in a Member State in circumstances which require the publication of a prospectus under the Prospectus Directive must have a minimum denomination of at least €100,000.

This document constitutes the Base Prospectus in relation to the Issuer (defined below) for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a Member State) (the **Prospectus Directive**) and for the purposes of the Luxembourg Act dated 10 July 2005, as amended (the **Luxembourg Act**).

The Covered Bonds and the Guarantee have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may include Covered Bonds in bearer form that are subject to United States tax law requirements. Covered Bonds in bearer form may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, U.S. persons, except in certain transactions permitted by U.S. tax regulations (see *Transfer Restrictions and Selling Restrictions* below). Covered Bonds may not be offered or sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Covered Bonds are being offered and sold only (A) in global form in the United States to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act (**Rule 144A**)) in reliance on Rule 144A and (B) in "offshore transactions" to non-U.S. persons (as defined in Regulation S) in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the Covered Bonds may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Rule 144A or Regulation S. For a description of these and certain further restrictions on offers, sales and transfers of Covered Bonds and distribution of this Base Prospectus, see *Transfer Restrictions and Selling Restrictions*.

The Issuer may agree with any Dealer and the Trustee (as defined herein) that Covered Bonds may be issued in a form not contemplated by the Terms and Conditions of the Covered Bonds set out herein (the **Conditions**), in which event a supplement to this Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Covered Bonds.

The Covered Bonds issued under the Programme are expected on issue to be assigned a rating of "Aaa" by Moody's Investors Service Limited (**Moody's**) and "AAA" by Fitch Ratings Limited (**Fitch**). The credit ratings referenced in this Base Prospectus (with the exception of those credit ratings in relation to CS and CS Group referenced in the documents incorporated by reference) have also been issued, by Moody's and Fitch,

each of which is established in the European Union and is registered under Regulation (EU) No 1060/2009 as amended by Regulation (EU) No 513/2011 and Regulation (EC) No 462/2013 (the **CRA Regulation**). As such each of Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation. The rating of certain Series of Covered Bonds to be issued under the Programme may be specified in the applicable Final Terms. Please also refer to *Risks relating to Covered Bonds generally – Credit rating may not reflect all risks* in the *Risk Factors* section of this Base Prospectus. A credit rating is not a recommendation to buy, sell or hold securities and is subject to revision, suspension or withdrawal at any time.

The credit ratings in relation to CS and CS Group referenced in the documents incorporated by reference into this Base Prospectus have been issued, for the purposes of the CRA Regulation, by Standard & Poor's Credit Market Services Europe Limited (**S&P**), Fitch and Moody's Investors Service, Inc. (**Moody's Inc**). S&P and Fitch are both established in the European Union and registered under the CRA Regulation, as set out in the list of registered credit rating agencies published on the website of the ESMA (on www.esma.europa.eu/page/list-registered-and-certified-CRAs). Moody's Inc is not established in the European Union and has not applied for registration under the CRA Regulation. In general, and subject to certain exceptions (including the exception outlined below), European regulated investors are restricted from using a credit rating for regulatory purposes if such a credit rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Subject to the fulfillment of the conditions set out in Article 4(3) of the CRA Regulation, a credit rating agency established in the European Union and registered in accordance with the CRA Regulation (an **EU CRA**) may endorse (for regulatory purposes in the European Union) credit ratings issued outside the European Union where (i) the credit rating activities resulting in the issuing of the credit rating are undertaken in whole or in part by a credit rating agency or credit rating agencies belonging to the same group (a **non-EU CRA**); and (ii) the EU CRA has verified and is able to demonstrate on an ongoing basis to ESMA that the conduct of the credit rating activities by the non-EU CRA resulting in the issuing of the credit rating to be endorsed fulfils requirements which are "at least as stringent as" the requirements of the CRA Regulation. On 15 March 2012, ESMA announced that it considers the regulatory framework for credit rating agencies in the United States to be "as stringent as" the requirements of the CRA Regulation. Moody's Investors Service Limited (which has been registered under the CRA Regulation and appears on the list of registered credit rating agencies on ESMA's web site - http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) currently endorses credit ratings issued by Moody's Inc for regulatory purposes in the European Union. There can be no assurance that Moody's Investors Service Limited will continue to endorse credit ratings issued by Moody's Inc.

Sole Arranger

Credit Suisse

The date of this Base Prospectus is 22 August 2014

CS is a wholly-owned subsidiary of Credit Suisse Group AG (**CS Group**), and its business is substantially the same as that of CS Group. However, CS Group is not an issuer or guarantor under this Programme. Information in relation to CS Group contained in, or incorporated by reference into, this Base Prospectus is included for information purposes only.

The Programme provides that Covered Bonds may be listed or admitted to trading, as the case may be, on the Luxembourg Stock Exchange or on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any market.

For each issue of Covered Bonds under the Programme, final terms will be prepared which contain the information required to complete this Base Prospectus (**Final Terms**) for the relevant issue. Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under *Terms and Conditions of the Covered Bonds*) of Covered Bonds will be set out in the applicable Final Terms. In relation to each issue of Covered Bonds, this Base Prospectus should be read in connection with the applicable Final Terms. The applicable Final Terms in respect of the issue of any Covered Bonds will specify whether or not such Covered Bonds will be listed. With respect to Covered Bonds to be listed on the Official List and admitted to trading on the Regulated Market, the applicable Final Terms will be filed with the Financial Regulator. Copies of the Base Prospectus and of Final Terms in relation to Covered Bonds to be listed on the Official List and admitted to trading on the Regulated Market will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Issuer has confirmed to the Dealers that (i) this Base Prospectus is true and accurate in all material respects and not misleading; (ii) there are no other facts in relation to the information contained or incorporated by reference in this Base Prospectus the omission of which would, in the context of the issue of the Covered Bonds, make any statement in this Base Prospectus misleading in any material respect; and (iii) all reasonable enquiries have been made to verify the foregoing.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Series of Covered Bonds. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Guarantor accepts responsibility for the information in relation to itself only contained in this Base Prospectus. To the best of the knowledge and belief of the Guarantor (who has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus in relation to the Guarantor is in accordance with the facts and does not omit anything likely to affect the import of such information.

Any person (an Investor) intending to acquire or acquiring any securities from any person (an Offeror) should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, the Issuer may be responsible to the Investor for this Base Prospectus only if the Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the Investor should check with the Offeror whether anyone is responsible for this Base Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each Member State (as defined below) in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents, it should take legal advice.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Covered Bonds are the persons named in the applicable Final Terms as the relevant Dealer or the managers and the persons named in or identifiable following the applicable Final Terms as the "Financial Intermediaries", as the case may be.

An Investor intending to acquire or acquiring any Covered Bonds from an Offeror will do so, and offers and sales of the Covered Bonds to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with Investors (other than Dealers) in connection with the offer or sale of the Covered Bonds and, accordingly, this Base Prospectus and any Final Terms will not contain such information and an Investor must obtain such information from the Offeror.

Neither the Issuer nor the Guarantor has authorised the making of any representation, or the provision of information, regarding the Issuer, the Guarantor or the Covered Bonds other than as contained in this Base Prospectus or the applicable Final Terms or as approved for such purpose by the Issuer and the Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantor, the Trustee, the Arranger, the Dealers or any of them.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Covered Bonds (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer, the Guarantor, the Principal Originator, the Trustee, the Arranger or any of the Dealers, that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Covered Bonds, should subscribe for or purchase any Covered Bonds. Each Investor contemplating purchasing any Covered Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Guarantor and the Principal Originator. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Covered Bonds constitutes an offer by or on behalf of the Issuer, the Guarantor, the Principal Originator the Trustee or any of the Dealers to any person to subscribe for or to purchase any Covered Bonds. Each potential Investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential Investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact that the Covered Bonds will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential Investor's currency;

(d) understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Covered Bonds are complex financial instruments. Sophisticated institutional Investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential Investor should not invest in Covered Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Covered Bonds will perform under

changing conditions, the resulting effects on the value of the Covered Bonds and the impact this investment will have on the potential Investor's overall investment portfolio.

The distribution of this Base Prospectus and any Final Terms and the offer, sale and delivery of the Covered Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Guarantor, the Trustee, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Covered Bonds and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Covered Bonds, see *Transfer Restrictions and Selling Restrictions* and the applicable Final Terms. Neither this Base Prospectus nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The Covered Bonds have not been approved or disapproved by the U.S. Securities and Exchange Commission (the SEC), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Covered Bonds or the accuracy or the adequacy of this Base Prospectus. Any representation to the contrary is a criminal offence under the laws of the United States.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (RSA 421-B) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

For as long as any of the Covered Bonds remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, each of the Issuer and the Guarantor has agreed that it will, during any period in which it is neither subject to nor in compliance with the reporting requirements of Sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**) nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, furnish, upon request, to any person in whose name such restricted securities are registered, to any owner of a beneficial interest in such restricted securities, and to any prospective purchaser of such restricted securities or beneficial interest therein designated by any such person or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

By requesting copies of the documents referred to herein or by making any other requests for additional information relating to the issue of the Covered Bonds or to the Issuer, each potential Investor agrees to keep confidential the various documents and all written information which from time to time has been or will be disclosed to it, to the extent that such documents or information are not otherwise publicly available, and agrees not to disclose any portion of such information to any person except in connection with the proposed resale of the Covered Bonds or as required by law.

The Bearer Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this section have the meanings given to them by the Code, and the Treasury Regulations promulgated thereunder.

Notwithstanding anything herein to the contrary, from the commencement of discussions with respect to any transaction contemplated by this Base Prospectus, all persons may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of any transaction contemplated by this Base Prospectus and all materials of any kind (including opinions and other tax analyses) that are provided to such persons relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause any offering pursuant to the Programme not to be in compliance with securities laws. For purposes of this paragraph, the tax treatment of a transaction is the purported or claimed U.S. federal income tax treatment of that transaction and the tax structure of a transaction is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of that transaction.

Notice to U.S. Investors

With respect to the issue and sale of the Covered Bonds in the United States, this Base Prospectus is confidential and has been prepared by the Issuer solely for use in connection with the issue of the Covered Bonds. In the United States, this Base Prospectus is personal to each person or entity to whom it has been delivered by the Issuer or a Dealer or an affiliate thereof. Distribution in the United States of this Base Prospectus to any person other than such persons or entities and those persons or entities, if any, retained to advise such persons or entities is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Each prospective purchaser in the United States, by accepting delivery of this Base Prospectus, agrees to the foregoing and agrees not to reproduce all or any part of this Base Prospectus. This Base Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision of or rule under the Securities Act.

Additionally, each purchaser of any of the Covered Bonds will be deemed to have made the representations, warranties and acknowledgements, which are intended to restrict the resale or other transfer of such Covered Bonds and which are described in this Base Prospectus (see *Transfer Restrictions and Selling Restrictions*) and the applicable Final Terms. The Covered Bonds and the Guarantee have not been nor will they be registered under the Securities Act, and they are therefore subject to certain restrictions on transfer. If any Covered Bonds and the Guarantee are transferred pursuant to Rule 144A, prospective Investors are hereby notified that the seller of any Covered Bond may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Covered Bonds and the Guarantee, see *Transfer Restrictions and Selling Restrictions* below and, if applicable, the relevant Final Terms.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a corporation organised under the laws of Switzerland. Most of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Switzerland upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside Switzerland predicated upon civil liabilities of the Issuer or such directors and officers under laws other than Swiss law, including any judgment predicated upon United States federal securities laws.

The Guarantor is a corporation organised under the laws of Switzerland. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Guarantor and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Switzerland upon the Guarantor or such persons, or to

enforce judgments against them obtained in courts outside Switzerland predicated upon civil liabilities of the Guarantor or such directors and officers under laws other than Swiss law, including any judgment predicated upon United States federal securities laws.

FORWARD-LOOKING STATEMENTS

This Base Prospectus contains or incorporates by reference statements that constitute forward-looking statements. In addition, in the future the Issuer and the Guarantor, and others on their behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the CS Group's plans, objectives or goals; the CS Group's future economic performance or prospects; the potential effect on the CS Group's future performance of certain contingencies; and assumptions underlying any such statements.

Words such as "believes", "anticipates", "expects", "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. The Issuer and the Guarantor do not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include: (i) the ability to maintain sufficient liquidity and access capital markets; (ii) market and interest rate fluctuations and interest rate levels; (iii) the strength of the global economy in general and the strength of the economies of the countries in which the CS Group conducts operations, in particular the risk of a continued U.S. or global economic downturn in 2014 and beyond; (iv) the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets; (v) adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures; (vi) the ability to achieve our strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital; (vii) the ability of counterparties to meet their obligations to the CS Group; (viii) the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; (ix) political and social developments, including war, civil unrest or terrorist activity; (x) the possibility of foreign exchange controls, expropriation, nationalisation or confiscation of assets in countries in which the CS Group conducts operations; (xi) operational factors such as systems failure, human error, or the failure to implement procedures properly; (xii) actions taken by regulators with respect to the CS Group's business and practices in one or more of the countries in which the CS Group conducts operations; (xiii) the effects of changes in laws, regulations or accounting policies or practices; (xiv) competition in geographic and business areas in which the CS Group conducts operations; (xv) the ability to retain and recruit qualified personnel; (xvi) the ability to maintain the CS Group's reputation and promote the CS Group's brands; (xvii) the ability to increase market share and control expenses; (xviii) technological changes; (xix) the timely development and acceptance of the CS Group's new products and services and the perceived overall value of these products and services by users; (xx) acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets; (xxi) the adverse resolution of litigation and other contingencies; (xxii) the ability to achieve the CS Group's cost efficiency goals and other cost targets; and (xxiii) the CS Group's success at managing the risks involved in the foregoing.

The foregoing list of important factors is not exclusive; when evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Base Prospectus.

WARNING:

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the offer. If an Investor is in any doubt about any of the contents of this document, the Investor should obtain independent professional advice.

All references in this document to **Member State** refer to a Member State of the European Economic Area, those to **U.S. dollars**, **USD** and **U.S.$** refer to the currency of the United States, those to **Japanese Yen** and JPY refer to the currency of Japan, those to **Pounds sterling** and **GBP** refer to the currency of the United Kingdom, those to **Swiss Francs** and **CHF** refer to the lawful currency of Switzerland and those to **euro** and **€** refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

In connection with the issue of any Tranche of Covered Bonds, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all Applicable Laws. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall, as against the Issuer, be for the account of the Stabilising Manager(s).

All contractual documentation for the Programme and any non-contractual obligations arising out of or in connection with all contractual documentation for the Programme will be governed by, and construed in accordance with, either English law, Swiss law or New York law as applicable. Unless otherwise stated in the applicable Final Terms, the Covered Bonds will be governed by, and construed in accordance with, English law.

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OVERVIEW

This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Covered Bonds should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. No civil liability attaches to the Issuer solely on the basis of this overview, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated. Words and expressions defined in the Terms and Conditions of the Covered Bonds below or elsewhere in this Base Prospectus have the same meanings in this overview.

Issuer:	Credit Suisse AG, acting through its Guernsey Branch.
Guarantor:	Credit Suisse Hypotheken AG.
Nature of eligible assets:	Residential mortgage claims and Substitute Assets (as defined below) up to the prescribed limit.
Secured Obligations:	The residential mortgage claims and Substitute Assets secure certain payment obligations of Credit Suisse towards the Guarantor, including, but not limited to, the obligation of Credit Suisse to pre-fund, *inter alia*, the payment of Guaranteed Amounts (as defined herein) to be made by the Guarantor to Covered Bondholders under the Guarantee. The obligations of the Guarantor under the Guarantee are unsecured. In particular, neither the Covered Bonds nor the Guarantee benefit from any security attached to mortgage bonds under the Swiss Federal Act on Mortgage Bonds (*Pfandbriefgesetz*). Neither Credit Suisse nor the Guarantor is subject to supervision by the FINMA pursuant to the Swiss Federal Act on Mortgage Bonds in relation to the issuance or guarantee of the Covered Bonds.
Location of eligible residential property underlying residential mortgage claims:	Switzerland.
Maximum LTV given credit under the Asset Coverage Test:	70%
Maximum Asset Percentage:	85%
Asset Coverage Test:	As set out on page 246
Interest Coverage Test:	As set out on page 249
Amortisation Test:	As set out on page 250
Extended Maturities:	Available.
Hard Bullet Maturities:	Available.
Asset Monitor:	KPMG AG.

RISK FACTORS

This section describes the principal risk factors associated with an investment in the Covered Bonds. Prospective purchasers of Covered Bonds should consider carefully all the information contained in this document, including the considerations set out below, before making any investment decision.

Any investment in the Covered Bonds issued under the Programme will involve risks including those described in this section. All principal or material risks in relation to the Issuer, the Guarantor and any investment in the Covered Bonds are included in this section. The risks and uncertainties described below are not the only ones that the Issuer and the Guarantor may face. Additional risks and uncertainties that the Issuer and the Guarantor are unaware of, or that they currently deem to be immaterial, may also become important risk factors that affect them. Prospective investors should carefully consider the following discussion of the risk factors and the other information in this Prospectus before deciding whether an investment in the Covered Bonds is suitable for them.

As at the date of this Prospectus, the Issuer and the Guarantor believe that the following risk factors may affect the Issuer's ability to fulfil its obligations, or the Guarantor's ability to perform its obligations, and could be material for the purpose of assessing the market risks associated with the Covered Bonds.

If any of the listed or unlisted risks actually occurs, the Issuer's or the Guarantor's business, operations, financial condition or reputation could be materially adversely affected, with the result that the trading price of the Covered Bonds of the Issuer could decline and an investor could lose all or part of its investment. These factors are contingencies that may or may not occur and neither the Issuer nor the Guarantor are in a position to express a view on the likelihood of any such contingency occurring. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

In addition, prospective investors should refer to the risk factors in pages 35 to 42 of the Credit Suisse Annual Report 2013 incorporated by reference in this Base Prospectus.

1. RISKS RELATING TO THE ISSUER

Materialisation of the risks set out below may affect the ability of the Issuer to make payments under the Covered Bonds.

CS is a wholly-owned subsidiary of CS Group, and its business is substantially the same as that of CS Group. Substantially all of CS's operations are conducted through the Private Banking & Wealth Management and Investment Banking segments. Accordingly, all references to CS Group in this section "*Risks relating to the Issuer*" are describing the consolidated businesses carried on by CS Group and its subsidiaries and therefore should be read as applying equally to CS, except where specifically stated otherwise. For more information on the differences between CS Group and CS, refer to *"II—Operating and Financial review—Credit Suisse—Differences between Group and Bank"* in the Credit Suisse Annual Report 2013. CS Group is not an issuer or guarantor under this Programme. Accordingly, information in relation to CS Group contained in or incorporated by reference into this Base Prospectus is included for information purposes only.

Liquidity risk

Liquidity, or ready access to funds, is essential to CS Group's business, particularly CS Group's Investment Banking business. CS Group maintains available liquidity to meet its obligations in a stressed liquidity environment. For information on CS Group's liquidity management, refer to "*III—Treasury, Risk, Balance sheet and Off-balance sheet*" in the Credit Suisse Annual Report 2013 and

"II-Treasury, Risk, Balance sheet and Off-balance sheet" in the Credit Suisse Financial Report 1Q14 and the Credit Suisse Financial Report 2Q14.

CS Group's liquidity could be impaired if it is unable to access the capital markets or sell its assets, and CS Group expects its liquidity costs to increase.

CS Group's ability to borrow on a secured or unsecured basis and the cost of doing so can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity or the market perceptions of risk relating to CS Group or the banking sector, including CS Group's perceived or actual creditworthiness. An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a substantial adverse effect on CS Group's liquidity. In challenging credit markets, CS Group's funding costs may increase or it may be unable to raise funds to support or expand its businesses, adversely affecting the results of operations. Following the financial crisis in 2008 and 2009, its costs of liquidity have been significant and CS Group expects to incur additional costs as a result of regulatory requirements for increased liquidity and the challenging economic environment in Europe, the United States and elsewhere.

If CS Group is unable to raise needed funds in the capital markets, it may need to liquidate unencumbered assets to meet its liabilities. In a time of reduced liquidity, CS Group may be unable to sell some of its assets, or it may need to sell assets at depressed prices, which in either case could adversely affect its results of operations and financial condition.

CS Group's businesses rely significantly on its deposit base for funding

CS Group's businesses benefit from short-term funding sources, including primarily demand deposits, inter-bank loans, time deposits and cash bonds. Although deposits have been, over time, a stable source of funding, this may not continue. In that case, CS Group's liquidity position could be adversely affected and it might be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay borrowings as they mature or to fund new loans, investments and businesses.

Changes in CS Group's ratings may adversely affect its business

Ratings are assigned by rating agencies. They may lower, indicate their intention to lower or withdraw their ratings at any time. The major rating agencies remain focused on the financial services industry, particularly on uncertainties as to whether firms that pose systemic risk would receive government or central bank support in a financial or credit crisis, and on such firms' potential vulnerability to market sentiment and confidence, particularly during periods of severe economic stress. For example, in July 2013, S&P lowered its long-term counterparty credit ratings of several European banks, including CS and the Group, by one notch. Further downgrades in CS Group's or CS' assigned ratings, including in particular their credit ratings, could increase CS Group's and/or CS' borrowing costs, limit their access to capital markets, increase their cost of capital and adversely affect the ability of their businesses to sell or market their products, engage in business transactions – particularly longer-term and derivatives transactions – and retain their clients.

Market risk

CS Group may incur significant losses on its trading and investment activities due to market fluctuations and volatility

Although CS Group continued to reduce its balance sheet and accelerated the implementation of its client-focused, capital-efficient strategy in 2013, CS Group continues to maintain large trading and

investment positions and hedges in the debt, currency and equity markets, and in private equity, hedge funds, real estate and other assets. These positions could be adversely affected by volatility in financial and other markets, that is, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. To the extent that CS Group owns assets, or has net long positions, in any of those markets, a downturn in those markets could result in losses from a decline in the value of CS Group's net long positions. Conversely, to the extent that CS Group has sold assets that it does not own, or has net short positions, in any of those markets, an upturn in those markets could expose CS Group to potentially significant losses as it attempts to cover its net short positions by acquiring assets in a rising market. Market fluctuations, downturns and volatility can adversely affect the fair value of CS Group's positions and its results of operations. Adverse market or economic conditions or trends have caused, and may in the future cause, a significant decline in CS Group's net revenues and profitability.

CS Group's businesses are subject to the risk of loss from adverse market conditions and unfavourable economic, monetary, political, legal and other developments in the countries it operates in around the world

As a global financial services company, CS Group's businesses are materially affected by conditions in the financial markets and economic conditions generally in Europe, the United States and elsewhere around the world. The recovery from the economic crisis of 2008 and 2009 continues to be sluggish in several key developed markets. Additionally, the European sovereign debt crisis, as well as concerns over the United States' debt levels and the federal budget process that led to the downgrade of United States sovereign debt in 2011 and the temporary shutdown of many federal governmental operations in October 2013, have not been permanently resolved. CS Group's financial condition and results of operations could be materially adversely affected if these conditions do not improve, or if they stagnate or worsen. Further, various countries in which CS Group operates or invests have experienced severe economic disruptions particular to that country or region, including extreme currency fluctuations, high inflation, or low or negative growth, among other negative conditions. In 2013, concerns about weaknesses in the economic and fiscal condition of certain European countries, including Croatia, Cyprus, Greece, Ireland, Italy, Portugal and Spain continued, especially with regard to how such weaknesses might affect other economies as well as financial institutions (including CS Group) which lent funds to or did business with or in those countries. Continued concern about the European sovereign debt crisis could cause disruptions in market conditions in Europe and around the world. Economic disruption in other countries, even in countries in which CS Group does not currently conduct business or have operations, could adversely affect its businesses and results.

Adverse market and economic conditions continue to create a challenging operating environment for financial services companies. In particular, the impact of interest and currency exchange rates, the risk of geopolitical events, fluctuations in commodity prices, the European sovereign debt crisis and the United States federal debt crisis have affected financial markets and the economy. In recent years, the low interest rate environment has adversely affected CS Group's net interest income and the value of its trading and non-trading fixed income portfolios. In addition, movements in equity markets have affected the value of CS Group's trading and non-trading equity portfolios, while the strength of the CHF has adversely affected CS Group's revenues and net income.

Such adverse market or economic conditions may reduce the number and size of investment banking transactions in which CS Group provides underwriting, mergers and acquisitions advice or other services and, therefore, may adversely affect its financial advisory and underwriting fees. Such conditions may adversely affect the types and volumes of securities trades that CS Group executes for customers and may adversely affect the net revenues it receives from commissions and spreads. In addition, several of CS Group's businesses engage in transactions with, or trade in obligations of, governmental entities, including super-national, national, state, provincial, municipal and local authorities. These activities can expose CS Group to enhanced sovereign, credit-related, operational

and reputational risks, including the risks that a governmental entity may default on or restructure its obligations or may claim that actions taken by government officials were beyond the legal authority of those officials, which could adversely affect CS Group's financial condition and results of operations.

Unfavourable market or economic conditions have affected CS Group's businesses over the last few years, including the low interest rate environment, continued cautious investor behaviour and subdued mergers and acquisitions activity. These negative factors have been reflected in lower commissions and fees from CS Group's client-flow sales and trading and asset management activities, including commissions and fees that are based on the value of CS Group's clients' portfolios. Investment performance that is below that of competitors' or asset management benchmarks could result in a decline in assets under management and related fees and make it harder to attract new clients. There has been a fundamental shift in client demand away from more complex products and significant client deleveraging, and CS Group's Private Banking & Wealth Management division's results of operations have been and could continue to be adversely affected as long as this continues.

Adverse market or economic conditions have also negatively affected CS Group's private equity investments since, if a private equity investment substantially declines in value, CS Group may not receive any increased share of the income and gains from such investment (to which CS Group is entitled in certain cases when the return on such investment exceeds certain threshold returns), may be obligated to return to investors previously received excess carried interest payments and may lose its pro rata share of the capital invested. In addition, it could become more difficult to dispose of the investment, as even investments that are performing well may prove difficult to exit.

In addition to the macroeconomic factors discussed above, other events beyond CS Group's control, including terrorist attacks, military conflicts, economic or political sanctions, disease pandemics, political unrest or natural disasters could have a material adverse effect on economic and market conditions, market volatility and financial activity, with a potential related effect on CS Group's businesses and results.

CS Group may incur significant losses in the real estate sector

CS Group finances and acquires principal positions in a number of real estate and real estate-related products, primarily for clients and originates loans, secured by commercial and residential properties. As of 31 December 2013, CS Group's real estate loans (as reported to the Swiss National Bank) totalled approximately CHF 137 billion. CS Group also securitises and trades in commercial and residential real estate and real estate-related whole loans, mortgages, and other real estate and commercial assets and products, including commercial and residential mortgage-backed securities. CS Group's real estate-related businesses and risk exposures could continue to be adversely affected by any downturn in real estate markets, other sectors and the economy as a whole. In particular, the risk of potential price corrections in the real estate market in certain areas of Switzerland could have a material adverse effect on CS Group's real estate- related businesses.

Holding large and concentrated positions may expose CS Group to large losses

Concentrations of risk could increase losses, given that CS Group has sizeable loans to, and securities holdings in, certain customers, industries or countries. Decreasing economic growth in any sector in which CS Group makes significant commitments, for example, through underwriting, lending or advisory services, could also negatively affect CS Group's net revenues.

CS Group has significant risk concentration in the financial services industry as a result of the large volume of transactions routinely conducted with broker-dealers, banks, funds and other financial institutions, and in the ordinary conduct of CS Group's business it may be subject to risk

concentration with a particular counterparty. CS Group, like other financial institutions, continues to adapt its practices and operations in consultation with its regulators to better address an evolving understanding of its exposure to, and management of, systemic risk and risk concentration to financial institutions. Regulators continue to focus on these risks, and there are numerous new regulations and government proposals, and significant ongoing regulatory uncertainty, about how best to address them. There can be no assurance that the changes in CS Group's and industry operations, practices and regulation will be effective in managing this risk. For further information, refer to "*I—Information on the Company—Regulation and supervision*" in the Credit Suisse Annual Report 2013 and "*II — Treasury, risk, balance sheet and off-balance sheet — Capital Management – Regulatory Capital Framework*" in the Credit Suisse Financial Report 1Q14 and the Credit Suisse Financial Report 2Q14.

Risk concentration may cause CS Group to suffer losses even when economic and market conditions are generally favourable for others in its industry.

CS Group's hedging strategies may not prevent losses

If any of the variety of instruments and strategies CS Group uses to hedge its exposure to various types of risk in its businesses is not effective, it may incur losses. CS Group may be unable to purchase hedges or be only partially hedged, or its hedging strategies may not be fully effective in mitigating CS Group's risk exposure in all market environments or against all types of risk.

Market risk may increase the other risks that CS Group faces

In addition to the potentially adverse effects on CS Group's businesses described above, market risk could exacerbate the other risks that CS Group faces. For example, if CS Group were to incur substantial trading losses, its need for liquidity could rise sharply while its access to liquidity could be impaired. In conjunction with another market downturn, CS Group's customers and counterparties could also incur substantial losses of their own, thereby weakening their financial condition and increasing CS Group's credit and counterparty risk exposure to them.

Credit risk

CS Group may suffer significant losses from its credit exposures

CS Group's businesses are subject to the fundamental risk that borrowers and other counterparties will be unable to perform their obligations. CS Group's credit exposures exist across a wide range of transactions that it engages in with a large number of clients and counterparties, including lending relationships, commitments and letters of credit, as well as derivative, currency exchange and other transactions. CS Group's exposure to credit risk can be exacerbated by adverse economic or market trends, as well as increased volatility in relevant markets or instruments. In addition, disruptions in the liquidity or transparency of the financial markets may result in CS Group's inability to sell, syndicate or realise the value of its positions, thereby leading to increased concentrations. Any inability to reduce these positions may not only increase the market and credit risks associated with such positions, but also increase the level of risk-weighted assets on CS Group's balance sheet, thereby increasing its capital requirements, all of which could adversely affect its businesses. For information on management of credit risk, refer to "*III—Treasury, Risk, Balance sheet and Off-balance sheet—Risk management*" in the Credit Suisse Annual Report 2013 and *"II-Treasury, Risk, Balance sheet and Off-balance sheet- Risk management"* in the Credit Suisse Financial Report 1Q14 and the Credit Suisse Financial Report 2Q14.

CS Group's regular review of the creditworthiness of clients and counterparties for credit losses does not depend on the accounting treatment of the asset or commitment. Changes in creditworthiness of loans and loan commitments that are fair valued are reflected in trading revenues.

CS Group management's determination of the provision for loan losses is subject to significant judgment. CS Group's banking businesses may need to increase their provisions for loan losses or may record losses in excess of the previously determined provisions if its original estimates of loss prove inadequate, which could have a material adverse effect on its results of operations. For information on provisions for loan losses and related risk mitigation refer to "*III–Treasury, Risk, Balance sheet and Off-balance sheet—Risk management*", "*Note 1–Summary of significant accounting policies",* "*Note 10–Provision for credit losses"* and *"Note 18–Loans, allowance for loan losses and credit quality",* each in *"V–Consolidated financial statements–Credit Suisse Group*" in the Credit Suisse Annual Report 2013, "*II–Treasury, Risk, Balance sheet and Off-balance sheet – Risk Management"*, *"Note 10–Provision for credit losses"* and *"Note 16–Loans, allowance for loan losses and credit quality"*, in *"III–Condensed consolidated financial statements – unaudited"* in the Credit Suisse Financial Report 1Q14 and the Credit Suisse Financial Report 2Q14.

CS Group has experienced in the past, and may in the future experience, competitive pressure to assume longer-term credit risk, extend credit against less liquid collateral and price derivative instruments more aggressively based on the credit risks that it takes. CS Group expects its capital and liquidity requirements, and those of the financial services industry, to increase as a result of these risks.

Defaults by a large financial institution could adversely affect financial markets generally and CS Group specifically

Concerns or even rumours about or a default by one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as systemic risk. Concerns about, defaults by and failures of many financial institutions, particularly those with significant exposure to the eurozone, continued in 2013 and could continue to lead to losses or defaults by financial institutions and financial intermediaries, with which CS Group interacts on a daily basis, such as clearing agencies, clearing houses, banks, securities firms and exchanges. CS Group's credit risk exposure will also increase if the collateral it holds cannot be realised upon or can only be liquidated at prices insufficient to cover the full amount of exposure.

The information that CS Group uses to manage its credit risk may be inaccurate or incomplete

Although CS Group regularly reviews its credit exposure to specific clients and counterparties and to specific industries, countries and regions that it believes may present credit concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. CS Group may also fail to receive full information with respect to the credit or trading risks of a counterparty.

Risks from estimates and valuations

CS Group makes estimates and valuations that affect its reported results, including measuring the fair value of certain assets and liabilities, establishing provisions for contingencies and losses for loans, litigation and regulatory proceedings, accounting for goodwill and intangible asset impairments, evaluating its ability to realise deferred tax assets, valuing equity-based compensation awards, modelling its risk exposure and calculating expenses and liabilities associated with its pension plans. These estimates are based upon judgement and available information, and CS Group's actual results may differ materially from these estimates. For information on these estimates and valuations, refer to "*II—Operating and financial review—Critical accounting estimates*" and "*Note 1—Summary of significant accounting policies*" in *"V—Consolidated financial statements—Credit Suisse Group*" in the Credit Suisse Annual Report 2013.

CS Group's estimates and valuations rely on models and processes to predict economic conditions and market or other events that might affect the ability of counterparties to perform their obligations to CS Group or impact the value of assets. To the extent CS Group's models and processes become less predictive due to unforeseen market conditions, illiquidity or volatility, its ability to make accurate estimates and valuations could be adversely affected.

Risks relating to off-balance sheet entities

CS Group enters into transactions with special purpose entities (**SPEs**) in its normal course of business, and certain SPEs with which CS Group transacts business are not consolidated and their assets and liabilities are off-balance sheet. CS Group may have to exercise significant management judgment in applying relevant accounting consolidation standards, either initially or after the occurrence of certain events that may require CS Group to reassess whether consolidation is required. Accounting standards relating to consolidation, and their interpretation, have changed and may continue to change. If CS Group is required to consolidate an SPE, its assets and liabilities would be recorded on its consolidated balance sheets and CS Group would recognise related gains and losses in its consolidated statements of operations, and this could have an adverse impact on its results of operations and capital and leverage ratios. For information on CS Group's transactions with and commitments to SPEs, refer to "*III—Treasury, Risk, Balance sheet and Off-balance sheet—Balance sheet, off-balance sheet and other contractual obligations—Off-balance sheet*" in the Credit Suisse Annual Report 2013 and *"II-Treasury, Risk, Balance sheet and Off-balance sheet"* in the Credit Suisse Financial Report 1Q14 and the Credit Suisse Financial Report 2Q14.

Cross-border and currency exchange risk

Cross-border risks may increase market and credit risks CS Group faces

Country, regional and political risks are components of market and credit risk. Financial markets and economic conditions generally have been and may in the future be materially affected by such risks. Economic or political pressures in a country or region, including those arising from local market disruptions, currency crises, monetary controls or other factors, may adversely affect the ability of clients or counterparties located in that country or region to obtain foreign currency or credit and, therefore, to perform their obligations to CS Group, which in turn may have an adverse impact on CS Group's results of operations.

CS Group may face significant losses in emerging markets

As a global financial services company doing business in emerging markets, CS Group is exposed to economic instability in emerging market countries. CS Group monitors these risks, seeks diversity in the sectors in which it invests and emphasises client-driven business. CS Group's efforts at limiting emerging market risk, however, may not always succeed.

Currency fluctuations may adversely affect CS Group's results of operations

CS Group is exposed to risk from fluctuations in exchange rates for currencies, particularly the U.S. dollar. In particular, a substantial portion of CS Group's assets and liabilities are denominated in currencies other than the Swiss Franc, which is the primary currency of its financial reporting. CS Group's capital is also stated in Swiss Francs and it does not fully hedge its capital position against changes in currency exchange rates. The Swiss Franc remained strong against the U.S. dollar and euro in 2013. The appreciation of the Swiss Franc in particular and exchange rate volatility in general have had an adverse impact on CS Group's results of operations and capital position in recent years and may have such an effect in the future.

Operational risk

CS Group is exposed to a wide variety of operational risks, including information technology risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In general, although it has business continuity plans, CS Group's businesses face a wide variety of operational risks, including technology risk that stems from dependencies on information technology, third-party suppliers and the telecommunications infrastructure. As a global financial services company, CS Group relies heavily on its financial, accounting and other data processing systems, which are varied and complex.

CS Group's business depends on its ability to process a large volume of diverse and complex transactions, including derivatives transactions, which have increased in volume and complexity. CS Group is exposed to operational risk arising from errors made in the execution, confirmation or settlement of transactions or in transactions not being properly recorded or accounted for. Regulatory requirements in this area have increased and are expected to increase further.

Information security, data confidentiality and integrity are of critical importance to CS Group's businesses. Despite CS Group's wide array of security measures to protect the confidentiality, integrity and availability of its systems and information, it is not always possible to anticipate the evolving threat landscape and mitigate all risks to its systems and information. CS Group could also be affected by risks to the systems and information of clients, vendors, service providers, counterparties and other third parties.

If any of CS Group's systems do not operate properly or are compromised as a result of cyber-attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact, CS Group could be subject to litigation or suffer financial loss not covered by insurance, a disruption of its businesses, liability to its clients, regulatory intervention or reputational damage. Any such event could also require CS Group to expend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures.

CS Group may suffer losses due to employee misconduct

CS Group's businesses are exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to the actions of ''rogue traders'' or other employees. It is not always possible to deter employee misconduct, and the precautions CS Group takes to prevent and detect this activity may not always be effective.

Risk management

CS Group has risk management procedures and policies designed to manage its risk. These techniques and policies, however, may not always be effective, particularly in highly volatile markets. CS Group continues to adapt its risk management techniques, in particular value-at-risk and economic capital, which rely on historical data, to reflect changes in the financial and credit markets. No risk management procedures can anticipate every market development or event, and CS Group's risk management procedures and hedging strategies, and the judgements behind them, may not fully mitigate its risk exposure in all markets or against all types of risk. For information on CS Group's risk management, refer to "*III—Treasury, Risk, Balance sheet and Off-balance sheet—Risk management*" in the Credit Suisse Annual Report 2013 and *"II- Treasury, Risk, Balance sheet and Off-balance sheet-Risk management"* in the Credit Suisse Financial Report 1Q14 and the Credit Suisse Financial Report 2Q14.

Legal and regulatory risks

CS Group's exposure to legal liability is significant

CS Group faces significant legal risks in its businesses, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms are increasing.

CS Group and its subsidiaries are subject to a number of material legal proceedings, regulatory actions and investigations, and an adverse result in one or more of these proceedings could have a material adverse effect on CS Group's operating results for any particular period, depending, in part, upon its results for such period. For information relating to these and other legal and regulatory proceedings involving CS Group's Investment Banking and other businesses, refer to "*Note 38 – Litigation*" *in* "*V - Consolidated Financial Statements - Credit Suisse Group*" in the Credit Suisse Annual Report 2013 and "*Note 29 - Litigation*" in "*III - Notes to the Condensed Consolidated Financial Statements- unaudited*" in the Credit Suisse Financial Report 1Q14 and the Credit Suisse Financial Report 2Q14.

It is inherently difficult to predict the outcome of many of the legal, regulatory and other adversarial proceedings involving CS Group's businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. CS Group's management is required to establish, increase or release reserves for losses that are probable and reasonably estimable in connection with these matters. For more information, refer to "*II—Operating and financial review—Critical accounting estimates*" and "*Note 1—Summary of significant accounting policies*" *in* "*V—Consolidated financial statements—Credit Suisse Group*" in the Credit Suisse Annual Report 2013.

Regulatory changes may adversely affect CS Group's business and ability to execute its strategic plans

As a participant in the financial services industry, CS Group is subject to extensive regulation by governmental agencies, supervisory authorities, and self-regulatory organisations in Switzerland, the European Union, the United Kingdom and the United States and other jurisdictions in which CS Group operates around the world. Such regulation is increasingly more extensive and complex and, in recent years, costs related to its compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have all increased significantly and may increase further. These regulations often serve to limit CS Group's activities, including through the application of increased capital, leverage and liquidity requirements, customer protection and market conduct regulations, and direct or indirect restrictions on the businesses in which CS Group may operate or invest. Such limitations can have a negative effect on CS Group's business and its ability to implement strategic initiatives. To the extent CS Group is required to divest certain businesses, it could incur losses, as it may be forced to sell such businesses at a discount, which in certain instances could be substantial, as a result of both the constrained timing of such sales and the possibility that other financial institutions are liquidating similar investments at the same time.

Since 2008, regulators and governments have focussed on the reform of the financial services industry, including enhanced capital, leverage and liquidity requirements, changes in compensation practices (including tax levies) and measures to address systemic risk, including potentially ring-fencing certain activities and operations within specific legal entities. CS Group is already subject to extensive regulation in many areas of its business and expects to face increased regulation and regulatory scrutiny and enforcement. CS Group expects such increased regulation to continue to increase its costs, including but not limited to, costs related to compliance, systems and operations, as well as affecting its ability to conduct certain businesses, which could adversely affect its

profitability and competitive position. Variations in the details and implementation of such regulations may further negatively affect CS Group, as certain requirements currently are not expected to apply equally to all of its competitors or to be implemented uniformly across jurisdictions.

For example, the additional requirements related to minimum regulatory capital, leverage ratios and liquidity measures imposed by Basel III, together with more stringent requirements imposed by the Swiss "Too Big To Fail" legislation and its implementing ordinances and related actions by CS Group's regulators, have contributed to CS Group's decision to reduce risk weighted assets and the size of its balance sheet, and could potentially impact its access to capital markets and increase its funding costs. In addition, the ongoing implementation in the United States of the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the **Dodd-Frank Act**), including the "Volcker Rule", derivatives regulation and other regulatory developments described in *"I – Information on the company – Regulation and supervision*" in the Credit Suisse Annual Report 2013 and *"II — Treasury, risk, balance sheet and off-balance sheet — Capital Management – Regulatory Capital Framework*" in the Credit Suisse Financial Report 1Q14 and the Credit Suisse Financial Report 2Q14, have imposed, and will continue to impose, new regulatory burdens on certain of CS Group's operations. These requirements have contributed to its decision to exit certain businesses (including a number of its private equity businesses) and may lead it to exit other businesses. New United States Commodity Futures Trading Commission and United States Securities and Exchange Commission (**SEC**) rules could materially increase the operating costs, including compliance, information technology and related costs, associated with our derivatives businesses with United States persons, while at the same time making it more difficult for CS Group to transact its derivatives business outside the United States. Further, in February 2014, the United States Federal Reserve enacted a final rule under the Dodd-Frank Act that created a new framework for regulation of the United States operations of foreign banking organizations such as ours. Although the final impact of the new rule cannot be fully predicted at this time, it is expected to result in our incurring additional costs and to affect the way CS Group conducts its business in the United States, including by requiring it to create a single United States intermediate holding company. Similarly, recently enacted and possible future cross-border tax regulation with extraterritorial effect, such as the United States Foreign Account Tax Compliance Act, and bilateral tax treaties, such as Switzerland's treaties with the United Kingdom and Austria, impose detailed reporting obligations and increased compliance and systems-related costs on our businesses. Finally, implementation of European Market Infrastructure Regulation (**EMIR**), Capital Requirement Directive IV and Capital Requirements Regulation (**CRD IV**) and the proposed revisions to European Union Markets in Financial Instruments Directive (**MiFID II**) may negatively affect our business activities. If Switzerland does not pass legislation that is deemed equivalent to EMIR and MiFID II in a timely manner, Swiss banks, including us, may be limited from participating in businesses regulated by such laws.

CS Group expects the financial services industry, including CS Group, to continue to be affected by the significant uncertainty over the scope and content of regulatory reform in 2014 and beyond. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect CS Group's results of operations.

Despite CS Group's best efforts to comply with applicable regulations, a number of risks remain, particularly in areas where applicable regulations may be unclear or inconsistent among jurisdictions or where regulators revise their previous guidance or courts overturn previous rulings. Authorities in many jurisdictions have the power to bring administrative or judicial proceedings against CS Group, which could result in, among other things, suspension or revocation of its licences, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially adversely affect CS Group's results of operations and seriously harm its reputation.

Swiss resolution proceedings may affect our shareholders and creditors

Pursuant to Swiss banking laws, the Swiss Financial Market Supervisory Authority FINMA (**FINMA**) has broad powers and discretion in the case of resolution proceedings with respect to a Swiss bank, such as Credit Suisse AG. These broad powers include the power to cancel Credit Suisse AG's outstanding equity (which currently is CS Group's primary asset), convert debt instruments and other liabilities of Credit Suisse AG into equity and cancel such liabilities in whole or in part (see also *Programme Related Legal and Regulatory Risks - If Credit Suisse experiences financial difficulties, FINMA has the power to open resolution or liquidation proceedings in respect of, and/or impose protective measures in relation to, Credit Suisse, which proceedings or measures may have a material adverse effect on the terms and market value of the Covered Bonds and/or the ability of Credit Suisse and the Guarantor to make payments under the Covered Bonds and the Guarantee, respectively*). As of the date hereof, FINMA's broad resolution powers apply only to duly licensed banks in Switzerland such as Credit Suisse AG, and not to a parent company of a financial group such as CS Group. However, a consultation process was recently launched regarding a proposed amendment to the Bank Law that would extend the scope of the Swiss bank resolution regime thereunder to Swiss parent companies of financial groups and certain other unregulated Swiss-domiciled companies belonging to a financial group. It is not possible to predict whether or when any such amendment will be enacted, what final form it would take and what effect it could have on shareholders or creditors of CS Group or CS Group generally. However, if the Bank Law were amended so that the same resolution regime that currently applies to Credit Suisse AG were to apply to CS Group, FINMA would be able to exercise its resolution powers thereunder to, among other things, cancel Credit Suisse Group AG's outstanding equity, convert debt instruments and other liabilities of CS Group into equity and cancel such liabilities in whole or in part in restructuring proceedings.

For a description of CS Group's regulatory regime and capital requirements and a summary of some of the significant regulatory and government reform proposals affecting the financial services industry, refer to *"I-Information on the company-Regulation and supervision" in the Credit Suisse Annual Report 2013 and "II-Treasury, risk, balance sheet and off-balance sheet-Capital management-Regulatory capital framework"* in the Credit Suisse Financial Report 1Q14 and the Credit Suisse Financial Report 2Q14.

Changes in monetary policy are beyond CS Group's control and difficult to predict

CS Group is affected by the monetary policies adopted by the central banks and regulatory authorities of Switzerland, the United States and other countries. The actions of the Swiss National Bank and other central banking authorities directly impact CS Group's cost of funds for lending, capital raising and investment activities and may impact the value of financial instruments CS Group holds and the competitive and operating environment for the financial services industry. Many central banks have implemented significant changes to their monetary policy. CS Group cannot predict whether these changes will have a material adverse effect on it or its operations. In addition, changes in monetary policy may affect the credit quality of its customers. Any changes in monetary policy are beyond CS Group's control and difficult to predict.

Legal restrictions on its clients may reduce the demand for CS Group's services

CS Group may be materially affected not only by regulations applicable to it as a financial services company, but also by regulations and changes in enforcement practices applicable to CS Group's clients. CS Group's business could be affected by, among other things, existing and proposed tax legislation, antitrust and competition policies, corporate governance initiatives and other governmental regulations and policies and changes in the interpretation or enforcement of existing laws and rules that affect business and the financial markets. For example, focus on tax compliance and changes in enforcement practices could lead to asset outflows (primarily from customers in

mature Western European markets) from CS Group's Wealth Management Clients business in Switzerland.

Competition

CS Group faces intense competition

CS Group faces intense competition in all financial services markets and for the products and services it offers. Consolidation, through mergers, acquisitions, alliances and cooperation, including as a result of financial distress, has increased competitive pressures. Competition is based on many factors, including the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve client needs. Consolidation has created a number of firms that, like CS Group, have the ability to offer a wide range of products, from loans and deposit-taking to brokerage, investment banking and asset management services. Some of these firms may be able to offer a broader range of products than CS Group does, or offer such products at more competitive prices. Current market conditions have resulted in significant changes in the competitive landscape in CS Group's industry as many institutions have merged, altered the scope of their business, declared bankruptcy, received government assistance or changed their regulatory status, which will affect how they conduct their business. In addition, current market conditions have had a fundamental impact on client demand for products and services. Although CS Group expects the increasing consolidation and changes in its industry to offer opportunities, it can give no assurance that its results of operations will not be adversely affected.

CS Group's competitive position could be harmed if its reputation is damaged

In the highly competitive environment arising from globalisation and convergence in the financial services industry, a reputation for financial strength and integrity is critical to CS Group's performance, including its ability to attract and maintain clients and employees. CS Group's reputation could be harmed if its comprehensive procedures and controls fail, or appear to fail, to address conflicts of interest, prevent employee misconduct, produce materially accurate and complete financial and other information or prevent adverse legal or regulatory actions. For further information, refer to "*III—Treasury, Risk, Balance Sheet and Off-balance sheet—Risk management—Reputational risk*" in the Credit Suisse Annual Report 2013.

CS Group must recruit and retain highly skilled employees

CS Group's performance is largely dependent on the talents and efforts of highly skilled individuals. Competition for qualified employees is intense. CS Group has devoted considerable resources to recruiting, training and compensating employees. CS Group's continued ability to compete effectively in its businesses depends on its ability to attract new employees and to retain and motivate its existing employees. The continued public focus on compensation practices in the financial services industry, and related regulatory changes, may have an adverse impact on CS Group's ability to attract and retain highly skilled employees. In particular, new limits on the amount and form of executive compensation imposed by recent regulatory initiatives, including the Ordinance Against Excessive Compensation in Switzerland and the implementation of CRD IV in the United Kingdom, could potentially have an adverse impact on CS Group's ability to retain certain of its most highly skilled employees and hire new qualified employees in certain businesses.

CS Group faces competition from new trading technologies

CS Group's businesses face competitive challenges from new trading technologies, which may adversely affect its commission and trading revenues, exclude its businesses from certain transaction flows, reduce its participation in the trading markets and the associated access to market information

and lead to the creation of new and stronger competitors. CS Group has made, and may continue to be required to make, significant additional expenditures to develop and support new trading systems or otherwise invest in technology to maintain its competitive position.

Risks relating to CS Group's strategy

CS Group may not achieve all of the expected benefits of its strategic initiatives

In light of increasing regulatory and capital requirements and continued challenging market and economic conditions, to optimise its use of capital and improve its cost structure CS Group has continued to adapt its client-focused, capital-efficient strategy and has implemented new cost-saving measures while decreasing the size of its balance sheet and reducing its risk-weighted assets. In the fourth quarter of 2013, CS Group created non-strategic units within its Investment Banking and Private Banking & Wealth Management divisions and separated non-strategic items in the Corporate Center to further accelerate its reduction of capital and costs associated with non-strategic activities and positions and to shift resources to focus on its strategic businesses and growth initiatives. Factors beyond its control, including but not limited to the market and economic conditions, changes in laws, rules or regulations and other challenges discussed in detail above, could limit CS Group's ability to achieve some or all of the expected benefits of these initiatives.

In addition, acquisitions and other similar transactions it undertakes as part of its strategy subjects CS Group to certain risks. Even though CS Group reviews the records of companies it plans to acquire, it is generally not feasible for it to review all such records in detail. Even an in-depth review of records may not reveal existing or potential problems or permit CS Group to become familiar enough with a business to assess fully its capabilities and deficiencies. As a result, CS Group may assume unanticipated liabilities (including legal and compliance issues), or an acquired business may not perform as well as expected. CS Group also faces the risk that it will not be able to integrate acquisitions into its existing operations effectively as a result of, among other things, differing procedures, business practices and technology systems, as well as difficulties in adapting an acquired company into its organisational structure. CS Group faces the risk that the returns on acquisitions will not support the expenditures or indebtedness incurred to acquire such businesses or the capital expenditures needed to develop such businesses.

CS Group may also seek to engage in new joint ventures and strategic alliances. Although it endeavours to identify appropriate partners, CS Group's joint venture efforts may prove unsuccessful or may not justify its investment and other commitments.

CS Group has announced a program to evolve its legal entity structure and cannot predict its final form or potential effects

In November 2013, CS Group announced key components of its program to evolve its legal entity structure. The program is designed to meet developing and future regulatory requirements. Subject to further analysis and approval by FINMA, implementation of the program is underway, with a number of key components expected to be implemented from mid-2015. This program remains subject to a number of uncertainties that may affect its feasibility, scope and timing. In addition, significant legal and regulatory changes affecting CS Group and its operations may require it to make further changes in its legal structure. The implementation of these changes will require significant time and resources and may potentially increase operational, capital, funding and tax costs as well as its counterparties' credit risk.

For more information on CS Group's legal entity structure, refer to "*II-Operating and financial review-Credit Suisse-Information and developments*" in the Credit Suisse Annual Report 2013.

2. GENERAL RISK FACTORS

The Covered Bonds are obligations of the Issuer and the Guarantor only

The payment obligations in relation to the Covered Bonds will be solely obligations of the Issuer and, subject to the terms of the Guarantee, obligations of the Guarantor. Accordingly, the payment obligations under the Covered Bonds will not be obligations of, or guaranteed by, any other Credit Suisse entity or any other entity. In particular, the Covered Bonds will not be obligations of, and will not be guaranteed by, any of the Arranger, any of the Dealers, the Trustee, the Initial Swap Provider, any of the Agents, any company in the same group of companies as such entities or any other party to the transaction documents relating to the Programme. Any failure by the Issuer or the Guarantor to pay any amount due under the Covered Bonds shall not result in any liability whatsoever in respect of such failure being accepted by any of the Arranger, the Dealers, the Trustee, the Initial Swap Provider, any of the Agents, any company in the same group of companies as such entities or any other party to the Transaction Documents relating to the Programme.

Security is provided by Credit Suisse only, and the Guarantor's ability to enforce against the assets in the Cover Pool is subject to certain limitations

Credit Suisse will, by way of a security assignment of mortgage claims and an onward transfer of related mortgage certificates, grant collateral in favour of the Guarantor for the Secured Obligations owed by it to the Guarantor. The collateral shall comprise the Cover Pool Assets which is a portfolio of residential mortgage assets and certain other assets. Such Cover Pool Assets will not be sold to the Guarantor.

The Secured Obligations of Credit Suisse are its obligations to:

(a) pay any and all Guarantee Fees to the Guarantor;

(b) pay any and all amounts owed under any and all Pre-funding Obligations (in essence, its obligation to pre-fund Guarantee Expenses including, *inter alia*, payments to be made by the Guarantor to the Covered Bondholders under the Guarantee as well as certain payments to certain other creditors of the Guarantor such as any Swap Termination Payments due to the Swap Providers, Increased Services Provider Expenses due to Replacement Third Party Service Providers and certain other amounts due by the Guarantor to third parties following default by the Issuer); and

(c) pay any and all amounts owed under any and all Recourse and Indemnity Obligations (in essence, its obligation to indemnify the Guarantor for the payment of any Guaranteed Amounts to Covered Bondholders under the Guarantee, Swap Termination Payments, Increased Services Provider Expenses and certain other amounts paid by the Guarantor to third parties as a result of any default by the Issuer, to the extent that the relevant amounts have not been pre-funded by Credit Suisse, but payments have actually been made by the Guarantor to, respectively, the Covered Bondholders, the Swap Providers, Replacement Third Party Services Providers or other third parties).

The Guarantor's ability to enforce against the Cover Pool Assets in respect of the Pre-funding Obligations will be subject to certain conditions being met, as follows:

(a) in respect of amounts owed by the Guarantor under the Guarantee and following the occurrence of an Issuer Event of Default and service of an Issuer Default Notice on the Issuer:

(i) service of the Guarantee Activation Notice and a Notice to Pay for the relevant amount on the Guarantor; and

(ii) service of a Guarantee Pre-funding Notice for the relevant amount on the Issuer following receipt by the Guarantor of a Notice to Pay. Upon receipt of the Guarantee Pre-funding Notice, the Issuer will be obliged to pre-fund the relevant amount, as specified in the Guarantee Pre-funding Notice, to the Guarantor (i) in relation to Guarantee Expenses already due, within one Business Day, (ii) in relation to Guarantee Expenses corresponding to Guaranteed Amounts falling Due for Payment in the 60 Business Day period from and including the date of the Guarantee Pre-funding Notice, within five Business Days and (iii) in relation to all other Guarantee Expenses properly quantified in the Guarantee Pre-funding Notice, 60 Business Days prior to the date when the relevant Guaranteed Amount or other amount shall become Due for Payment, or if this is not practicable such other date within such 60 Business Day period as specified in the Guarantee Pre-funding Notice;

(b) in respect to other amounts owed, service of a relevant Pre-funding Notice upon receipt of which Credit Suisse will be obliged to pre-fund the relevant amounts as specified in the relevant Pre-funding Notice to Credit Suisse within one Business Day, provided that such amount shall not become due earlier than 30 Business Days prior to the due date of the relevant payment owed by the Guarantor; and

(c) the failure of Credit Suisse to pay all or part of the amount owed by the due date, as specified in the relevant Pre-funding Notice.

In the event that the above conditions are met, the Guarantor may enforce a corresponding part (only) of the Cover Pool Assets (including by way of sale of Assigned Mortgage Claims (selected on a random basis) together with the related Transferred Mortgage Certificates to an Eligible Investor), provided that such enforcement of the Cover Pool Assets in respect of amounts due under the Guarantee Pre-funding Obligation shall not occur earlier than the date falling 60 Business Days prior to the Scheduled Payment Date for that relevant Guaranteed Amount as specified in the relevant Notice to Pay.

If and to the extent that the Guarantor has to sell the Assigned Mortgage Claims in order to satisfy the relevant claim and to meet a payment obligation under the Guarantee, there is no guarantee that an Eligible Investor will be located to acquire such Assigned Mortgage Claims at the requisite times and there can be no guarantee or assurance as to the price which may be obtained, which may affect the ability of the Guarantor to make payments under the Guarantee when due or at all (see *Liquidity Risk in respect of the Mortgage Claims; Eligible Investors* below). In particular, the Guarantor cannot, except in certain circumstances, finalise any sale of the Assigned Mortgage Claims unless and until the Issuer has failed to pay the amount on or before the due date as specified in the Guarantee Pre-funding Notice, which cannot be served by the Guarantor more than 65 Business Days prior to the date that the relevant Guaranteed Amounts become Due for Payment.

The obligations under the Guarantee may be subject to an Extended Due for Payment Date and payment of the Final Redemption Amount may be deferred beyond the Final Maturity Date

The Final Terms for a Series of Covered Bonds may specify that they are subject to an Extended Due for Payment Date. If so specified in the Final Terms, in circumstances where neither the Issuer nor the Guarantor has sufficient funds available to pay in full the Final Redemption Amount due on a Series of Covered Bonds on the relevant Final Maturity Date or within the relevant grace period, then the Final Maturity Date of the relevant Series of Covered Bonds may be deferred to an Extended Due for Payment Date (see further Condition 7(a) (*Redemption and Purchase* –

Redemption at maturity)). Failure by the Guarantor to make payment in respect of all or any portion of the Final Redemption Amount on the Final Maturity Date (or such later date within any applicable grace period) shall not constitute a Guarantor Event of Default.

If and to the extent that the Guarantor has sufficient funds available to partially redeem the relevant Series of Covered Bonds, either on the Final Maturity Date or on the applicable Original Due for Payment Dates for that Series of Covered Bonds up to and including the Extended Due for Payment Date, then (assuming that the Guarantee Activation Notice and Notice to Pay for the relevant amount have been served on the Guarantor within the relevant timeframes) the Guarantor shall make such partial redemption in accordance with the Guarantee Priority of Payments and as described in Condition 7(a) (*Redemption and Purchase – Redemption at maturity*).

Interest will continue to accrue and be payable on the unpaid amount of the relevant Series of Covered Bonds in accordance with Condition 5 (*Interest*) and the Guarantor will be obliged to pay Guaranteed Amounts constituting Scheduled Interest on each Scheduled Payment Date, or, if later, the day which is two Business Days following the IED Guarantee Activation Date in respect of such Guaranteed Amounts or if an Extended Due for Payment Date is specified in the applicable Final Terms, each Interest Payment Date that would have applied if the Final Maturity Date of such Series of Covered Bonds had been the Extended Due for Payment Date (the **Original Due for Payment Date**) up to and including the Extended Due for Payment Date.

Failure by the Guarantor to pay Guaranteed Amounts corresponding to the unpaid portion of the Final Redemption Amount or the balance thereof, as the case may be, on the Extended Due for Payment Date and/or pay Guaranteed Amounts constituting Scheduled Interest on any Original Due for Payment Date or the Extended Due for Payment Date will in each case (subject to any applicable grace period) constitute a Guarantor Event of Default.

If there is a call on the Guarantee, the claims of Covered Bondholders will be limited to the Guarantor's Available Funds from time to time, which may be limited due to a lack of liquidity in respect of the Mortgage Claims including that the Mortgage Claims may only be sold to a limited number of Eligible Investors

There is a risk that, if there is a call on the Guarantee, the Guarantor will be unable to make payments under the Guarantee for a period following such call due to the Issuer not pre-funding in accordance with the terms of the Guarantee Mandate Agreement. There is also the risk that there will be a lack of liquidity in respect of the Assigned Mortgage Claims upon the Guarantor's enforcement of the Cover Pool Assets. Furthermore, the maturities of the Assigned Mortgage Claims may not match those of the Covered Bonds. In addition, should an Issuer Event of Default or other Notification Event occur, there may be a delay in any and all borrowers of an Assigned Mortgage Claim (**Mortgage Debtors**) switching payments to the Guarantor. Accordingly, the claims of Covered Bondholders and the other Relevant Creditors of the Guarantor as against the Guarantor will be limited to the Guarantor's Available Funds from time to time.

Any sale by the Guarantor (including any sale, to the extent permitted, by way of a sale and repurchase agreement) of Assigned Mortgage Claims will have to be made in accordance with the provisions of the Security Assignment Agreement (see also *Overview of the Principal Transaction Documents – Security Assignment Agreement* and *Certain Matter of Swiss law – Enforcement and Insolvency – Enforcement of Cover Pool*). In particular, the Security Assignment Agreement provides that sales may only be made to Eligible Investors, i.e. banks and insurance companies incorporated and regulated in Switzerland. As such Eligible Investors are limited in number and in view of the amount and complexity of a potential transaction, there can be no assurance that there will be any Eligible Investors prepared to purchase the relevant Assigned Mortgage Claims at all or at fair prices, that a sale may be finalised within the necessary timeframe to ensure the payment of

Guaranteed Amounts when due or that the sales proceeds will be sufficient to discharge the Guaranteed Amounts due but unpaid.

The Guarantor may not be able to sell Assigned Mortgage Claims prior to maturity of Hard Bullet Covered Bonds upon a Pre-Maturity Liquidation Event

Upon the occurrence of a Pre-Maturity Liquidation Event, the Guarantor is entitled to sell Assigned Mortgage Claims (selected on a random basis) to an Eligible Investor in order to generate sufficient cash to enable the Guarantor to pay the Final Redemption Amount on any Hard Bullet Covered Bond in the event that the Issuer fails to pay that amount on the relevant Final Maturity Date (see *Summary of Principal Transaction Documents – Trust Deed – Sale of Assigned Mortgage Claims upon a Pre-Maturity Liquidation Event* and *Liquidity Risk in respect of the Mortgages Claims; Eligible Investors*).

There can be no guarantee that an Eligible Investor will be located to acquire the Assigned Mortgage Claims at the requisite times and there can be no guarantee or assurance as to the price which may be obtained.

Later maturing Covered Bonds may not be paid in full or at all under the Guarantee as Cover Pool Assets are not segregated for different Series of Covered Bonds and will be used to repay earlier maturing Covered Bonds first

Although each Series of Covered Bonds will rank *pari passu* with all other Series of Covered Bonds pursuant to the terms of the Intercreditor Deed, each Series of Covered Bonds may not necessarily have the same Final Maturity Date. As Cover Pool Assets are not segregated in relation to each Series of Covered Bonds and will be used to repay earlier maturing Covered Bonds first, there is a risk that later maturing Covered Bonds will not be paid in full (or at all) under the Guarantee. The Amortisation Test may not mitigate this risk. A breach of the Amortisation Test will occur if the aggregate principal amount outstanding of the Covered Bonds is greater than the aggregate outstanding principal balance of the Cover Pool Assets. Upon the occurrence of a breach of the Amortisation Test, a Guarantor Event of Default will also occur which will (subject to the Conditions) lead to the service of a Guarantor Acceleration Notice on the Guarantor and the acceleration of the obligations under the Guarantee in relation to all Covered Bonds then outstanding (hence any further timing subordination will cease to exist). There is however no guarantee that the remaining Cover Pool Assets will be sufficient to meet the claims of the remaining Covered Bondholders under the Guarantee in full.

Certain amounts due to other creditors of the Guarantor will rank ahead of the claims of the Covered Bondholders

Under the terms of the Intercreditor Deed, the Cash Manager shall perform certain cash calculation and allocation functions on behalf of the Guarantor. It also sets out the basis on which monies will be applied towards payments due to Covered Bondholders, each of the other Relevant Creditors and other creditors of the Guarantor in accordance with the applicable Priority of Payments. Under each Priority of Payments, there are certain amounts due to Third Party Services Providers and other creditors of the Guarantor including Dealers which rank ahead of, or *pari passu* with, the claims of the Covered Bondholders under the Guarantee.

If a Covered Bondholder or another Relevant Creditor receives a sum from the Cash Manager or the Guarantor (or any insolvency official appointed in respect of the Guarantor) which, in accordance with the terms of the Intercreditor Deed, it should not have received, then it will be obliged to repay such sum to the Cash Manager so as to be applied in accordance with the terms of the Intercreditor Deed. Enforcing the obligations of a Relevant Creditor to repay any such amount may result in a significant period of time, particularly if the Guarantor or the Cash Manager is obliged to involve it

in court or arbitration proceedings (which may or may not be successful). Furthermore, if that Relevant Creditor becomes insolvent prior to repaying the monies to the Cash Manager, there is then a risk that such sums will not be repaid in its entirety – that is, they may fall into the insolvency estate of that Relevant Creditor. The occurrence of either of these situations may cause an overall loss or delay of payments due to the Covered Bondholders.

There are also certain creditors of the Guarantor that are not party to the Intercreditor Deed, such as tax authorities, the Dealers, the Collateral Holding Agent, the Nominee System Provider, Mortgage Debtors and each Security Provider who has transferred to the Principal Originator or an Additional Originator one or several Related Mortgage Certificates by way of security for one or more Assigned Mortgage Claims (the **Security Providers**). These creditors are not bound by the limited recourse (as against the Guarantor) and non-petition provisions in the Intercreditor Deed. Under each Priority of Payment, amounts due to such creditors will also rank ahead of the claims of the Covered Bondholders.

The Guarantor's ability to make payments under the Guarantee will depend primarily on the ability of the Issuer to pay the amounts due under the Pre-Funding Obligations

Following a call on the Guarantee, the receipt by Covered Bondholders of repayments of principal and payments of interest under the Covered Bonds will depend primarily on the Guarantor's ability to make payments under the Guarantee. The Guarantor's ability to make payments under the Guarantee in respect of a Series or Tranche of Covered Bonds will depend firstly on the ability of the Issuer to pay the amounts due under the Pre-funding Obligations and, secondly on cash and cash equivalents being available to the Guarantor from the collection of amounts due under, and received following any liquidation of, the Assigned Mortgage Claims and the related Transferred Mortgage Certificates (it being understood that the related Transferred Mortgage Certificates only provide security for the Assigned Mortgage Claim(s) of the relevant Mortgage Debtor and not for any amounts owed by the Guarantor).

Besides the above, the Guarantor will not have any other significant sources of funds available to meet its obligations to pay Guaranteed Amounts. For the avoidance of doubt, any inability of the Guarantor to make payments under the Guarantee if and when they fall due will not affect the claims of the Covered Bondholders against the Issuer in respect of any such amounts owing which remain unpaid under the Guarantee.

Failure to maintain the Cover Pool in compliance with the Asset Coverage Test may affect the realisable value of the Cover Pool or any part thereof

Pursuant to the terms of the Security Assignment Agreement, the Assignor undertakes to secure the Secured Obligations by assigning and transferring the Mortgage Assets (in particular Assigned Mortgage Claims and Collected Mortgage Payments) and Substitute Assets to the Assignee in amount and composition sufficient to ensure that each Pre-Event Test is met as of any Cut-Off Date prior to the occurrence of an Issuer Event of Default and service of the Guarantee Activation Notice. These Pre-Event Tests are intended to ensure that the assets of the Guarantor do not fall below a certain threshold to ensure that the assets of the Guarantor are sufficient to meet its obligations under the Guarantee.

If the aggregate collateral value of the Cover Pool has not been maintained in accordance with the terms of the Asset Coverage Test or the Amortisation Test, then that may affect the realisable value of the Cover Pool or any part thereof (both before and after the IED Guarantee Activation Date) and/or the ability of the Guarantor to make payments under the Guarantee. The Amortisation Test is intended to ensure that if, following an Issuer Event of Default (but prior to a Guarantor Event of Default and service on the Guarantor of a Guarantor Acceleration Notice), the Cover Pool Assets available to the Guarantor to meet its obligations under the Guarantee and in respect of senior

ranking expenses which will include costs relating to the maintenance, administration and enforcement or liquidation of the Cover Pool Assets whilst the Covered Bonds are outstanding, fall to a level where Covered Bondholders may not be repaid, a Guarantor Event of Default will occur and all amounts owing under the Covered Bonds may be accelerated.

Following the IED Guarantee Activation Date (but prior to the GED Guarantee Activation Date), the Asset Monitor will also be required to test the arithmetical accuracy of the calculations performed by the Assignor or the Replacement Servicer, as applicable, on its behalf, in respect of the Amortisation Test. See *Overview of the Principal Transaction Documents – Asset Monitor Agreement*.

The Trustee shall not be responsible for monitoring compliance with, nor the monitoring of, the Asset Coverage Test, the Interest Coverage Test or the Amortisation Test or any other test, or supervising the performance by any other party of its obligations under any Transaction Document.

While the Asset Coverage Test, the Amortisation Test, the Pre-Maturity Test and the Interest Coverage Test have been designed to mitigate certain economic and legal stresses in connection with the performance and valuation of the Cover Pool in order to ensure that the Guarantor is able to meet its ongoing requirements at all relevant times, in setting the values and criteria for such tests, modelling has been undertaken on the basis of certain assumptions in certain stress scenarios. No assurance can be given that the assumptions utilised in such modelling have been able to incorporate or examine all possible scenarios that may occur in respect of the Guarantor and the Cover Pool. As such, no assurance can be given that the methodology and modelling utilised to set the relevant values and criteria within such tests will be sufficient in all scenarios to ensure that the Guarantor will be able to meet its obligations in full.

The Guarantor does not provide any direct security

The Guarantor will not provide any direct security for its obligations under the Guarantee. The claims of each Covered Bondholder against the Guarantor under the Guarantee are limited to the *pro rata* share of such claims (after giving effect to the Priority of Payments) in the Available Funds arising from the Cover Pool Assets. As such, claims under the Guarantee would rank *pari passu* with all other unsecured and unsubordinated holders of claims against the Guarantor not benefiting from any bankruptcy privilege under Applicable Law. While the Guarantor has covenanted not to grant any security over its assets to third parties (unless arising by operation of law), the secured claims of certain statutorily preferred creditors (such as tax) may rank ahead of the Covered Bondholders and the other Relevant Creditors.

Claims of Covered Bondholders are limited recourse obligations of the Guarantor

The claims of Covered Bondholders against the Guarantor will be limited in amount and recourse to an amount corresponding (after giving effect to the applicable Priority of Payments) to the pro rata share of such claim in the Available Funds of the Guarantor from time to time, and, upon the Cash Manager giving written notice to the Covered Bondholders that:

(A) it has determined in its sole opinion that there is no reasonable likelihood of there being any further realisations in respect of the Cover Pool Assets which would be available to pay amounts owing to Covered Bondholders; and

(B) all amounts available to be applied to pay amounts owing to Covered Bondholders have been so applied in accordance with the Transaction Documents,

the Covered Bondholders shall have no further claim against the Guarantor in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full as against the Guarantor. For the avoidance of doubt, any inability of the

Guarantor to make payments under the Guarantee if and when they fall due will not affect the claims of the Covered Bondholders against the Issuer in respect of any such amounts owing which remain unpaid under the Guarantee.

In addition, persons not party to the Intercreditor Deed as well as non-contractual creditors of the Guarantor are not subject to the limited recourse provisions in the Transaction Documents. Therefore, third party creditors such as tax authorities, Dealers, the Collateral Holding Agent, the Nominee System Provider, as well as Mortgage Debtors and Security Providers (e.g. in relation to the Claim for retransfer of Transferred Mortgage Certificates upon full satisfaction of the Assigned Mortgage Claims) are creditors of the Guarantor with recourse to the whole of its assets, which may, other than claims of the Dealers, rank *pari passu* with or ahead of the Covered Bondholders (see *Intercreditor Deed* above).

Under the Conditions and the terms of certain Transactions Documents, the Covered Bondholders are limited in enforcing their rights and claims against the Guarantor

Each of the Covered Bondholders and the other Relevant Creditors will agree, under the Conditions and the terms of the Intercreditor Deed and certain other Transaction Documents, that as long as the Covered Bonds are outstanding and until the expiry of the date on which all potential liabilities secured by the Guarantee have been discharged or satisfied in full:

(a) it will not take any legal steps nor institute any legal proceedings against the Guarantor or its assets or corporate bodies for the purpose of asserting or enforcing any of its rights or claims against the Guarantor; in particular it will not:

  (i) file a request for payment (*Betreibungsbegehren*) under the DEBA or otherwise initiate any debt collection, attachment or enforcement proceedings against the Guarantor or support any such proceedings; or

  (ii) initiate any arbitration, court, administrative or other proceedings against the Guarantor, its assets or executive bodies or support any such proceedings except for any such action (x) solely seeking declaratory relief without requesting the adjudication of damages, or (y) solely seeking specific performance of the Guarantor's obligations under the Transaction Documents to serve Pre-funding Notices and/or Recourse Notices; or

  (iii) without prejudice to the netting provisions expressly provided for in any Swap Agreement, exercise any right of set-off;

(b) it will not take any steps nor institute any proceedings to procure the bankruptcy, winding up, liquidation, restructuring, administration or any similar procedure in respect of the Guarantor, and in particular they will not initiate or support any Insolvency Proceedings against the Guarantor; and

(c) other than by virtue of filing any of its claims in an insolvency of the Guarantor, it will not claim, rank, prove or vote as creditor of the Guarantor or its estate in competition with any prior ranking creditors in the relevant Priority of Payments until all amounts then due and payable to creditors who rank higher in the relevant Priority of Payments have been paid in full,

provided, however, that sub-clauses (a)(i) and (ii) as well as sub-clause (b) will become inapplicable if the Guarantor is adjudicated bankrupt by a competent Swiss court.

There is no tax gross-up under the Guarantee

All payments of principal and interest in respect of the Covered Bonds will be made by the Issuer without withholding or deduction for, or on account of, taxes imposed by any governmental or other taxing authority, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is imposed by a Tax Jurisdiction (as defined in Condition 8 (*Taxation*)), the Issuer will, save in certain limited circumstances provided in Condition 8 (*Taxation*), be required to pay additional amounts to cover the amounts so withheld or deducted. By contrast, under the terms of the Guarantee, the Guarantor will not be liable to pay any such additional amounts as would have been payable by the Issuer under Condition 8 (*Taxation*), or to pay any additional amounts in respect of any amount withheld or deducted for, or on account of, taxes from a payment by the Guarantor under the Guarantee (see Condition 9 (*Taxation of Payments under the Guarantee*)).

Certain amounts payable to the Trustee and the Agents may reduce funds available to pay Covered Bondholders

The Issuer and the Guarantor have agreed that they will be jointly liable for the payment of certain fees and ordinary costs and expenses incurred by the Trustee and the Agents. However, for Swiss law reasons, the Guarantor cannot jointly be liable to pay extraordinary expenses and indemnities due to the Trustee and the Agents for which the Issuer will be solely liable.

Pursuant to the terms of the Priorities of Payments, the Trustee and the Agents will be paid such extraordinary expenses and indemnities out of available monies standing to the credit of the Guarantor's General Bank Account (to the extent not paid by the Issuer) on a priority basis ahead of amounts due to Covered Bondholders. The payment of these amounts will not increase the overall payment obligations of the Guarantor, but will constitute a redistribution of funds among the Relevant Creditors in reverse order, so that payments or provisions of a lower priority would be reduced first. This may lead to a loss in amounts available for payments to be made on the Covered Bonds.

3. RISKS RELATING TO THE COVER POOL

Prior to the completion of a transfer of Collected Mortgage Payments to the Guarantor, monies collected by the Originator on behalf of the Guarantor are commingled with the funds of the Originator, and there can be no assurance as to the ability of the Guarantor to obtain effective direct payments from the Mortgage Debtors under the Assigned Mortgage Claims

Notice is usually given to Mortgage Debtors of the transfer of the Assigned Mortgage Claims to the Guarantor only after the occurrence of a Notification Event. Such notice will instruct the relevant Mortgage Debtor to pay all further amounts due under the Relevant Mortgage Loan to an account in the name of the Guarantor (as specified in such notice). As a matter of Swiss law, until such notice is received by the Mortgage Debtor, the Mortgage Debtor may continue to pay all amounts due under the Relevant Mortgage Loan to the Originator and receive good discharge for such payments.

There can be no assurance that upon the occurrence of a Notification Event, (a) notification to the Mortgage Debtors will be made duly and timely or (b) the Guarantor will have the ability to obtain effective direct payments from the Mortgage Debtors under the Assigned Mortgage Claims.

Prior to the occurrence of a Notification Event, Credit Suisse and/or any Additional Originator shall be entitled to receive and collect all cashflows received in respect of the Cover Pool Assets. Following the occurrence of a Notification Event, Credit Suisse and/or any Additional Originator will, subject to the terms of the Security Assignment Agreement, be obliged to transfer all Collected Mortgage Payments received in respect of the Cover Pool Assets promptly to the Guarantor in accordance with the terms of the Security Assignment Agreement. However, in an insolvency of

Credit Suisse, to the extent that Credit Suisse and/or any Additional Originator has not transferred Collected Mortgage Payments to the Guarantor prior to its insolvency, such amounts will not be protected by security granted under the Security Assignment Agreement and the Guarantor would only have an unsecured claim against the estate of the Originator or Additional Originator (as the case may be) for such amounts.

Collected Mortgage Payments in respect of the Cover Pool Assets will also be transferred to the Guarantor in the following circumstances:

- for so long as a Breach of Test Notice is outstanding and has not been revoked;
- for so long as the short-term unsecured and unsubordinated ratings of Credit Suisse are rated less than "Prime-1" by Moody's or "F1" by Fitch (but provided that if no Breach of Test Notice is outstanding, the Collected Mortgage Payments may be returned to the relevant Originator subject to the terms of the Pre-Guarantee Priority of Payments);
- if a Breach of Pre-Maturity Test has occurred and is continuing and the amount standing to the credit of the Pre-Maturity Liquidity Ledger is less than the Pre-Maturity Required Amount; and
- if a Liquidity Reserve Trigger Event has occurred and is continuing the amount standing to the credit of the Liquidity Reserve Fund Ledger is less than the Liquidity Reserve Fund Required Amount.

Until completion of the transfer of such Collected Mortgage Payments to the Guarantor and prior to the circumstances as set out above, monies collected by each Originator on the account of the Guarantor are commingled with the funds of that Originator. In the event of an insolvency of an Originator, such monies would fall within the estate of that Originator, leaving the Guarantor with an unsecured claim against the estate. This may adversely affect the timing and amount of payments on the Covered Bonds.

Moreover, Credit Suisse also serves as initial Account Bank to the Guarantor. Therefore, even if the transfer of such Collected Mortgage Payments to the Guarantor's account with Credit Suisse is completed, the Covered Bondholders bear the risk of an Insolvency of Credit Suisse unless Credit Suisse has been replaced as Account Bank and transfer of the funds has been completed prior to such event. See - *In the case of Insolvency of the Account Bank, the Guarantor will only have an unsecured claim against the estate for funds deposited, and no assurance can be given that the Guarantor effectively will have adequate access to Substitute Assets*.

Mortgage Debtors may default in paying amounts due under the Assigned Mortgage Claims

The inability of Mortgage Debtors to pay amounts due under the Assigned Mortgage Claims may reduce the amount of the Guarantor's Available Funds. Mortgage Debtors may for a variety of reasons default on their obligations due under the Assigned Mortgage Claims. Various factors influence mortgage delinquency rates and the ultimate payment of interest and principal. Examples of such factors include changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Mortgage Debtors' individual, personal or financial circumstances may affect the ability of Mortgage Debtors to repay the Assigned Mortgage Claims. Loss of earnings, illness, divorce and other similar factors may also lead to an increase in delinquencies by and bankruptcies of Mortgage Debtors, and could ultimately have an adverse impact on the ability of Mortgage Debtors to repay the Assigned Mortgage Claims. In addition to the above, the ability of a Mortgage Debtor to sell a property at a price sufficient to repay the amounts outstanding under that Assigned Mortgage Claim will depend

upon a number of factors, including the availability of purchasers for that property, the value of that property and property values in general at the time. See also – *Risks related to the Swiss residential mortgage market such as a deterioration in the market for real estate, could negatively affect the value and marketability of the Covered Bonds* below and *Changes in tax treatment on Swiss residential mortgage loans may adversely affect the prices of the residential properties relating to the Relevant Mortgage Loans, the ability of the Mortgage Debtors to pay their obligations under the Relevant Mortgage Loans and, as an indirect consequence, the value of the Relevant Mortgage Loans*.

Risks relating to the Swiss residential mortgage market such as a deterioration in the market for real estate, could negatively affect the value and marketability of the Covered Bonds

In an economic environment with low interest rates, low inflation and increased household disposable income, the demand for residential mortgages has over the last years increased in line with population growth and demographic changes. Concurrently, Swiss property prices have shown widespread increase, with significant increases in selected urban and touristic areas. In the context of a perceived risk of regional overheating in the property markets, the Swiss government is requiring Swiss banks to provide for additional equity against certain of their Swiss mortgage exposures, and has recently decided to activate a countercyclical capital buffer that requires banks to hold an extra 1% capital on risk weighted mortgage assets.

One of the main risks related to the Swiss residential mortgage market is the credit risk associated with borrowers' creditworthiness and their ability to pay under the mortgage loan as well as with the value of the mortgaged properties. The euro-related turbulence has had a negative impact on the Swiss economy and has induced the Swiss National Bank to set a minimum EUR-CHF exchange rate. Switzerland is forecast to enjoy positive economic growth in the current year, however at a lower rate of expansion than in the previous year. A deterioration or slump in the market for residential or other real estate, as happened in the early 1990s in Switzerland, could negatively affect the value of the mortgaged real property in the underlying Cover Pool and the Swiss mortgage market, which in turn could have an adverse effect on, inter alia, the value and marketability of the Covered Bonds and the ability of the Guarantor to pay all Guaranteed Amounts and/or other amounts due to the Covered Bondholders and other Relevant Creditors of the Guarantor.

The Guarantor may be exposed to a potential shortfall in payments under the Assigned Mortgage Claims in the absence of a valid waiver of a Mortgage Debtor's right of set-off against Credit Suisse

As a matter of Swiss law, each Mortgage Debtor as described below is entitled to set off all payments due under the relevant Assigned Mortgage Claim against any cash deposits (such as savings held in bank accounts and time deposits) held by Credit Suisse in the name of such Mortgage Debtor and other monetary claims (potentially including claims for the restitution of Related Mortgage Certificates) by such Mortgage Debtor against Credit Suisse.

In the event of a Mortgage Debtor invoking any right of set-off prior to being notified of the assignment, the Security Assignment Agreement requires that Credit Suisse shall transfer to the Guarantor an amount corresponding to the amount set off by the relevant Mortgage Debtor. However, in case of an insolvency of Credit Suisse, the Guarantor would only have an unsecured claim against the estate.

Moreover, defences of the Mortgage Debtors in relation to Assigned Mortgage Claims, the factual basis of which predate the date the debtor had notice of the assignment, may also be raised against the Guarantor. Such defences include counterclaim, misrepresentation and material error, as well as set-off.

Therefore the Mortgage Debtors will remain entitled to set off any such amounts against cash deposits held by Credit Suisse and any other monetary claims by the Mortgage Debtor against Credit Suisse, and any such set-off shall be considered a good discharge of the Mortgage Debtor's obligations to make payments under the relevant Assigned Mortgage Claim even after the Mortgage Debtors are notified of the assignment of the relevant Assigned Mortgage Claims to the Guarantor. While upon the occurrence of a Notification Event, each notified Mortgage Debtor's right of set-off against Credit Suisse shall crystallise, as noted above, Credit Suisse may be unable to transfer to the Guarantor the payment by way of deemed collection, exposing the Guarantor to a potential shortfall in payments under the Assigned Mortgage Claims. The Asset Coverage Test may not be sufficient to mitigate the potential set-off risk associated with Mortgage Debtors holding deposits with Credit Suisse.

The waivers of banking secrecy and the transfer clauses necessary for the transfer of Cover Pool Assets, as well as other relevant provisions in Credit Suisse's standard forms of agreement may be deemed by Swiss courts to be insufficient or inapplicable, which may negatively affect the validity of the transfer of Cover Pool Assets to the Guarantor, replenishment of the Cover Pool as well as the value and/or the enforceability of the Cover Pool Assets

The origination of Cover Pool Assets (such as the Assigned Mortgage Claims and the Transferred Mortgage Certificates) by Credit Suisse as Originator, the servicing of Cover Pool Assets by Credit Suisse or any Replacement Servicer, as well as the enforcement and liquidation of Cover Pool Assets by Credit Suisse and the Guarantor, respectively, are based on Credit Suisse's standard forms of agreement (such as the Mortgage Credit Agreements and the Security Transfer Agreements). Furthermore, under Swiss law, the transfer of the Assigned Mortgage Claims and the Transferred Mortgage Certificates from Credit Suisse as Originator to the Guarantor requires a waiver by the relevant Mortgage Debtor or Security Provider of the confidentiality obligations owed under Swiss banking secrecy as well as its consent to such transfer. The standard forms of the relevant agreements of Credit Suisse contain such waiver and transfer clauses.

However, the validity and enforceability of the provisions set out in standard forms of agreement are subject to specific requirements which are applied by the courts on a case-by-case basis, and there is a trend to apply such requirements more strictly (see *Certain Matters of Swiss Law – Certain Aspects of Swiss Law in Connection with the Cover Pool – Legal constraints applicable to standard forms of agreement (such as the Mortgage Credit Agreements and the Security Transfer Agreement*s)). In particular, provisions in general terms and conditions of a surprising or particularly unbalanced nature can be deemed to be outside the scope of a contractual consensus and, thus, invalid. Also, pursuant to an amendment to the Swiss Federal Act on Unfair Competition effective as of 1 July 2012, a provision contained in a standard form of agreement may be declared invalid if a court finds that the provision creates, in violation of the principle of good faith, a material and unjustified disproportion between the contractual rights and obligations to the detriment of consumers.

As of the date of this Base Prospectus, there is no clear guidance on what impact this amendment will have on the existing and future agreements under which the Cover Pool Assets are originated and whether the bank secrecy waivers, transfer clauses and other relevant provisions in Credit Suisse's current and new standard forms of agreement still meet the applicable requirements. However, emerging legal writing proposes to apply the new standards in a rather strict and consumer-friendly way. Moreover, under the revised Swiss Federal Act on Unfair Competition, consumer organisations and interested individuals may seek a judgement rendering certain provisions contained in standard forms of agreement (such as a bank secrecy waiver, a transfer clause or other relevant provisions) to be generally void. In addition, the risk of a successful challenge of the validity of a contractual provision contained in Credit Suisse's standard form of agreements may also depend on whether or not Credit Suisse can prove that the relevant customer was sufficiently informed of, and has consented to, the consequences of Credit Suisse making use of a particular right conferred to it in the Underlying Agreements. There is currently no separate

document by which the Mortgage Debtors and/or the Security Providers are informed of, and consent to, the transfer of Mortgage Assets or the employment of the Nominee System or the consequences thereof. The absence of such document may increase the risk that the relevant Mortgage Debtor and/or Security Provider may successfully challenge the validity of the relevant waivers and transfer clauses contained in Credit Suisse's standard forms of agreements. Any judicial decision or other legal development to the effect that the waivers and transfer clauses contained in the standard terms of the relevant Credit Suisse agreements are or may be insufficient or invalid may restrict or preclude transfers of Mortgage Assets, including for purposes of replenishment of the Cover Pool or the sale of Mortgage Assets to Eligible Investors and/or affect the validity of the security of the Guarantor over the Transferred Mortgage Certificates (see *Programme Related Legal and Regulatory Risks – Change of Law*). Moreover, the revised Swiss Federal Act on Unfair Competition increases the risk that other provisions in Credit Suisse's standard forms of agreement on which Credit Suisse and/or the Guarantor may rely in connection with the origination, servicing, enforcement and liquidation of the Cover Pool Assets may be deemed to be unenforceable or void on a case-by-case basis or generally.

If Transferred Mortgage Certificates are sold at public auction there is no guarantee that a fair market price will be realised or that such a price will be sufficient to discharge the amount outstanding under the relevant Assigned Mortgage Claim

A Transferred Mortgage Certificate securing one or more Assigned Mortgage Claims may only be enforced by the Guarantor if and to the extent such claims are due and payable. If an agreement cannot be reached with a defaulting Mortgage Debtor for a private sale of the relevant property with a view to repay the secured claims, the enforcement of the Transferred Mortgage Certificate relating to such property becomes subject to a state regulated standardised enforcement process. This process will ultimately result in the relevant property being sold at public auction. The average time between a default and such auction is approximately 12 to 24 months, but it may be significantly longer. There is no guarantee that such an auction will attract enough interested buyers to ensure that a fair market price is realised for such property, or that such a fair market price will be sufficient to discharge the total amount then outstanding under the Assigned Mortgage Claims secured by relevant Transferred Mortgage Certificates and/or the Assigned Mortgage Claim(s) secured thereby.

The sale of real property upon enforcement in the Transferred Mortgage Certificates may be subject to property transfer taxes and capital gain taxes or legal liens as a consequence of unpaid taxes

The sale of real property upon enforcement in the Transferred Mortgage Certificates and the underlying real property may be subject to real property transfer tax and real property capital gains tax in Switzerland, depending upon in which canton and municipality the real property is located. Real property capital gains taxes are in general payable by the seller of the real property. Real property transfer taxes, on the other hand, are generally payable by the buyer of the real property. In some cantons, however, transfer taxes are either payable by the seller of the property or by both the seller and buyer of the real property. The respective tax authority to which such taxes are payable has a legal lien on the respective property to the extent such taxes are not paid. As to other statutory liens, such lien would rank ahead of the security created in order to secure the respective loan. To mitigate the risk of enforcement of such liens, amounts equal to such taxes are usually deducted from the purchase price and directly paid to the relevant tax authority, as concerns the capital gains tax such a deduction, however, usually on the basis of a provisional tax assessment only. There is therefore a risk that, if no such amounts are deducted and remitted or the final assessment is higher than the provisional assessment, and the tax authority is granted no other or additional security by the seller, the tax authority to which such taxes are payable enforces the legal lien to the extent such taxes remain unpaid. The capital gains tax and the transfer tax may therefore reduce the enforcement proceeds to amounts lower than the mortgage amount, despite Credit Suisse restricting the level of lending for residential properties normally to 80% (85% if situated in a prime location, 66% in the

case of luxury properties) and for second residence properties normally to 66% (50% for luxury second residence properties) of the value of the real property (see *Certain Matters of Swiss Law – Property Law – Limited Rights in Rem*).

Changes in tax treatment on Swiss residential mortgage loans may adversely affect the prices of the residential properties relating to the Relevant Mortgage Loans, the ability of the Mortgage Debtors to pay their obligations under the Relevant Mortgage Loans and, as an indirect consequence, the value of the Relevant Mortgage Loans

Under current income tax laws in Switzerland, a private individual Mortgage Debtor may deduct from taxable income for the relevant taxation period all interest paid, including interest on Relevant Mortgage Loans; provided, however, that the total deductions made on account of interest for such taxation period may not exceed an amount equal to the portion of such Mortgage Debtor's taxable income for such taxation period derived from private assets (including from real property), plus CHF 50,000. In addition, such Mortgage Debtor may deduct from taxable income for such taxation period expenses paid during the taxation period to maintain and preserve the privately owned and occupied residential property or, instead, deduct from taxable income for such taxation period a specified lump-sum allowance. Reciprocally, such a Mortgage Debtor must report the rental value of his privately owned and occupied residential property as taxable income.

The Swiss Federal Parliament has recently rejected several people's initiatives and parliamentary motions to abolish taxation of rental values of privately owned and occupied residential properties, and related thereto, to also abolish or significantly reduce tax deductions for home mortgage interest and home maintenance and preservation costs. However, taxation of home rental values remains disputed and consequentially also tax deductibility of home mortgage interest and home maintenance and preservation costs.

If income tax legislation abolishing taxation of home rental values and disallowing or reducing tax deductibility of home mortgage interest and home maintenance and preservation costs were enacted, current tax advantages of mortgage loans may be eliminated or significantly reduced. This may lead to accelerated repayments or amortisations of mortgage loans, non-renewals of mortgage loans, and decline in the origination of mortgage loans and adversely affect the ability of Mortgage Debtors to pay their obligations under the Relevant Mortgage Loans, the prices of residential properties relating to the Relevant Mortgage Loans and ultimately the value of the Relevant Mortgage Loans.

The Cover Pool is formed by Mortgage Claims to be randomly selected by the Assignor and which are represented to meet the Eligibility Criteria, and only limited due diligence has been undertaken on a very small number of individual Mortgage Assets

Only limited due diligence on a very small number of individual Mortgage Assets has been performed by way of a sample review of loan files comprised in the Cover Pool or may be performed at the date of any future issuance. Moreover, none of the Arranger, the Issuer, the Guarantor, the Asset Monitor, the Trustee or any Dealer has undertaken or will undertake any due diligence with respect to the wording or content of the individual agreements underlying such Mortgage Assets or the facts and circumstances relating to the particular relationship between the relevant Mortgage Debtor or Security Provider, respectively, and the Originator, all of which may impact the viability and interpretation of such agreements. Instead, the Guarantor will rely on the Eligibility Criteria and the relevant warranties given by the relevant Originator in the Security Assignment Agreement. The remedies provided for in the Security Assignment Agreement to the Guarantor in respect of non-compliance with the Eligibility Criteria (or a breach of warranty (other than where such breach was waived at the point of assignment to the Guarantor)), shall be for Credit Suisse to assign another Mortgage Claim meeting the Eligibility Criteria as a replacement for any Mortgage Claim which is the subject of such failure or breach, provided that neither shall limit any other remedies available to the Guarantor if Credit Suisse fails to substitute a Mortgage Claim when

obliged to do so. Such obligations are not guaranteed by nor will they be the responsibility of any person other than Credit Suisse and neither the Guarantor nor the Trustee will have recourse to any other person in the event that Credit Suisse, for whatever reason, fails to meet such obligations.

The lending criteria applicable to any new Mortgage Asset at the time of its origination may not be the same as those set out in this Base Prospectus

Pursuant to the terms of the Security Assignment Agreement, the Assignor has represented that each of the Mortgage Assets was originated in accordance with the Assignor's lending criteria applicable at the time of origination. These lending criteria consider a variety of factors such as a potential borrower's credit history, employment status and repayment ability, as well as the value of the property to be mortgaged. In the event of the assignment and transfer of any new Mortgage Assets and their related security to the Assignee, representations and warranties will at such time be given to the Assignee that those new Mortgage Assets and their related security were originated in accordance with the Assignor's lending criteria applicable at the time of the origination of such new Mortgage Assets. Whilst any new Mortgage Assets and their related security will have to comply with the representations and warranties set out in the Security Assignment Agreement, the Assignor retains the right to revise its lending criteria as determined from time to time in its absolute discretion and the lending criteria applicable to any new Mortgage Asset at the time of its origination may not be the same as those in force as at the date of this Base Prospectus and such differences may be material.

Levels of arrears in the Cover Pool included in investor reports are as of the applicable Cut-Off Dates, and may have changed at the date of the issuance of the relevant Series of Covered Bonds

For each Series of Covered Bonds, selected information about the Relevant Mortgage Loans in the Cover Pool, including information in respect of arrears as at the Cut-Off Date prior to the time of the relevant issue of such Series of Covered Bonds, will be set out in investor reports. Except as otherwise indicated in investor reports, the selected information will be prepared using the Current Balance as at the relevant Cut-off Date, which includes all principal and accrued interest for the Relevant Mortgage Loans as at the relevant Cut-off Date and may not be a true reflection of the Relevant Mortgage Loans as at the date of issuance of such Series of Covered Bonds. The selected information will not include any Relevant Mortgage Loans assigned to the Cover Pool since the relevant Cut-off Date.

Investors will receive limited information on the Cover Pool

Other than certain summary information contained in the Investors Reports, Investors will not receive detailed statistics or information in relation to the Assigned Mortgage Claims in the Cover Pool from time to time. There is no assurance that the characteristics of any new Mortgage Assets will be the same as, or similar to, those of the Mortgage Assets in the Cover Pool as further described in this Base Prospectus or the applicable Final Terms. For a brief description of the types of Assigned Mortgage Claims that may be included in the Cover Pool, see *Overview of the Principal Transaction Documents – Security Assignment Agreement – Eligibility Criteria* below.

4. RELIANCE ON CERTAIN TRANSACTION PARTIES

The Guarantor and the Covered Bondholders place significant reliance on Credit Suisse in connection with the servicing of the Cover Pool Assets and such reliance may give rise to conflicts of interest

The Guarantor and the Covered Bondholders place significant reliance on Credit Suisse in connection with the servicing of the Cover Pool Assets, as well as for the Guarantor's administration and funding. In particular, Credit Suisse performs the initial roles of (a) Cash Manager, (b) Account

Bank, (c) Custodian, (d) Corporate Services Provider to the Guarantor, (e) Swap Provider and (f) Calculation Agent. Credit Suisse is also the majority shareholder of the Guarantor and is represented with two members of the Board of Directors of the Guarantor. Credit Suisse, as Assignor, in order to preserve the value of the Serviced Mortgage Assets in its own interest as provider of such assets, will be responsible for servicing and administering the Serviced Mortgage Assets. Furthermore, Credit Suisse, as the Principal Originator of the Mortgage Assets in the Cover Pool, has considerable discretion to substitute Cover Pool Assets during the course of the Covered Bond Programme and generates and stores the data and documentation relating to the Cover Pool underlying the transfer, retransfer and servicing of Mortgage Assets, which data is also provided to third parties in their respective functions under the Covered Bond Programme. Credit Suisse, as Cash Manager, has, prior to the earlier of (i) its credit rating falling below the Minimum Account Bank Ratings, or (ii) the occurrence of an Issuer Event of Default and service of an Issuer Default Notice, unrestricted access to the funds standing to the credit of the Guarantor Bank Accounts. Similarly, Credit Suisse, as Custodian, prior to the earlier of (i) a Notification Event, or (ii) a Breach of Pre-Maturity Test (where the Liquidity Reserve Fund is not at the Liquidity Reserve Required Amount within the required time) is responsible for safekeeping the Stored Mortgage Certificates.

In view of these multiple roles of Credit Suisse, such reliance may give rise to a wide variety of substantial conflicts of interests. There can be no assurance that the conflicts of interest described will not have a material adverse effect on the Guarantor's performance of its payments and other obligations and/or on the Covered Bondholders.

Replacement of Credit Suisse as services provider may not be found on acceptable terms or within an acceptable time period and the ability of the Guarantor to perform its obligations may be impaired

As noted above, Credit Suisse performs a number of initial roles. In addition, Credit Suisse shall, as Principal Originator of the Assigned Mortgage Claims, continue to service and administer the Serviced Mortgage Assets until revocation of the relevant authority by the Guarantor.

In certain circumstances, Credit Suisse is required to be replaced as provider of these services – for instance if it ceases to have the requisite minimum rating (and it is unable to take other mitigating steps), or if an Insolvency Event occurs in relation to Credit Suisse. If Credit Suisse is replaced as Account Bank, then the Guarantor will be obliged to procure that the funds in the Guarantor Bank Accounts and the Guarantor Share Capital Bank Account deposited with Credit Suisse are transferred to a newly opened account with a bank having an appropriate credit rating.

There is no certainty that a relevant replacement third party services provider/counterparty could be found who would be willing to enter into the relevant agreement with the Guarantor. The ability of that servicer/counterparty to perform fully its services would depend in part on the information, software and records which are then available to it. In addition, the replacement servicer may be required to acquire or develop new servicing systems or platforms, which may require substantial time and expense to implement. There can be no assurance that the Guarantor will be able to enter into such replacement agreements and transactions on acceptable terms and within a time period which will ensure uninterrupted payments of amounts due by the Guarantor under the Guarantee (if called). Moreover, any entity appointed as Replacement Servicer would not become bound by Credit Suisse's obligations under the Security Assignment Agreement, in particular in relation to the warranties as described above under *Risks relating to the Cover Pool – The Cover Pool is formed by Mortgage Claims to be randomly selected by the Assignor and which are represented to meet the Eligibility Criteria, and only limited due diligence has been undertaken on a very small number of individual Mortgage Assets.*

In the event that any of the Cash Manager, the Account Bank, the Custodian, the Corporate Services Provider, the Swap Provider, the Calculation Agent or other relevant party providing services to the

Guarantor under the Transaction Documents fails to perform its obligations or the Guarantor is unable to replace such service providers, in a timely manner, the Guarantor's ability to perform its payment and other obligations may be compromised. Furthermore, any delay or inability to appoint a suitable Replacement Servicer may have an impact on the realisable value of the Cover Pool Assets.

Depending on market conditions and the existence of a potential Replacement Swap Provider with the required ratings and other applicable characteristics, the Guarantor may not be able to enter into replacement Swaps if Credit Suisse is required to be replaced as Cover Pool Swap Provider and/or Covered Bond Swap Provider. If no such replacement Swaps are executed, an Investor in the relevant Covered Bonds will be exposed to the interest rate and currency risks that were otherwise hedged by the relevant Cover Pool Swap(s) and/or Covered Bond(s) Swaps prior to their termination. Such exposure may result in a reduction of the amounts available to be paid on the Covered Bonds.

An insolvency of Credit Suisse may, directly or indirectly, negatively affect the liquidation and enforcement of the Cover Pool Assets for the benefit of the Covered Bondholders and/or the rights and claims of the Covered Bondholders against the Guarantor

As a Swiss bank, Credit Suisse is subject to the special restructuring and insolvency regime set out in Art. 25 et seq. of the Swiss Federal Banking Act, which gives FINMA, the Swiss financial services regulator, broad powers and considerable discretion in taking the measures it deems appropriate for purposes of facilitating the restructuring of Swiss banks and banking groups. Accordingly, it is uncertain which measures or actions FINMA and/or other authorities would take in connection with a potential insolvency of Credit Suisse. Moreover, an insolvency of Credit Suisse will have certain impacts in relation to Credit Suisse's contractual obligations (see *Credit Suisse is subject to the powers of the FINMA in relation to restructuring and liquidation proceedings the exercise of which may have a material adverse effect on the terms and market value of the Covered Bonds and/or the ability of Credit Suisse and the Guarantor to make payments under the Covered Bonds and the Guarantee, respectively*). Accordingly, there is no assurance that an insolvency of Credit Suisse will not, directly or indirectly, negatively affect the liquidation and enforcement of the Cover Pool Assets for the benefit of the Covered Bondholders and/or the rights and claims of the Covered Bondholders against the Guarantor.

The occurrence of an Insolvency Event in relation to Credit Suisse would also result in an Insolvency Event in relation to the Issuer, as the Issuer is part of the same legal entity. In an insolvency of Credit Suisse, the claims of the Covered Bondholders would rank *pari passu* with the claims of senior unsecured creditors of Credit Suisse not benefiting from a statutory privilege. An Insolvency Event in relation to the Issuer constitutes an Issuer Event of Default according to the Conditions of the Covered Bonds whereupon an Issuer Default Notice would be served on the Issuer and a Guarantee Activation Notice and Notices to Pay would be served on the Guarantor (subject to the Conditions). Upon service of such Guarantee Activation Notice and service of a Notice to Pay for each relevant amount, the Guarantor would be required to pay the Guaranteed Amounts in relation to each Series of Covered Bonds when the same become Due for Payment on the originally scheduled payment dates set out in the applicable Final Terms.

An insolvency of Credit Suisse could also negatively affect the Swiss mortgage market and the value of the real property underlying the Cover Pool, thereby impairing the realisation of the underlying Mortgage Assets and the ability of the Guarantor to make payments to Covered Bondholders.

Upon the occurrence of an Insolvency Event in relation to Credit Suisse, the shares of the Guarantor owned by Credit Suisse would become part of the bankruptcy estate and may be liquidated for the benefit of Credit Suisse's creditors. No assurance can be given that the solvency and governance of the Guarantor will not be negatively affected by an insolvency of Credit Suisse. Apart from the potential impact on the Swiss mortgage market and the value of the real property underlying the

Cover Pool, relevant potential impacts include non-receipt of any and all Mortgage Payments collected by and other monies held with Credit Suisse; the termination of the Cover Pool Swap(s) and the Covered Bond Swap(s) between Credit Suisse as the Initial Swap Provider and the Guarantor (unless the Swap Agreement was previously transferred to a Replacement Swap Provider); as well as changes to the Board of Directors of the Guarantor and non-enforceability of Credit Suisse's covenants in the Shareholders Agreement, which may negatively affect the compliance of the Guarantor with its payment obligations and undertakings under the Guarantee Deed.

If an Insolvency Event occurs in relation to Credit Suisse, transactions involving the provision, replenishment or substitution of Cover Pool Assets may be successfully challenged and the Guarantor may therefore have insufficient funds to make payments under the Guarantee

If an Insolvency Event occurs in relation to Credit Suisse, then the insolvency official appointed in respect of Credit Suisse or, under circumstances, certain of Credit Suisse's creditors may challenge any transfer of Cover Pool Assets to the Guarantor and dispositions of Credit Suisse (i) if no or no equivalent consideration was given by the Guarantor at the relevant time (referred to as "*transaction at an undervalue*"), or (ii) if Credit Suisse was over indebted at the time of the transfer (referred to as "*transaction voidable for over-indebtedness*"), or (iii) if Credit Suisse intended to disfavour or favour certain of its creditors or should have reasonably foreseen such result (referred to as "*preference*") (see *Certain Matters of Swiss Law – Enforcement and Insolvency – Avoidance Action*). In particular, there is no assurance that a challenge of a transaction involving the providing, replenishment or substitution of Cover Pool Assets leading to a net enlargement or improvement of the Cover Pool or involving payments by Credit Suisse relatively shortly prior to it becoming insolvent would not be successful, in which case the Guarantor may not be able to liquidate the relevant assets in the Cover Pool for the benefit of the Covered Bondholders and may have to transfer the relevant assets (or their equivalent value) back to Credit Suisse, which in turn may mean that the Guarantor has insufficient funds to make payments under the Guarantee (see further *Certain Matters of Swiss Law – Enforcement and Insolvency*).

When realising Cover Pool Assets following the occurrence of a Guarantor Event of Default, the proceeds may be insufficient to repay all amounts due to the Relevant Creditors and Covered Bondholders

All Guaranteed Amounts will immediately become due and payable following the occurrence of a Guarantor Event of Default and the service of a Guarantor Acceleration Notice on the Guarantor. Upon receipt of a Notice to Pay for the relevant amounts by the Guarantor, the Guarantor will be required to serve a corresponding Guarantee Pre-funding Notice on the Issuer. If the Issuer fails to duly pre-fund such Guaranteed Amounts, the Guarantor will be entitled to sell Assigned Mortgage Claims and otherwise enforce Cover Pool Assets in accordance with, and subject to, the provisions of the Security Assignment Agreement. The enforcement proceeds thereof may be used by the Guarantor to make payments to the Guarantor's creditors, including payments under the Guarantee in accordance with the Post-Insolvency Priority of Payments, described in *Cashflows* below. However, there is no guarantee that the proceeds of enforcement of the Cover Pool Assets will be in an amount sufficient to repay all amounts due to the Relevant Creditors and the Covered Bondholders. In particular, in the event of an occurrence of an Insolvency Event in relation to the Guarantor, there is no assurance that the administrator in bankruptcy or other bankruptcy official appointed would liquidate the Mortgage Assets in the Cover Pool in accordance with the provisions of the Security Assignment Agreement or that the proceeds of such liquidation would equal those which may be achieved in a solvent liquidation of the Cover Pool Assets. Thus, if a Guarantor Acceleration Notice is served on the Guarantor, then the Covered Bonds may be repaid sooner or later than expected or not at all.

In the case of insolvency of the Account Bank, the Guarantor will only have an unsecured claim against the estate for funds deposited, and no assurance can be given that the Guarantor effectively will have adequate access to Substitute Assets

While the Guarantor has undertaken to transfer the funds standing to the credit of the Account Bank to another bank or to obtain a guarantee from a financial institution with the requisite credit ratings or to take any alternative remedial measures if the credit rating of the Account Bank falls below the Minimum Account Bank Ratings, there can be no assurance that such transfer would be completed before the Account Bank becomes insolvent. If such an event occurs, the Guarantor would have a claim as an unsecured creditor of the Account Bank. Accordingly, there is a potential risk of a loss of the Guarantor's funds held with the Account Bank in the event that the Account Bank has insufficient funds to meet all the claims of its unsecured creditors.

In addition, while the Guarantor as account holder is entitled to segregate the Substitute Assets in the form of intermediated securities held in the Cover Pool Custody Account in the event of the bankruptcy of the Account Bank, no assurance can be given that the Guarantor effectively will have adequate access to these Substitute Assets, e.g. in case of operational difficulties or in case of an insolvency of the Account Bank.

The credit rating of the Account Bank may not reflect the potential impact of all risks related to the Account Bank.

The Trustee and the Guarantor may disagree on the directions to be given to the Cash Manager and this may result in an adverse effect on Covered Bondholders

Subject to the terms of the Cash Management Agreement, the Cash Manager has agreed to comply with any directions which the Guarantor or (following the earlier of the IED Guarantee Activation Date or an Enforcement Event, but prior to the commencement of Insolvency Proceedings against the Guarantor) the Trustee, may from time to time give to the Cash Manager as to the manner in which the cash management services are to be performed and (subject also to Applicable Law and the terms of the Master Bank Account Agreement) the Guarantor Bank Accounts are to be operated.

Although the Cash Management Agreement provides that the directions of the Guarantor will prevail in the event that any conflict between the directions of the Guarantor and the Trustee arises and the Guarantor agrees not to give any directions to the Cash Manager that would reasonably likely be adverse to the interests of the Covered Bondholders, a disagreement between the Trustee and the Guarantor on the directions to be given to the Cash Manager may result in an adverse effect on Covered Bondholders. In addition, no amendment to the Cash Management Agreement can be made without the consent of the Trustee.

An undertaking not to exercise retention rights may not be enforceable against Credit Suisse in its role as Custodian or the Collateral Holding Agent

Under Swiss law, the holding of the Transferred Mortgage Certificates by Credit Suisse in its role as Custodian or the Collateral Holding Agent on behalf of the Guarantor gives rise to a retention right in respect of the Transferred Mortgage Certificates in favour of the Custodian or the Collateral Holding Agent, respectively, in relation to any amounts owed by the Guarantor to the Custodian or the Collateral Holding Agent, respectively. Pursuant to the terms of the Safe Custody Agreement and the Collateral Holding Agreement, Credit Suisse in its role as Custodian and the Collateral Holding Agent, respectively, have agreed not to exercise such a right of retention. However, such an undertaking may not be enforceable against the Custodian and the Collateral Holding Agent, respectively.

Termination of Credit Suisse's agency relationships at will may affect payments on the Covered Bonds

Under Swiss statutory law, any appointment of an agent or of an attorney-in-fact is considered to be a personal mandate which can be terminated at will by either the appointer or the agent, regardless of the terms of the agreement appointing such agent. Credit Suisse has been appointed an agent for and/or granted a power of attorney by the Guarantor under each of the Cash Management Agreement, the Master Bank Account Agreement, the Corporate Services Agreement and the Servicing Standards set out as a schedule to the Security Assignment Agreement. Although each of these Transaction Documents purports to restrict the ability of Credit Suisse to resign from its respective appointments, these restrictions may be ignored by a Swiss court. As a result, any of the parties to such Transaction Documents may have the power to terminate such agreements at will. There can be no assurance that the Guarantor will be able to enter into replacement agreements which, following the service of the Guarantee Activation Notice on the Guarantor, may affect payments on the Covered Bonds (see further *Reliance on certain transaction parties – Replacement of Credit Suisse as services provider may not be found on acceptable terms or within an acceptable time period and the ability of the Guarantor to perform its obligations may be impaired* above).

5. CURRENCY RISKS AND CERTAIN RISKS RELATED TO THE SWAPS

Currency exchange rate risk

The Issuer and, if required, the Guarantor will pay the principal amount and interest of the Covered Bonds in the Specified Currency. This involves certain risks relating to currency conversion if an Investor's financial activities are denominated principally in a currency or a currency unit other than the Specified Currency (the **Investor's Currency**). These include the risk that exchange rates may change significantly (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Covered Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency-equivalent market value of the Covered Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Investors may receive less interest or principal than expected, or no interest or principal.

If the Guarantor defaults under the Swap Agreement the Guarantor may have insufficient funds to make payments due under the Guarantee and may be liable for Swap Termination Payments which rank pari passu with payments due to the Covered Bondholders

Following the IED Guarantee Activation Date (if any), the Guarantor will rely on the Swap Provider under (i) the Cover Pool Swaps, in order to mitigate variations between the rate of interest payable on the Assigned Mortgage Claims in the Cover Pool and CHF LIBOR and (ii) the Covered Bond Swaps in order to mitigate certain interest rate and currency risks in respect of amounts received by the Guarantor under the Cover Pool Swaps and amounts payable by the Guarantor under the Covered Bonds. Although the Guarantor will enter into Cover Pool Swaps and Covered Bond Swaps on the first Issue Date and from time to time thereafter, no payments are scheduled to be made under the Swaps until the IED Guarantee Activation Date.

If the Guarantor fails to make timely payments of amounts due or certain other events occur in relation to the Guarantor as set out in the Swap Agreement and any applicable grace period has expired, then the Guarantor will have defaulted under the Swap Agreement. If the Guarantor defaults under the Swap Agreement due to non-payment or otherwise, the Swap Provider will not be obliged to make further periodic payments under the Swap Agreement and may terminate the Swaps.

If the Swap Provider is not obliged to make payments, or if it defaults in its obligations to make payments, under the Swap Agreement, the Guarantor will be exposed to those changes in interest and currency exchange rates that would otherwise be hedged by the Covered Bond Swaps and the Cover Pool Swaps. As such, the Guarantor may have insufficient funds to make payments due under the Guarantee, unless replacement swap transactions are entered into.

If the Swaps are terminated, the Guarantor may as a result be obliged to make a Swap Termination Payment to the Swap Provider. The amount of such Swap Termination Payment will be based on the cost to the non-defaulting party of entering into replacement swaps. Any Swap Termination Payment to be made by the Guarantor to the Swap Provider (excluding any Excluded Swap Termination Amounts) will rank *pari passu* with payments due to the Covered Bondholders under the terms of the Guarantee.

6. RISKS RELATED TO COVERED BONDS GENERALLY

Set out below is a brief description of certain risks relating to the Covered Bonds generally:

Credit rating may not reflect all risks

The Covered Bonds are expected on issue to be assigned a "Aaa" rating by Moody's and "AAA" by Fitch (the actual ratings will be as specified in the applicable Final Terms), each of which is established in the European Union and is registered under Regulation (EU) No 1060/2009 (as amended) (the **CRA Regulation**). As such each of Moody's and Fitch is included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation. Such rating may not reflect the potential impact of all risks related to an investment in the Covered Bonds. Accordingly, a credit rating is not a recommendation to buy, sell or hold Covered Bonds and may be revised or withdrawn by Moody's or Fitch at any time. In general, European regulated Investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings referred to in this Base Prospectus and/or the applicable Final Terms, is set out in *General Description of the Programme* of this Base Prospectus and will be disclosed in the applicable Final Terms.

In addition, a significant deterioration of the value of the real property underlying the Assigned Mortgage Claims in the Cover Pool may entail a downgrading of the credit rating assigned to the Covered Bonds.

Neither the Issuer nor the Guarantor commits to ensure that any specific rating of the Covered Bonds will be upheld until maturity, nor that any or all of the Covered Bonds will be issued with any particular minimum rating.

Covered Bonds issued under the Programme will rank pari passu and will cross-default

Covered Bonds issued under the Programme (save in respect of the first issue of Covered Bonds) will either be fungible with an existing Series of Covered Bonds or have different terms to an existing Series of Covered Bonds (in which case they will constitute a new Series). All Covered Bonds issued from time to time will rank *pari passu* with each other and with any other Covered Bonds which may be issued by the Issuer in accordance with the Conditions.

The Covered Bonds will cross-default to each other. That is, if the Issuer fails to pay interest or principal due on any outstanding Series of Covered Bonds, then subject to the applicable grace periods, that will constitute an Issuer Event of Default in respect of all Series of Covered Bonds then outstanding. Similarly, following the IED Guarantee Activation Date, if the Guarantor fails to pay interest or principal due on any Series of Covered Bonds, then subject to the applicable grace periods, that will constitute a Guarantor Event of Default in respect of all Series of Covered Bonds then outstanding.

There is no assurance that applications to relevant stock exchanges will be accepted

There can be no assurance that the application made for the Covered Bonds issued under the Programme to be admitted to the Luxembourg Stock Exchange's regulated market will be accepted or that any particular Tranche of Covered Bonds will be so admitted.

Covered Bonds may be de-listed if accounts are required to be prepared in accordance with International Financial Reporting Standards

The Guarantor prepares its accounts in accordance with Swiss generally accepted accounting principles (**Swiss GAAP**). The Transparency Directive permits the use of reporting and accounting standards which are "equivalent" to IFRS to be used. While the European Securities Committee has now voted to grant "equivalence" in relation to third country GAAPs, no final conclusion has been reached by authorities within the European Economic Area as to whether Swiss GAAP is to be treated as equivalent for these purposes. If Swiss GAAP is not treated as equivalent or if, in the sole opinion of Credit Suisse, presenting information deemed to be equivalent to IFRS for the purpose of the Transparency Directive is unduly onerous, the Issuer may request the Luxembourg Stock Exchange to remove any Covered Bonds from listing on the Regulated Market.

Covered Bondholders must rely on the procedures of third parties including the clearing systems and the Nominee System Provider to receive payments under the relevant Covered Bonds

Because the Global Covered Bonds are held by or on behalf of Euroclear, Clearstream, Luxembourg, DTC and SIX SIS, Investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

Covered Bonds issued under the Programme may be represented by one or more Global Covered Bonds. If the Final Terms specify that the Covered Bonds are not intended to be held in a manner which would allow Eurosystem eligibility, such Global Covered Bonds will be deposited with a common depositary for Euroclear, Clearstream, Luxembourg and SIX SIS. If the Final Terms specify that the Covered Bonds are intended to be held in a manner which would allow Eurosystem eligibility, then the Global Covered Bonds will be deposited with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Covered Bond, Investors will not be entitled to receive Definitive Covered Bonds. Euroclear, Clearstream, Luxembourg, DTC and SIX SIS will maintain records of the beneficial interests in the Global Covered Bonds. While the Covered Bonds are represented by one or more Global Covered Bonds, Investors will be able to trade their beneficial interests only through Euroclear, Clearstream, Luxembourg, DTC and SIX SIS.

While the Covered Bonds are represented by one or more Global Covered Bonds the Issuer will discharge its payment obligations under the Covered Bonds by making payments to the common depositary, common safekeeper or the relevant clearing system, as applicable, for Euroclear, Clearstream, Luxembourg, DTC and SIX SIS for distribution to their account holders. A holder of a beneficial interest in a Global Covered Bond must rely on the procedures of Euroclear, Clearstream, Luxembourg, DTC and SIX SIS to receive payments under the relevant Covered Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Covered Bonds.

Furthermore, Credit Suisse as Custodian under the Safe Custody Agreement undertakes to duly administer, hold and store the Transferred Physical Mortgage Certificates on behalf of the Guarantor. However, the Transferred Physical Mortgage Certificates may not under all circumstances be sufficiently insured against damages. In addition, no assurance can be given that the Guarantor will have effective access to the Transferred Physical Mortgage Certificates, e.g. in case of operational difficulties or in case of an insolvency of the Custodian if the Guarantor's right or title to Transferred Physical Mortgage Certificates is challenged in a voidability action or otherwise (see also – *If an Insolvency Event occurs in relation to Credit Suisse, transactions involving the provision, replenishment or substitution of Cover Pool Assets may be successfully challenged and the Guarantor may therefore have insufficient funds to make payments under the Guarantee*) or in case the Custodian were to invoke a retention right in relation to the Transferred Physical Mortgage Certificates (see also – *An undertaking not to exercise retention rights may not be enforceable against Credit Suisse in its role as Custodian in the event of an insolvency of the Guarantor).*

In addition, upon entry of Credit Suisse into the Nominee Participation Agreement, SIX SIS as Nominee System Provider and Collateral Holding Agent will be inscribed as mortgage creditor in the relevant land register and will hold the relevant Transferred Paperless Mortgage Certificates in its own name, but for the account of the Guarantor. While the Guarantor as principal can at any time instruct SIX SIS to (i) transfer the Fiduciary Entitlement in a Transferred Paperless Mortgage Certificate to another participating member, or (ii) procure that Credit Suisse or any third party designated by it be inscribed in the land register as the new mortgage creditor, no assurance can be given that the Guarantor effectively will have adequate access to the Transferred Paperless Mortgage Certificates, e.g. in case of operational difficulties or in case of an insolvency of the Nominee System Provider.

Covered Bondholders will not have a direct right under the Covered Bonds to vote in respect of the Covered Bonds or to take enforcement action against the Issuer or the Guarantor in the event of a default

Holders of beneficial interests in the Global Covered Bonds will not have a direct right to vote in respect of the relevant Covered Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg, DTC and SIX SIS to appoint appropriate proxies.

Similarly, holders of beneficial interests in the Global Covered Bonds will not have a direct right under the Global Covered Bonds to take enforcement action against the Issuer or the Guarantor in the event of a default under the relevant Covered Bonds or the other Transaction Documents, but will have to rely upon their rights under the Trust Deed or mandatory rules in accordance with international private law.

Modifications, waivers and substitution under the Covered Bonds may, in certain circumstances, be made without consent of the Covered Bondholders

The Conditions contain provisions for calling meetings of Covered Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Covered

Bondholders including Covered Bondholders who did not attend and vote at the relevant meeting and Covered Bondholders who voted in a manner contrary to the majority. An individual Covered Bondholder may not be in a position to affect the outcome of the resolutions adopted by the meetings of Covered Bondholders.

The Conditions of the Covered Bonds also provide that the Trustee may, without the consent of Covered Bondholders, agree to (a) any modification, waiver or authorisation, of any breach, or proposed breach, of any of the provisions of the Covered Bonds or (b) determine, without the consent of the Covered Bondholders, that any Notification Event, Issuer Event of Default or Guarantor Event of Default shall not be treated as such, (c) the substitution of another company as principal debtor under any Covered Bonds in place of the Issuer or the Guarantor or (d) any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven, in the circumstances described in Condition 16 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*). The Covered Bondholders will not be in a position to give instructions to the Trustee in relation to the matters set out above.

Lack of liquidity in the secondary market may adversely affect the market value of the Covered Bonds

No assurance is provided that there is an active and liquid secondary market for the Covered Bonds or that a secondary market for the Covered Bonds will develop. To the extent that a secondary market exists or develops, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment. None of the Covered Bonds have been, or will be, registered under the Securities Act or any other securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set forth under *Transfer Restrictions and Selling Restrictions*. Therefore, a Covered Bondholder may not be able to find a purchaser of its Covered Bonds readily or sell its Covered Bonds at prices that will provide it with a desired yield or a yield comparable to similar investments in respect of which a secondary market has developed.

7. RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF COVERED BONDS

A wide range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for potential Investors. Set out below is a description of the most common such features:

Fixed Rate Covered Bonds

Investment in Fixed Rate Covered Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Covered Bonds.

Fixed Rate Covered Bonds and Floating Rate Covered Bonds

Fixed Rate Covered Bonds and Floating Rate Covered Bonds may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed Rate Covered Bonds and Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates. In particular, a

Covered Bond may convert from a fixed rate to a floating rate during any period that a Covered Bond is subject to a deferral from its Final Maturity Date to its Extended Due for Payment Date.

Covered Bonds issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Covered Bonds where denominations involve integral multiples: Definitive Covered Bonds

In relation to any issue of Covered Bonds which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Covered Bonds may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Covered Bond in respect of such holding (should Covered Bonds in definitive form be printed (the **Definitive Covered Bonds**)) and would need to purchase a principal amount of Covered Bonds such that its holding amounts to a Specified Denomination.

If Definitive Covered Bonds are issued, Covered Bondholders should be aware that Definitive Covered Bonds which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Transfers of Covered Bonds

The Covered Bonds are subject to restrictions on transfer, as described in the section of this Base Prospectus entitled *Transfer Restrictions and Selling Restrictions* below.

Covered Bonds subject to optional redemption by Issuer

Unless in the case of any particular Tranche of Covered Bonds the applicable Final Terms specify otherwise, in the event that the Issuer is or will be obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws, regulations or rulings of a Tax Jurisdiction (as defined in Condition 8 (*Taxation*)) or any change in the application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after the date of this Base Prospectus, the Issuer may redeem the relevant Series of Covered Bonds (in whole but not in part) in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Covered Bonds the applicable Final Terms specify that the Covered Bonds are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Covered Bonds at times when prevailing interest rates may be relatively low. In such circumstances, an Investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Covered Bonds.

An optional redemption feature of Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

8. RISKS RELATED TO THE GUARANTOR

Limited Events of Default with respect to the Guarantor

Service of an Issuer Default Notice on the Issuer does not constitute an event of default with respect to the Guarantor and, therefore, does not in itself trigger an acceleration of the payment obligations of the Guarantor under the Guarantee. Instead, the Conditions contain limited events of default with respect to the Guarantor, the occurrence of which would entitle Covered Bondholders to accelerate payment obligations under the Guarantee. Acceleration of the Covered Bonds following a Guarantor Event of Default may not lead to accelerated payments to Covered Bondholders, since there can be no assurance that the Guarantor and/or any insolvency official or liquidator appointed in respect of the Guarantor is able to promptly sell the Cover Pool Assets.

Insolvency of the Guarantor may negatively affect the rights and claims of the Covered Bondholders against the Guarantor

The possibility of the Guarantor becoming insolvent cannot be completely removed. If the Guarantor does become insolvent, it would become subject to applicable insolvency laws and procedures. This may impact on the Guarantor's contractual obligations (see *Change of Law and Certain Matters of Swiss Law – Enforcement and Insolvency*).

Accordingly, there is no assurance that an insolvency of the Guarantor will not, directly or indirectly, affect the rights and claims of the Covered Bondholders against the Guarantor adversely. In particular, payment of the Guaranteed Amounts may not be fully enforceable upon the occurrence of an Insolvency Event in relation to the Guarantor. In particular, pursuant to Swiss bankruptcy laws, upon bankruptcy, all claims against a debtor in bankruptcy become immediately due for payment, which will result in the acceleration of claims under the Guarantee in relation to payment of principal and/or interest under the Covered Bonds which would otherwise only become due for payment in the future. Upon the occurrence of an Insolvency Event in relation to the Guarantor, such accelerated claims in relation to payment of principal and/or interest under the Covered Bonds may not be admitted in their face amount, but discounted back to the date of adjudication of bankruptcy applying a five per cent. discount rate. Alternatively, claims in relation to payment of interest under the Covered Bonds may only be admitted up to the date of adjudication of bankruptcy. In the event that a payment of a Guaranteed Amount is not fully enforceable in the bankruptcy of the Guarantor, this would also result in a corresponding reduction of the relevant Pre-funding Obligation and limit the Guarantor's access to the Cover Pool accordingly. This would lead to an overall reduction in the claims of Covered Bondholders and the assets available for satisfying their claims.

The service of a Guarantor Acceleration Notice on the Guarantor would result in a disruption of the scheduled cashflows on the Covered Bonds.

Control of the Guarantor may have adverse consequences for the Covered Bondholders if instructions of the Guarantor conflict with the interests of the Covered Bondholders

Under Swiss law, the board of directors of a corporation is elected by a vote of the shareholder's meeting. Pursuant to the Guarantor's Articles of Incorporation, the Board of Directors of the Guarantor is composed of no more than four members. Two of the four current members of the Board of Directors are employees of Credit Suisse and are not paid any fees by the Guarantor.

The other two current members of the Board of Directors of the Guarantor are individuals independent from Credit Suisse within the meaning of the Swiss Code of Best Practice on Corporate Governance and, pursuant to the Intercreditor Deed, Credit Suisse, in its capacity as majority shareholder of the Guarantor, undertakes to cause at all times to have elected, by a resolution of the shareholders' meeting of the Guarantor, two individuals independent from Credit Suisse. However,

while pursuant to Guarantor's Articles of Incorporation the dismissal of directors needs the approval of at least 99% of all shares issued and, therefore, the consent of at least one minority shareholder and the directors of the Guarantor are elected for a three-years term, directors of a Swiss company can resign for any reason and at any time, and, as a matter of Swiss company law, Credit Suisse as majority shareholder has the power not to (re)elect directors of the Guarantor, including the Independent Directors. Therefore, there can be no assurance that the Guarantor will at all times have the Independent Directors necessary for its operations and the safeguarding of its interests in the Cover Pool Assets.

For Swiss legal and tax reasons, the Trustee cannot exert any control over the Guarantor, nor can the Trustee's instructions supersede those given by the Guarantor to, *inter alia*, the Cash Manager, the Account Bank or any Originator in relation to the servicing and administration of the Assigned Mortgage Claims. Furthermore, the Trustee cannot be a party to most of the Transaction Documents. The absence of direct control by the Trustee may have adverse consequences for Covered Bondholders if the instructions of the Guarantor conflict with the interests of the Covered Bondholders.

Material breach of any SPE Covenant may result in a Guarantor Event of Default, which could adversely affect the Guarantor's ability to make payment of all Guaranteed Amounts due

Special purpose entity (**SPE**) covenants are generally designed to limit the activities and purposes of certain entities involved in structured financings to owning the related assets, making payments on the related financial instruments and taking such other actions as may be necessary to carry out the foregoing in order to reduce the risk that circumstances unrelated to such instruments and related assets result in the occurrence of an Insolvency Event in relation to the Guarantor. Such covenants (known as **SPE Covenants**) are generally used in structured finance transactions to satisfy requirements of institutional lenders and recognised statistical rating organisations. In order to minimise the possibility that SPEs, like the Guarantor, will be the subject of bankruptcy proceedings, provisions are generally contained in the SPE's organisational documents and/or documentation relating to the transaction that, among other things, limit the indebtedness that can be incurred by such entities and restrict such entities from conducting business as an operating company (thus limiting exposure to outside creditors).

The Guarantee Deed will contain provisions that require the Guarantor to conduct itself in accordance with certain SPE Covenants, which may include some or all of the foregoing. However, there can be no assurance that the Guarantor will in fact comply with such SPE Covenants. There can also be no assurance that all or most of the restrictions customarily imposed on SPEs will be complied with by the Guarantor, and even if all or most of such restrictions have been complied with by the Guarantor, there is no guarantee that the Guarantor will not nonetheless become insolvent.

A material breach of any SPE Covenant may result in a Guarantor Event of Default, giving rise to acceleration of all Series of Covered Bonds. This could adversely affect the Guarantor's ability to make all payments due of the Guaranteed Amounts.

9. PROGRAMME RELATED LEGAL AND REGULATORY RISKS

Structure of the Programme

The Covered Bonds are not issued pursuant to a specific statutory framework and they do not constitute mortgage bonds (*Pfandbriefe*) within the meaning of the Swiss Federal Mortgage Act on Mortgage Bonds. As one of the first programmes for the issuance of Covered Bonds in Switzerland, the Programme is based on a novel structure, and such structure has not been tested in court or validated in legal writing. Moreover, the structure relies on a number of legal concepts, some of which have not been tested in court. In the process of establishing the Programme, Credit Suisse and

the Guarantor have received legal advice as to the effectiveness and legal enforceability of, amongst other things, the provisions of the Security Assignment Agreement, the Guarantee Mandate Agreement and the Guarantee Deed. However, there is no case law which is directly applicable to the structure of the Programme, and the judicial precedents, legal authorities and other considerations underlying such advice are subject to change (see also *Change of Law*). In addition, the relevant advice was based on customary assumptions including, in relation to the compliance of the Transaction Parties with relevant representations, warranties and undertakings, the validity and enforceability of the agreements, including in relation to the transfer clauses therein, pursuant to which the Mortgage Assets transferred or to be transferred were or may be originated (see *The waivers of banking secrecy and the transfer clauses necessary for the transfer of the Cover Pool Assets, as well as other relevant provisions in Credit Suisse's standard forms of agreement may be deemed by Swiss courts to be insufficient or inapplicable, which may negatively affect the validity of the transfer of Cover Pool Assets to the Guarantor, replenishment of the Cover Pool as well as the value and/or the enforceability of the Cover Pool Assets*), and to the arm's length nature of the transactions entered into by the parties of the Transaction Documents and their related intentions. Consequently there can be no certainty that a court, a regulatory authority or an insolvency administrator or liquidator would rule in the same manner as contemplated in the legal advice received. Any such decision deviating from the advice received may adversely affect the rights and obligations of the holder of the Covered Bonds and even the viability of the transaction structure. Without limitation to the generality of the foregoing, relevant decisions could compromise the bankruptcy remoteness of the Guarantor and/or make the Guarantor subject to the special restructuring and insolvency regime for banks and other relevant entities (see *Certain Matters of Swiss Law – Enforcement and Insolvency*), which could adversely affect the claims of the Covered Bondholders under the Guarantee Deed as well as the liquidation of the Cover Pool Assets for the benefit of the Covered Bondholders and the distribution of the proceeds thereof in accordance with the applicable Priority of Payments. Further, relevant decisions could also result in the transfer of Mortgage Assets and Cover Pool Assets to the Guarantor not being recognised or in preventing or limiting the liquidation or enforcement of Mortgage Assets and Cover Pool Assets, all of which could leave the Covered Bondholders with economically unsecured claims against the Issuer.

Issuer Regulatory Risk

The Issuer's business operations are governed by law and regulations and are subject to regulatory supervision. Any changes to the current legislation might affect the Issuer's business operations and their operating results. This may affect the Issuer's ability to make payments under the Covered Bonds.

Legal investment considerations may restrict certain investments

The investment activities of certain Investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential Investor should consult its legal advisers to determine whether and to what extent (a) Covered Bonds are legal investments for it, (b) Covered Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules (see *Implementation of Basel III risk-weighted asset framework may result in changes to the risk-weighting of the Covered Bonds* below).

Implementation of and/or changes to the Basel III framework may affect the capital requirements and/or the liquidity associated with a holding of the Covered Bonds for certain investors

The Basel Committee on Banking Supervision (the **Basel Committee**) approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as **Basel III**). In particular, Basel III provides for a substantial strengthening of existing

prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). It is intended that member countries will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation.

Implementation of the Basel framework and any changes as described above may have an impact on the capital requirements in respect of the Covered Bonds and/or on incentives to hold the Covered Bonds for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Covered Bonds.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Covered Bonds and as to the consequences for and effect on them of any changes to the Basel framework (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Covered Bonds

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Covered Bonds are responsible for analysing their own regulatory position and none of the Issuer, the Arranger or the Principal Originator makes any representation to any prospective investor or purchaser of the Covered Bonds regarding the regulatory capital treatment of their investment now or at any time in the future.

In particular, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in penalties for relevant investors and/or have a negative impact on the price and liquidity of the Covered Bonds in the secondary market.

The Issuer is of the opinion that the Covered Bonds do not constitute an exposure to a "securitisation position" for the purposes of the EU risk retention and due diligence requirements and, as such, the EU risk retention and due diligence requirements should not apply to investments in the Covered Bonds. Therefore, neither the Principal Originator nor any other entity has committed to retain a material net economic interest in relation to this transaction. However, in general, each prospective

investor should consider its regulatory position and obtain any necessary advice in relation to any potential investment in the Covered Bonds prior to making any such investment.

Applicable insolvency law

For the purposes of the legal structuring, it has been assumed that any Insolvency Proceedings in relation to the Issuer and the Guarantor would be commenced in Switzerland and would be subject to applicable Swiss law (see further *Certain Matters of Swiss Law – Enforcement and Insolvency*). Nonetheless, Insolvency Proceedings may be commenced in other jurisdictions (which may be concurrent proceedings in respect of assets held in such other jurisdictions). The Guarantor has agreed to limit its business activities such that it should not have material assets in any jurisdiction other than Switzerland. Nevertheless, the commencement of Insolvency Proceedings in respect of the Issuer or the Guarantor in jurisdictions other than Switzerland may affect the amount and timing of payments made to Covered Bondholders.

Insolvency proceedings and subordination provisions

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of Insolvency Proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of Insolvency Proceedings or other default on the part of such counterparty (so-called "flip clauses"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of payments under the Priorities of Payments. In addition, under Swiss law it is uncertain whether subordination provisions of the type included in the Transaction Documents would be enforceable against an insolvency administrator of a Swiss debtor or whether the creditor benefiting from subordination would have to rely on the redistribution provisions set out in the Intercreditor Deed.

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the U.S. Bankruptcy Court for the Southern District of New York has held that that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflicting judgment are not yet known, particularly as the U.S. Bankruptcy Court for the Southern District of New York approved, in December 2010, the settlement of the case to which the judgment relates and subsequently the appeal was dismissed. However, there remains a stayed action in the United States commenced by the Lehman Brothers Chapter 11 debtors concerning the enforceability of flip clauses and, in addition, in February 2012, a complaint was filed by certain parties seeking recognition and enforcement of the *Belmont* decision (and corresponding lower court decisions) and other declaratory relief with respect to the flip clause in question in the case described above. At the same time as filing the complaint, the relevant parties also filed a motion seeking the withdrawal of the reference from the U.S. Bankruptcy Court for the Southern District of New York, requesting that the complaint be heard instead by the U.S. District Court [for the Southern District of New York]. It is not yet been determined whether the complaint will be addressed by the U.S. Bankruptcy Court for the Southern District of New York or the U.S. District Court [for the Southern District of New York], nor is it known when the complaint will be addressed.

If a creditor of the Guarantor (such as a swap counterparty) or a related entity becomes subject to Insolvency Proceedings in any jurisdiction outside England and Wales (including, but not limited to, the United States), and it is owed a payment by the Guarantor, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law

governed Transaction Documents (such as a provision of the Priorities of Payments which refers to the ranking of the swap counterparties' payment rights). In particular, based on the decision of the U.S. Bankruptcy Court for the Southern District of New York referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as swap counterparty, including U.S. established entities and certain non-U.S. established entities with assets or operations in the United States (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the Guarantor to satisfy its obligations under the Guarantee.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of payments under the Priorities of Payment, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Covered Bonds. If any rating assigned to the Covered Bonds is lowered, the market value of the Covered Bonds may reduce.

Change of law

The transaction structure developed for purposes of the issuance of Covered Bonds (see – *Structure of the Programme*), the Conditions of the Covered Bonds and the Transaction Documents are based on English law, Guernsey law and Swiss law in effect as at the date of this Base Prospectus and the description of the effects thereof or any default or insolvency of the Guarantor or Credit Suisse are based on Swiss law in effect as at the date thereof. Such laws and the interpretation thereof have been and are subject to change. No assurance can be given as to the impact of any possible judicial decision or change to English law, Guernsey law or Swiss law or administrative practice in the United Kingdom, Guernsey or Switzerland after the date of this Base Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer or the Guarantor to make payments under the Covered Bonds and/or the ability of the Guarantor to make payments under the Guarantee.

Also, according to a change to the DEBA which entered into force as of 1 January 2014, continuing obligations are subject to a special treatment in case of insolvency, including the right of the obligor to terminate, with the permission of the receiver (*Sachwalter*), any contracts for the performance of continuing obligations (*Dauerschuldverhältnisse*) at any time and will in case of a provisional or definitive stay (*Nachlassstundung*) if a restructuring would otherwise be defeated (article 297a DEBA) (see also *Certain matters of Swiss law – Enforcement and Insolvency – Restructuring*). While as of the date hereof there is no clear guidance as to how this provision would be applied under the circumstances given, according to the Message of the Federal Council (*Botschaft*), this provision is expressed to be only applicable to continuing contracts providing for the continued exchange of goods or services (fortdauernder *und wiederholter Leistungsaustausch*) and, therefore, it should not apply to any contracts of the Guarantor which are fully or partially discharged by way of a singular payment or performance (such as, for example, the Guarantee).

For example, pursuant to an amendment to the Swiss Federal Act on Unfair Competition, which entered into force as of 1 July 2012, a provision contained in a standard form of agreement may be declared invalid if a court finds that the provision creates, in violation of the principle of good faith, a material and unjustified disproportion between the contractual rights and obligations to the detriment of consumers (see *The waivers of banking secrecy and the transfer clauses necessary for the transfer of the Cover Pool Assets, as well as other relevant provisions in Credit Suisse's standard*

forms of agreement may be deemed by Swiss courts to be insufficient or inapplicable, which may negatively affect the validity of the transfer of Cover Pool Assets to the Guarantor, replenishment of the Cover Pool as well as the value and/or the enforceability of the Cover Pool Assets).The Covered Bonds are not issued pursuant to a specific statutory framework, but are based on a novel structure (see *Structure of the Programme*). Accordingly, changes in law or its interpretation, including by way of changes to administrative practice and judicial decisions, may adversely affect the Covered Bonds and the rights of the Covered Bondholders against the Issuer under the Covered Bonds and/or against the Guarantor under the Guarantee and even the viability of the transaction structure. Without limitation to the generality of the foregoing, relevant changes could result in the transfer of Mortgage Assets and Cover Pool Assets to the Guarantor not being recognised, prevent or limit the liquidation or enforcement of Mortgage Assets and Cover Pool Assets for the benefit of the Covered Bondholders and the distribution of the proceeds thereof in accordance with the applicable Priority of Payments, compromise the bankruptcy remoteness of the Guarantor and/or make the Guarantor subject to the special insolvency regime for banks and other relevant entities (see *Certain Matters of Swiss Law – Enforcement and Insolvency*), all of which could leave the Covered Bondholders with economically unsecured claims against the Issuer (see also *Structure of the Programme*).

Furthermore, on 13 December 2013, the Swiss Federal Council launched a consultation process for a new act to be named Financial Market Infrastructure Act (**FMIA**). The core purpose of the FMIA is to adjust Swiss regulation of financial market infrastructure and derivatives trading to market developments and international requirements, in particular the regulation on over-the-counter derivatives, central counterparties and trade repositories by the European Union. The current draft of the FMIA (**Draft FMIA**) would introduce provisions on insolvency and restructuring measures (including with respect to segregation of assets in the event of an insolvency of a financial market infrastructure entity, such as the Nominee System Provider) that are different from the rules currently applicable to banks under the FBA. In addition, the Draft FMIA proposes to amend the FBA, seeking to subject parent companies of financial groups or conglomerates (such as CS Group) and certain unregulated companies of such groups (such as potentially the Guarantor) domiciled in Switzerland to the Swiss resolution regime applicable to banks, including potentially protective measures such as an interdiction of payment, debt-to-equity swaps and haircuts (see *Certain Matters of Swiss Law – Enforcement and Insolvency – Restructuring*). The consultation process on the Draft FMIA ended on 31 March 2014 and revised draft legislation is expected to be submitted to the vote of the two chambers of the Swiss parliament in autumn 2014 and spring 2015 respectively. Consequently, it is not possible to predict whether the Draft FMIA or any such amendment to the FBA will be enacted and, if and when enacted, what precise form it would take and whether it would have an adverse effect on the ability of the Guarantor to (i) segregate Transferred Paperless Mortgage Certificates in an insolvency of the Nominee System Provider, and/or (ii) make scheduled payments under the Guarantee, and/or the rights of the Covered Bondholders against the Guarantor under the Guarantee.

EU Savings Directive and other withholding tax obligations

Under Council Directive 2003/48/EC (the **EU Savings Directive**) on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities. The EU Savings Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will

apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the EU Savings Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). Switzerland and the European Commission have commenced negotiations on amendments to the measures adopted by Switzerland similar to those adopted on 24 March 2014 by the Council of the European Union described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

The Covered Bonds may be subject to withholding taxes and in the circumstances where the Issuer is not obliged to make gross up payments, this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Covered Bonds.

Payments under the Covered Bonds may be subject to U.S. Foreign Account Tax Compliance Withholding

Whilst the Covered Bonds are in global form and held within Euroclear Bank SA/NV or Clearstream Banking, société anonyme (together the **ICSDs**), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (and commonly known as **FATCA**) will affect the amount of any payment received by the ICSDs (see "*Taxation—U.S. Federal Income Taxation—Foreign Account Tax Compliance*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Covered Bonds are discharged once it has paid the common depositary for the ICSDs (as bearer or registered holder of the Covered Bonds) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. If an amount of, or in respect of, such withholding taxes were to be deducted or withheld from any payments in respect of the Covered Bonds as a result of an

investor or intermediary's failure to comply with these rules, no additional amounts will be paid on the Covered Bonds held by such investor as a result of the deduction or withholding of such tax.

If Credit Suisse experiences financial difficulties, FINMA has the power to open resolution or liquidation proceedings in respect of, and/or impose protective measures in relation to, Credit Suisse, which proceedings or measures may have a material adverse effect on the terms and market value of the Covered Bonds and/or the ability of Credit Suisse and the Guarantor to make payments under the Covered Bonds and the Guarantee, respectively

Pursuant to article 25 et seq. of the FBA, FINMA has broad statutory powers to take measures and actions in relation to Credit Suisse if it (i) is over indebted, (ii) has serious liquidity problems or (iii) fails to fulfil the applicable capital-adequacy provisions after expiry of a deadline set by FINMA. If one of these pre-requisites is met, FINMA is authorised (a) to open restructuring proceedings (*Sanierungsverfahren*), (b) to open liquidation (bankruptcy) proceedings (*Bankenkonkurs*) in respect of and/or (c) to impose protective measures (*Schutzmassnahmen*) in relation to, Credit Suisse. The FBA, as last amended as of 1 January 2013, grants significant discretion to FINMA in connection with the aforementioned proceedings and measures. In particular, protective measures that may be imposed by FINMA in relation to Credit Suisse, include a broad variety of measures such as a bank moratorium (*Stundung*) or a maturity postponement (*Fälligkeitsaufschub*) and may be ordered by FINMA either on a stand-alone basis or in connection with reorganisation or liquidation proceedings. The resolution regime of the FBA is further detailed in the FINMA Banking Insolvency Ordinance (**BIO-FINMA**) that entered into force as of 1 November 2012. In a restructuring proceeding (*Sanierungsverfahren*), FINMA as resolution authority is competent to approve the resolution plan (*Sanierungsplan*). The resolution plan may, among other things, provide for (i) the transfer of Credit Suisse's assets or parts thereof with assets and debts as well as contracts, which may or may not include the Transaction Documents to which Credit Suisse is a party to another entity, (ii) the conversion of Credit Suisse's debt or other obligations, including Secured Obligations and other obligations of Credit Suisse under the Transaction Documents, into equity (a "debt-to-equity swap"), and/or (iii) the partial or full write-off of such obligations (a "haircut"). Pursuant to article 48 lit. a-c BIO-FINMA, a debt-to-equity swap and/or a partial or full haircut on the unsubordinated debt instruments may only take place after (i) the existing equity of Credit Suisse has been fully cancelled, and (ii) all debt instruments issued by Credit Suisse qualifying as additional tier 1 capital or tier 2 capital (such as contingent convertible bonds) have been converted into equity or written off. Further, pursuant to article 48 lit. d BIO-FINMA, debt-to-equity swaps (but arguably not haircuts) must occur in the following order: (i) all subordinated claims not qualifying as regulatory capital, (ii) all other claims not excluded by law from a debt-to-equity swap that do not qualify as deposits, and (iii) deposits (in excess of the amount privileged by law). With respect to a haircut, the BIO-FINMA does not contain any guidance as to the order in which different categories of claims shall be partially or fully written off after the existing equity of Credit Suisse has been fully cancelled and after all debt instruments issued by Credit Suisse qualifying as additional tier 1 capital or tier 2 capital have been converted into equity or written-off. Article 49 lit. b BIO-FINMA provides that secured claims whose existence and amount can be readily demonstrated are exempted from a debt-to-equity swap or a haircut up to the secured amount. As the Guarantor provides a direct, unsubordinated and unsecured guarantee in favour of the Noteholders, with the cover pool constituting the recourse assets of the Guarantor to meet claims under the Guarantee, in absence of court precedent, there is uncertainty whether Credit Suisse's obligations under or in connection with the Covered Bonds will be deemed secured and how the secured amount would be calculated in a restructuring proceeding. Therefore, to the extent that they are not deemed to be secured claims within the meaning of article 49 lit. b BIO-FINMA, it cannot be excluded that any resolution plan concerning Credit Suisse would provide that the claims under or in connection with any Covered Bonds (including Pre-Funding and Recourse Claims) will be partially or fully converted or written-off and that in case of a write-off claims ranking junior to the claims under such Covered Bonds will be preserved. In case of a restructuring of a systemically important bank (such as Credit Suisse), the

creditors whose claims are affected by the resolution plan will not have a right to vote on, opt out of, or dismiss the resolution plan. In addition, if a resolution plan has been approved by the FINMA, the rights of a creditor to seek judicial review of the resolution plan (e.g., on the grounds that the plan would unduly prejudice the Covered Bondholder's rights or otherwise be in violation of the FBA) are very limited in that the competent court may not grant suspensory effect (*aufschiebende Wirkung*) to the approval of the resolution plan and, even if the objection of a creditor against the resolution plan is approved, the court can only award a compensation payment but not invalidate or override the resolution plan.

As of the date of this Base Prospectus, there are no precedents as to what impact the revised restructuring regime would have on the rights of the Covered Bondholders under the Covered Bonds and/or the Guarantee, the ability of the Guarantor to enforce the Cover Pool Assets and the ability of Credit Suisse and the Guarantor to make payments under the Covered Bonds and the Guarantee, respectively, if one or several of measures under the revised insolvency regime were imposed in connection with a restructuring of Credit Suisse.

In addition, article 57 BIO-FINMA provides for the right of FINMA to suspend certain termination rights (and arguably also related netting provisions) contained in finance agreements, including the Swaps, in a resolution scenario where finance agreements are being transferred to a bridge bank or similar entity. However, article 27 FBA which is an act of higher-ranking legislation expressly provides that netting arrangements shall not be affected by insolvency measures. According to general principles of Swiss law, a provision contained in an ordinance (such as the BIO-FINMA) should in cases of doubt be interpreted only in line with the higher-ranking legislation it is based on (such as the FBA). Hence, it could be argued that article 57 BIO-FINMA should be read not to affect the validity of contractual termination rights, but merely to postpone the settlement of contractual termination rights for not more than 48 hours. There is, however, no clear guidance on the issue and the question has not been decided by the courts yet and, thus, it cannot be excluded that in a restructuring of Credit Suisse FINMA or the courts may take a different view.

Proposed Amendment of Swiss Federal Withholding Tax Act

On 24 August 2011 the Swiss Federal Council issued draft legislation, and on July 2, 2014 the Swiss Federal Council decided to task the Swiss Federal Department of Finance to draw up amended draft legislation, which draft legislation would include a shift from the current debtor withholding tax system to a paying agent system. If enacted, such legislation may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35 per cent. on any payment of interest in respect of a Covered Bond to an individual resident in Switzerland (this includes, *inter alia*, payment to a fiscally transparent entity in which an individual resident in Switzerland holds an interest) or to a person (not only individuals) resident outside Switzerland. If this legislation or similar legislation were enacted and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, neither the Issuer, nor the Guarantor nor any paying agent nor any other person would pursuant to the Conditions be obliged to pay additional amounts with respect to any Covered Bond as a result of the deduction or imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer or the Guarantor is incorporated (in both cases, Switzerland).

Final Foreign Withholding Taxes in Switzerland (internationale Quellensteuer)

Under treaties on final withholding taxes of Switzerland with the United Kingdom and Austria (each a **Contracting State**) in force since 1 January 2013 a Swiss paying agent, as defined in the treaties, is required to levy a flat-rate final withholding tax (*internationale Quellensteuer*) at rates specified in the treaties on certain capital gains and income items (interest, dividends, other income items, all as defined in the treaties) deriving from assets held in accounts or deposits with a Swiss paying agent by (i) an individual being tax resident of a Contracting State or, (ii) if certain requirements are met,

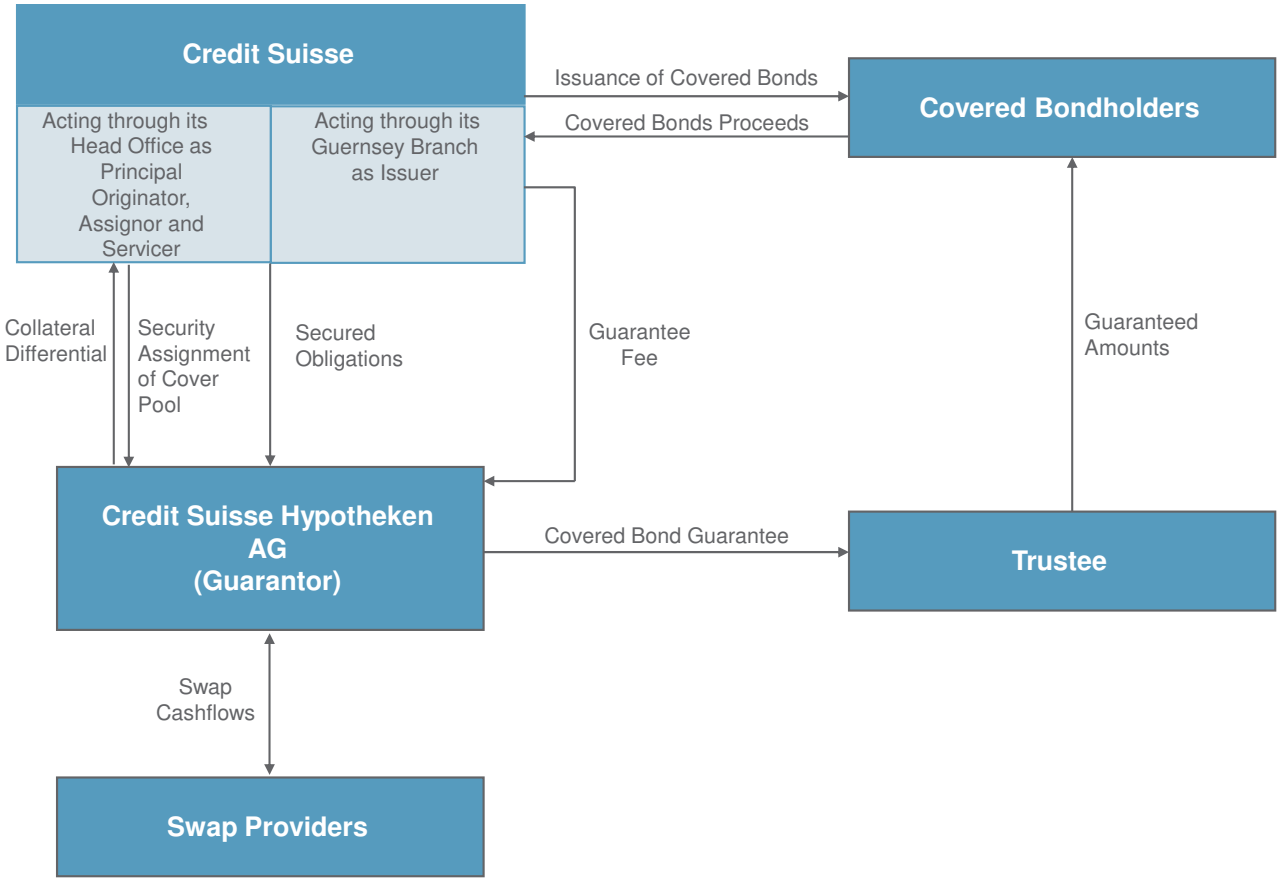
by a domiciliary company (*Sitzgesellschaft*), an insurance company in connection with a so-called insurance wrapper (*Lebensversicherungsmantel*) or other individuals if the beneficial owner is an individual resident of a Contracting State. According to the treaties, the flat-rate tax to be withheld substitutes the ordinary income tax on the respective capital gains and income items in the Contracting State where the individual is tax resident. In order to avoid such flat-rate tax to be withheld by the Swiss paying agent, such individuals may opt for a disclosure of the respective capital gains and income items to the tax authorities of the Contracting State where they are tax residents. If a flat-rate final withholding tax were to be deducted or withheld from a payment of interest or capital gain relating to the Covered Bonds, neither the Issuer nor the Guarantor nor any paying agent nor any other person would pursuant to the Conditions be obliged to pay additional amounts with respect to any Covered Bond as a result of the deduction or imposition of such final withholding tax.

STRUCTURE OVERVIEW

This overview must be read as an introduction to this Base Prospectus and does not purport to be complete. Any decision to invest in any Covered Bonds should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State no civil liability will attach to persons responsible in such Member State solely on the basis of this overview, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State, the claimant may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this overview. A glossary of certain defined terms used in this Base Prospectus is contained at the end of this Base Prospectus.

Structure Diagram



Structure Overview

Under the terms of the Programme, the Issuer will issue Series (as defined herein) or Tranches of Covered Bonds to Covered Bondholders on each issue date, as specified in the applicable Final Terms (each, an **Issue Date**) pursuant to the terms of the Trust Deed. The Covered Bonds will be direct, unsubordinated, unsecured and unconditional obligations of the Issuer which shall have the benefit of the Guarantee. Covered Bonds

may be issued, *inter alia*, as Hard Bullet Covered Bonds or with an Extended Due for Payment Date in which case repayment may be deferred, as specified in the applicable Final Terms for each Tranche or Series of Covered Bonds.

Prior to the IED Guarantee Activation Date (as defined below), the Issuer shall make all payments of interest and principal on the Covered Bonds.

Pursuant to the Guarantee Mandate Agreement, the Issuer has mandated the Guarantor to guarantee the Issuer's payment obligations under the Covered Bonds in consideration of the Guarantee Fee (as defined herein) to be paid by the Issuer to the Guarantor on an ongoing basis. The Guarantee Fee will be used by the Guarantor, *inter alia*, to pay certain expenses incurred by the Guarantor in respect of Third Party Service Providers and the Collateral Differential (as described below) to Credit Suisse.

Following an Issuer Event of Default and the service of an Issuer Default Notice on the Issuer, from the date on which the Guarantee Activation Notice is served on the Guarantor (the **IED Guarantee Activation Date**), and following the service of a Notice to Pay for the relevant amount on the Guarantor, the Guarantor will be obliged under the Guarantee to pay Guaranteed Amounts in relation to the relevant outstanding Series of Covered Bonds subject to and in accordance with the Guarantee Priority of Payments on the Original Due for Payment Date (that is, payments will be made on the Covered Bonds on the originally scheduled payment dates, irrespective of the default by the Issuer and the acceleration of the Issuer's obligations under the Covered Bonds).

The obligations of the Guarantor are direct, unsubordinated, unsecured and (following the Guarantee Activation Date (as defined herein) and following the service of a Notice to Pay for the relevant amount on the Guarantor) unconditional.

The Issuer is obliged to indemnify the Guarantor for all amounts that the Guarantor pays on the Covered Bonds under the Guarantee and certain related expenses as detailed below. Pursuant to the terms of the Guarantee Mandate Agreement, the Issuer has agreed that it will pre-fund all such Guarantee Expenses, by making the corresponding payment to the Guarantor in advance of the due date of the relevant payment to Covered Bondholders under the terms of the Guarantee. **Guarantee Expenses** means the Nominal Amount of any and all sums (including Guaranteed Amounts) paid or payable by or on behalf of the Guarantor to (i) the Trustee or the Covered Bondholders under the Guarantee Deed upon receipt of a Notice to Pay in accordance with the Guarantee Deed or (ii) to third parties not party to the Intercreditor Deed in relation to any and all liabilities, claims, costs and expenses which the Guarantor may incur in connection with the Guarantee or the preservation and enforcement of the Guarantor's related rights under the Guarantee Mandate Agreement. Similarly, the Issuer has agreed to pre-fund and indemnify the Guarantor against Swap Termination Payments that may be payable by the Guarantor following the replacement of Credit Suisse as Swap Provider. Furthermore, Credit Suisse has agreed (but not in its capacity as Issuer) to pre-fund and indemnify the Guarantor against certain increased amounts due by the Guarantor resulting from any Third Party Service Providers being appointed to replace Credit Suisse (as Initial Account Bank, Initial Corporate Services Provider and/or Initial Cash Manager), if Credit Suisse ceases to be eligible to provide those services.

To secure, *inter alia*, its indemnity and pre-funding obligations to the Guarantor as described above, Credit Suisse has agreed to assign by way of security to the Guarantor eligible mortgage claims denominated in CHF (the **Assigned Mortgage Claims**) and transfer to the Guarantor entitlement to the related mortgage certificate(s) on residential properties located in Switzerland providing security for the relevant Assigned Mortgage Claims (the **Transferred Mortgage Certificates**). In consideration of the security to be provided by Credit Suisse, the Guarantor has agreed to pay the Collateral Differential to Credit Suisse.

For Swiss regulatory and Swiss tax reasons, the Covered Bondholders will not benefit from direct security over the Cover Pool Assets (as defined herein) or any other assets of the Guarantor. Accordingly, the Assigned Mortgage Claims and the other Cover Pool Assets secure, *inter alia*, the Pre-funding Obligations

of the Issuer in relation to the Guarantee, but not the Guarantee itself. Accordingly, such security can only be enforced by the Guarantor when the Issuer fails to satisfy the Secured Obligations (as defined herein).

Prior to the IED Guarantee Activation Date, the Cover Pool will be required to be maintained by Credit Suisse in an aggregate amount which is at least equal to the payment obligations under the Covered Bonds from time to time. The size and yield of the Cover Pool will be tested on a regular basis in accordance with the Asset Coverage Test and the Interest Coverage Test (the **Pre-Event Tests**), which tests will be periodically verified by the Asset Monitor (see further *Credit Structure – Asset Coverage Test* and *Credit Structure – Interest Coverage Test*).

Following the IED Guarantee Activation Date and the receipt of a Notice to Pay for the relevant amount by the Guarantor, the Guarantor will serve a notice (the **Guarantee Pre-funding Notice**) for the relevant amount of Guarantee Expenses on the Issuer not more than 65 Business Days prior to the date that payments for interest, principal or other upcoming Guaranteed Amounts become Due for Payment. Upon receipt of the Guarantee Pre-funding Notice, the Issuer will be obliged to pre-fund (that is, pay) the relevant amount, as specified in the Guarantee Pre-funding Notice, to the Guarantor (the **Guarantee Pre-funding Obligation**) (i) in relation to Guarantee Expenses already due, within one Business Day, (ii) in relation to Guarantee Expenses falling Due for Payment in the 60 Business Day period from and including the date of the Guarantee Pre-funding Notice, within five Business Days and (iii) in relation to all other Guarantee Expenses properly quantified in the Guarantee Pre-funding Notice on the date falling 60 Business Days prior to the date when the relevant Guaranteed Amount or other amount shall become Due for Payment, or if this is not practicable such other date within such 60 Business Day period as specified in the Guarantee Pre-funding Notice.

In order to claim the relevant amounts from Credit Suisse in respect of the other Pre-funding Obligations as defined herein, the Guarantor will also be obliged to serve a relevant Pre-funding Notice (as defined herein) on Credit Suisse.

If the Issuer fails to pay the amount owed by the due date specified in that Pre-funding Notice, then the Guarantor may utilise or liquidate a corresponding part of the Cover Pool Assets (including by way of sale of Assigned Mortgage Claims together with the corresponding Transferred Mortgage Certificates to an Eligible Investor) and, subject to the relevant Priority of Payments (as described below), use the proceeds to satisfy the claims of the Covered Bondholders and the other Relevant Creditors. Additionally, for the purposes of creating liquidity in the Cover Pool, the Guarantor may sell Assigned Mortgage Claims in order to make scheduled payments under the Covered Bond Swap, where those payments fall due within one year of the Liquidation Date.

Following a Guarantor Event of Default on the date on which a Guarantor Acceleration Notice is served on the Guarantor (the **GED Guarantee Activation Date**), all Guaranteed Amounts will become immediately due and payable and, following service of a Notice to Pay for due relevant amount(s), the Trustee on behalf of the Covered Bondholders will have a claim against the Guarantor under the Guarantee for an amount equal to the Early Redemption Amount in respect of each Covered Bond together with accrued and unpaid interest (and certain other amounts due under the Covered Bonds as specified in the Conditions).

Unless and until certain trigger events occur as described in this Base Prospectus (including the occurrence of a Notification Event, a Pre-Maturity Liquidation Event which is continuing or for so long as a Breach of Test Notice in respect of a breach of the Asset Coverage Test or the Interest Coverage Test has been served on the Issuer and the Guarantor which remains outstanding), Credit Suisse shall be entitled to collect and retain all cashflows from the Cover Pool Assets. As Principal Originator of the Assigned Mortgage Claims, Credit Suisse will also continue to service and administer the Mortgage Assets (as defined herein) in accordance with its usual policies and processes until revocation of the relevant authority by the Guarantor.

The Guarantor will have the benefit of Cover Pool Swaps that will swap the income from the Assigned Mortgage Claims in the Cover Pool into a rate set by reference to CHF LIBOR, and Covered Bond Swaps that will swap CHF LIBOR into the applicable rate and currency of the corresponding Series of Covered Bonds.

The Guarantor (or the Cash Manager on its behalf) will be obliged to distribute available funds in accordance with the applicable Priority of Payments as set out in the Intercreditor Deed. The obligations of the Guarantor will be limited in recourse to its Available Funds (as defined herein) from time to time, as described in this Base Prospectus. Upon the Cash Manager giving written notice to the Covered Bondholders that it has determined in its sole and absolute opinion that there is no reasonable likelihood of there being any further realisations in respect of the Cover Pool Assets and all other amounts which would be available to pay amounts owing to the Covered Bondholders and all such amounts have been so applied in accordance with the Transaction Documents (as defined herein), the Covered Bondholders will have no further claims against the Guarantor in respect of any amounts owing to them which remain unpaid and all unpaid amounts shall be deemed discharged as against the Guarantor in full (see further Condition 20 (*Claims against the Guarantor*)).

For the avoidance of doubt, the Covered Bondholders will continue to have recourse as against the Issuer in respect of any such amounts owing to them which remain unpaid under the Guarantee.

In certain circumstances, the Guarantor will be obliged to establish cash reserves to support the payment of amounts due on the Covered Bonds and/or senior ranking costs and expenses. If a Breach of Pre-Maturity Test occurs, the Guarantor will apply certain available funds to fund the Pre-Maturity Liquidity Ledger in order to provide liquidity to the Guarantor in respect of principal due on the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds. Additionally, if Credit Suisse's short-term ratings fall below "F1+" by Fitch or "Prime-1" by Moody's, Collected Mortgage Payments will be credited to the Cover Pool Bank Account with a corresponding credit to the Liquidity Reserve Fund on that account in an amount up to the Liquidity Reserve Fund Required Amount (see further *Credit Structure*).

***Further Information*:** For a detailed description of the Transaction Documents relating to the Covered Bonds, see the sections of this Base Prospectus entitled *Overview of the Principal Transaction Documents*, *Terms and Conditions of the Covered Bonds*, *Credit Structure* and *Cashflows*.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CSSF shall be incorporated by reference in, and form part of, this Base Prospectus:

(A) The information in the Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholders 2013 (which contains the audited financial statements for the Guarantor as of and for the year ended 31 December 2013, and the auditors report with respect thereto) (the **2013 Guarantor Financials**) was filed with the CSSF and the SIX Swiss Exchange AG.

(B) The information in the Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholders 2012 (which contains the audited financial statements for the Guarantor as of and for the year ended 31 December 2012, and the auditors report with respect thereto) (the **2012 Guarantor Financials**) was filed with the CSSF and the SIX Swiss Exchange AG.

(C) On 31 July 2014, CS filed the Form 6-K of CS (the **CS Form 6-K Dated 31 July 2014**) with the SEC which includes the Financial Report 2Q 2014 and the Six Months Financial Statements of CS as exhibits thereto. A copy of the CS Form 6-K Dated 31 July 2014 was filed with the CSSF and the SIX Swiss Exchange AG.

(D) On 31 July 2014, CS Group filed a discussion of CS Group's Core Results for the six months ended 30 June 2014 compared to the six months ended 30 June 2013 on a Form 6-K of CS Group (the **CS Group Form 6-K Dated 31 July 2014**) with the SEC which contains the Financial Report 2Q 2014 as an exhibit thereto. A copy of the CS Group Form 6-K Dated 31 July 2014 was filed with the CSSF and the SIX Swiss Exchange AG.

(E) On 22 July 2014, CS filed the Form 6-K of CS and CS Group (the **CS and CS Group Form 6-K Dated 22 July 2014**) with the SEC which contains information regarding appointments to the board of directors of CS. A copy of the CS Group Form 6-K Dated 22 July 2014 was filed with the CSSF and the SIX Swiss Exchange AG.

(F) On 22 July 2014, CS filed the Form 6-K of CS (the **CS Form 6-K Dated 22 July 2014**) with the SEC which includes the Earnings Release 2Q 2014 as an exhibit thereto. A copy of the CS Form 6-K Dated 22 July 2014 was filed with the CSSF and the SIX Swiss Exchange AG.

(G) On 20 May 2014, CS filed the Form 6-K of CS and CS Group dated 19 May 2014 (the **Form 6-K Dated 19 May 2014**) with SEC which includes a media release announcing a comprehensive and final settlement regarding all outstanding U.S. cross-border matters including agreements with the U.S. Department of Justice, the New York State Department of Financial Services, the Board of Governors of the U.S. Federal Reserve System and, as previously announced, the U.S. Securities and Exchange Commission. A copy of the Form 6-K Dated 19 May 2014 was filed with the CSSF and the SIX Swiss Exchange AG.

(H) On 16 May 2014, CS filed the Form 6-K of CS and CS Group (the **Form 6-K Dated 16 May 2014**) with the SEC which contains a media release regarding the boards of directors of CS and CS Group. A copy of the Form 6-K Dated 16 May 2014 was filed with the CSSF and the SIX Swiss Exchange AG.

(I) On 9 May 2014, CS filed the Form 6-K of CS and CS Group (the **Form 6-K Dated 9 May 2014**) with the SEC which contains a media release. A copy of the Form 6-K Dated 9 May 2014 was filed with the CSSF and the SIX Swiss Exchange AG.

(J) On 2 May 2014, CS filed the Form 6-K of CS (the **Form 6-K Dated 2 May 2014**) with the SEC which includes the Financial Report 1Q 2014 as an exhibit thereto. A copy of the Form 6-K Dated 2 May 2014 was filed with the CSSF and the SIX Swiss Exchange AG.

(K) On 16 April 2014, CS filed the Form 6-K of CS (the **Form 6-K Dated 16 April 2014**) with the SEC which includes the Earnings Release 1Q 2014 as an exhibit thereto. A copy of the Form 6-K Dated 16 April 2014 was filed with the CSSF and the SIX Swiss Exchange AG.

(L) On 3 April 2014, CS filed the Form 20-F of CS and CS Group (the **Form 20-F Dated 3 April 2014**) with the SEC which includes the Annual Report 2013 (and which includes the consolidated financial statements of CS and CS Group for the years ending 31 December 2012 and 31 December 2013). A copy of the Form 20-F Dated 3 April 2014 was filed with the CSSF and the SIX Swiss Exchange AG.

(M) On 3 April 2014, CS filed the Form 6-K of CS and CS Group (the **Form 6-K Dated 3 April 2014**) with the SEC which includes a media release announcing proposals for the Annual General Meeting on May 9, 2014. A copy of the Form 6-K Dated 3 April 2014 was filed with the CSSF and the SIX Swiss Exchange AG.

(N) On 21 March 2014, CS adopted new Articles of Association (the CS Articles of Association Dated 21 March 2014), which became effective as of 25 March 2014, superseding the Articles of Association adopted on 27 December 2013. A copy of the CS Articles of Association Dated 21 March 2014 was filed with the CSSF and the SIX Swiss Exchange AG.

(O) The stratification tables, beginning with the table entitled "Mortgage Portfolio Summary" on page 3, in the Monthly Investor Report dated 15 August 2014 as set out on pages 3, 4 and 5.

(P) The terms and conditions of the Covered Bonds as set out on pages 104 to 157 of the Base Prospectus dated 22 November 2010 and prepared by the Issuer and the Guarantor in connection with the Programme, all other information in such Base Prospectus being of no relevance to investors.

(Q) The terms and conditions of the Covered Bonds as set out on pages 91 to 146 of the Base Prospectus dated 27 May 2011 and prepared by the Issuer and the Guarantor in connection with the Programme, all other information in such Base Prospectus being of no relevance to investors.

(R) The terms and conditions of the Covered Bonds as set out on pages 108 to 162 of the Base Prospectus dated 10 May 2012 and prepared by the Issuer and the Guarantor in connection with the Programme, all other information in such Base Prospectus being of no relevance to investors.

(S) The terms and conditions of the Covered Bonds as set out on pages 100 to 150 of the Base Prospectus dated 22 August 2013 and prepared by the Issuer and the Guarantor in connection with the Programme, all other information in such Base Prospectus being of no relevance to investors.

For ease of reference, the relevant information in the 2013 Guarantor Financials, the 2012 Guarantor Financials, the CS Form 6-K Dated 31 July 2014, the CS Group Form 6-K Dated 31 July 2014, the CS and CS Group Form 6-K Dated 22 July 2014, the CS Form 6-K Dated 22 July 2014, the Form 6-K Dated 19 May 2014, the Form 6-K Dated 16 May 2014, the Form 6-K Dated 9 May 2014, the Form 6-K Dated 2 May 2014, the Form 6-K Dated 16 April 2014, the Form 20-F Dated 3 April 2014, the Form 6-K Dated 3 April 2014 and the CS Articles of Association Dated 21 March 2014, which are incorporated by reference into the Base Prospectus, can be found on the following pages:

Section Number	Section Heading	Sub-heading	Page(s) of the

			PDF file
2013 Guarantor Financials			
N/A		Report of the Statutory Auditor	2-3
		Balance Sheet (non-consolidated)	4
		Income Statement (non-consolidated)	5
		Notes to the Financial Statements	6
		Proposed appropriation of retained earnings for the Year ended December 31	7
2012 Guarantor Financials			
N/A		Report of the Statutory Auditor	2-3
		Balance Sheet (non-consolidated)	4
		Income Statement (non-consolidated)	5
		Notes to the Financial Statements	6
		Proposed appropriation of retained earnings for the Year ended December 31	7
CS Form 6-K Dated 31 July 2014			
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		Forward-looking statements	2
		Condensed consolidated financial statements	3
		Operating and financial review and prospects	4
		Exhibits	5
		Signatures	6
First Exhibit to CS Form 6-K Dated 31 July 2014 (Ratio of earnings to fixed charges)			
		Ratio of earnings to fixed charges	7
Second Exhibit to CS Form 6-K Dated 31 July 2014 (Letter regarding unaudited financial information from the Independent Registered Public Accounting Firm)			
		Letter regarding unaudited financial information from the Independent Registered Public Accounting Firm	8
Third Exhibit to CS Form 6-K Dated 31 July 2014 (Financial Report 2Q 2014)			
		Key metrics	10
		Table of contents	13 (page 3 of exhibit)
		Credit Suisse at a glance	14 (page 4 of exhibit)
I	Credit Suisse results	Operating environment	16-18 (page 6-8 of exhibit)
		Credit Suisse	19-22 (page 9-12 of exhibit)

		Core Results	23-29 (page 13-19 of exhibit)
		Private Banking & Wealth Management	30-41 (page 20-31 of exhibit)
		Investment Banking	42-47 (page 32-37 of exhibit)
		Corporate Center	48-49 (page 38-39 of exhibit)
		Assets under Management	50-52 (page 40-42 of exhibit)
II	Treasury, risk, balance sheet and off-balance sheet	Liquidity and funding management	54-56 (page 44-46 of exhibit)
		Capital management	57-68 (page 47-58 of exhibit)
		Risk management	69-78 (page 59-68 of exhibit)
		Balance sheet and off-balance sheet	79-80 (page 69-70 of exhibit)
III	Condensed consolidated financial statements (unaudited)	Report of the Independent Registered Public Accounting Firm	83 (page 73 of exhibit)
		Condensed consolidated financial statements (unaudited), including:	85-92 (page 75-82 of exhibit)
		Consolidated statements of operations (unaudited)	85 (page 75 of exhibit)
		Consolidated statements of comprehensive income (unaudited)	85 (page 75 of exhibit)
		Consolidated balance sheets (unaudited)	86-87 (page 76-77 of exhibit)
		Consolidated statements of changes in equity (unaudited)	88-90 (page 78-80 of exhibit)

		Consolidated statements of cash flows (unaudited)	91-92 (page 81-82 of exhibit)
		Supplemental cash flow information (unaudited)	92 (page 82 of exhibit)
		Notes to the condensed consolidated financial statements (unaudited), including:	93-171 (page 83-161 of exhibit)
		Summary of significant accounting policies	93 (page 83 of exhibit)
		Litigation	161-163 (page 151-153 of exhibit)
		Condensed consolidating statements of operations	164-167 (page 154-157 of exhibit)
		Condensed consolidating statements of comprehensive income	164-167 (page 154-157 of exhibit)
		Condensed consolidating balance sheets	168-169 (page 158-159 of exhibit)
		Condensed consolidating statements of cash flows	170-171 (page 160-161 of exhibit)
		List of Abbreviations	172 (page 162 of exhibit)
		Investor information	173 (page 163 of exhibit)
		Cautionary statement regarding forward looking information	175 (page 165 of exhibit)
Fourth Exhibit to CS Form 6-K Dated 31 July 2014 (Six Months Financials)			
		Table of contents to Credit Suisse (Bank) Financial Statements 6M14	178 (page 10 of exhibit)

		Report of the Independent Registered Public Accounting Firm	179 (page 11 of exhibit)
		Credit Suisse (Bank) Condensed consolidated financial statements--unaudited, including:	181-239 (page 13-71 of exhibit)
		Consolidated statements of operations (unaudited)	181 (page 13 of exhibit)
		Consolidated statement of comprehensive income (unaudited)	181 (page 13 of exhibit)
		Consolidated balance sheets (unaudited)	182-183 (page 14-15 of exhibit)
		Consolidated statements of changes in equity (unaudited)	184 (page 16 of exhibit)
		Consolidated statements of cash flows (unaudited)	185-186 (page 17-18 of exhibit)
		Supplemental cash flow information (unaudited)	186 (page 18 of exhibit)
		Notes to the condensed consolidated financial statements (unaudited), including	187-239 (page 19-71 of exhibit)
		Summary of significant accounting policies	187 (page 19 of exhibit)
CS Group Form 6-K Dated 31 July 2014			
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		Operating and financial review and prospects	3-6
		Condensed consolidated financial statements	7
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		Signatures	9
First Exhibit to CS Group Form 6-K Dated 31 July 2014 (Ratio of earnings to fixed charges)			
		Ratio of earnings to fixed charges	10
Second Exhibit to CS Group Form 6-K Dated 31 July 2014 (Letter regarding unaudited financial information from the Independent Registered Public Accounting Firm)			
		Letter regarding unaudited financial information from the Independent Registered Public Accounting Firm	11

		Credit Suisse reporting structure	28 (page A-3 of exhibit)
		Core Results	29 (page A-4 of exhibit)
		Core Results – strategic and non-strategic results	30 (page A-5 of exhibit)
		Private Banking & Wealth Management	30-31 (page A-5-6 of exhibit)
		Private Banking & Wealth Management – strategic results	31 (page A-6 of exhibit)
		Wealth Management Clients	32 (page A-7 of exhibit)
		Corporate & Institutional Clients	33 (page A-8 of exhibit)
		Asset Management	33 (page A-8 of exhibit)
		Private Banking & Wealth Management – non-strategic results	34 (page A-9 of exhibit)
		Investment Banking	34-35 (page A-9-10 of exhibit)
		Investment Banking- strategic results	35 (page A-10 of exhibit)
		Investment Banking- non-strategic results	36 (page A-11 of exhibit)
		Corporate Center results	36 (page A-11 of exhibit)
		Corporate Center- non-strategic results	37 (page A-12 of exhibit)
		Impact from movements in own credit spreads	37 (page A-12 of exhibit)

		Assets under management – Group	38 (page A-13 of exhibit)
		Net new assets – Group	38 (page A-13 of exhibit)
		BIS statistics – Basel III – Group	39 (page A-14 of exhibit)
		CET1 capital movement – Basel III	39 (page A-14 of exhibit)
		Risk-weighted assets by division – Basel III	40 (page A-15 of exhibit)
		Risk-weighted asset movement by risk type – Basel III	40 (page A-15 of exhibit)
		Swiss statistics – Basel III – Group	40 (page A-15 of exhibit)
		Swiss leverage ratio – Group	41 (page A-16 of exhibit)
		One-day, 98% risk management VaR and one-day, 99% regulatory VaR (CHF)	41 (page A-16 of exhibit)
		Consolidated statements of operations	42 (page A-17 of exhibit)
		Consolidated balance sheets	43 (page A-18 of exhibit)
		Consolidated statements of changes in equity	44 (page A-19 of exhibit)
		Earnings per share	45 (page A-20 of exhibit)
		Cautionary statement regarding forward looking information	46 (page A-21 of exhibit)

CS and CS Group Form 6-K Dated 22 July 2014			
	Form 6-K	Election of Severin Schwan and Sebastian Thrun as new members of the Board of Directors of Credit Suisse AG	2
Form 6-K Dated 19 May 2014			
N/A	Form 6-K	Whole document	
Form 6-K Dated 16 May 2014			
N/A	Form 6-K	Whole document	
Form 6-K Dated 9 May 2014			
	Form 6-K	Cover page	1
		Annual General Meeting of Credit Suisse Group AG: All Proposals put forward by the Board of Directors Approved	2
		Distribution in cash against reserves from capital contributions	2
		Increase in conditional capital for employee shares	2
		Election of Severin Schwan and Sebastian Thrun as new Members of the Board of Directors	3
		Re-election of the Chairman and further members to the Board of Directors	3
		Election of the members to the Compensation Committee	3
		Amendments to the Articles of Association to adapt to changes in company law (first paragraph only)	3
		2013 Compensation Report	3
		Composition of the Board of Directors as of May 9, 2014	4
		Cautionary statement regarding forward-looking information	5
Form 6-K Dated 2 May 2014			
		Explanatory note	2
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Exhibit to Form 6-K Dated 2 May 2014 (Financial Report 1Q 2014)			
		Key metrics	6
		Table of Contents	9 (page 3 of exhibit)
		Credit Suisse at a glance	10 (page 4 of exhibit)
I	Credit Suisse results	Operating environment	12-14 (pages 6-8 of exhibit)

		Credit Suisse	15-16 (pages 9-11 of exhibit)
		Core Results	18-23 (pages 12-17 of exhibit)
		Private Banking & Wealth Management	24-35 (pages 18-29 of exhibit(
		Investment Banking	36-41 (pages 30-35 of exhibit)
		Corporate Center	42-44 (pages 36-37 of exhibit)
		Assets under Management	44-46 (pages 38-40 of exhibit)
II	Treasury, risk, balance sheet and off-balance sheet	Liquidity and funding management	48-50 (pages 42-44 of exhibit)
		Capital management	51-64 (pages 45-58 of exhibit)
		Risk management	65- 74 (pages 59-68 of exhibit)
		Balance sheet and off-balance sheet	75-76 (pages 69-70 of exhibit)
III	Condensed consolidated financial statements (unaudited)	Report of Independent Registered Public Accounting Firm to the Board of Directors	79 (page 73 of exhibit)
		Condensed consolidated financial statements (unaudited), including:	81-155 (pages 75-149 of exhibit)
		Consolidated statements of operations (unaudited)	81 (page 75 of exhibit)
		Consolidated statements of comprehensive income (unaudited)	81 (page 75 of exhibit)
		Consolidated balance sheets (unaudited)	82-84 (pages 78-79 of exhibit)

		Consolidated statements of changes in equity (unaudited)	84-85 (pages 78-79 of exhibit)
		Consolidated statements of cash flows (unaudited)	86-87 (pages 80-81 of exhibit)
		Supplemental cash flow information (unaudited)	87 (page 81 of exhibit)
		Notes to the condensed consolidated financial statements (unaudited), including:	88-157 (pages 82-149 of exhibit)
		Summary of significant accounting policies	88 (page 82 of exhibit)
		Litigation	154-155 (pages 148-149 of exhibit)
		Condensed consolidating statements of operations	156-157 (pages 150-151 of exhibit)
		Condensed consolidating statements of comprehensive income	156-157 (pages 150-151 of exhibit)
		Condensed consolidating balance sheets	158-159 (pages 152-153 of exhibit)
		List of abbreviations	160 (page 154 of exhibit)
		Investor information	161 (page 155 of exhibit)
		Financial calendar and contacts	162 (page 156 of exhibit)
		Cautionary statement regarding forward looking information	163 (page 157 of exhibit)
Form 6-K Dated 16 April 2014			
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			of exhibit)
		Core Results	26 (page A-4 of exhibit)
		Core Results – strategic and non-strategic results	27 (page A-5 of exhibit)
		Private Banking & Wealth Management	27–28 (pages A-5-A-6 of exhibit)
		Private Banking & Wealth Management – strategic results	28 (page A-6 of exhibit)
		Wealth Management Clients	29 (page A-7 of exhibit)
		Corporate & Institutional Clients	29 (page A-7 of exhibit)
		Asset Management	30 (page A-8 of exhibit)
		Private Banking & Wealth Management – non-strategic results	30 (page A-8 of exhibit)
		Investment Banking	31-33 (page A-9 of exhibit)
		Investment Banking- strategic results	32 (page A-10 of exhibit)
		Investment Banking- non-strategic results	33 (page 27 of exhibit)
		Corporate Center results	33 (page A-11 of exhibit)
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Assets under management – Group	34 (page A-12 of exhibit)
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The information incorporated by reference that is not included in the above cross-reference lists is considered to be additional information that is not required by the relevant schedules of the Prospectus Regulation.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained, free of charge, from Credit Suisse AG, Paradeplatz 8, CH-8001 Zurich, the registered office of the Issuer and from the specified offices of the Paying Agents for the time being and are also available on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of CS (www.credit-suisse. com). A copy of the documents filed by Credit Suisse with the SEC may also be obtained either on the SEC's website at www.sec.gov at the SEC's public reference room or on the website of CS at http://www.credit-suisse.com/investors/en/sec_filings.jsp. Information contained on the website of CS is not incorporated by reference in this Base Prospectus.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Covered Bonds, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Covered Bonds.

GENERAL DESCRIPTION OF THE PROGRAMME

The following information is only a summary of the key features of the Programme and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus. To determine the terms and conditions which apply to any issue of Covered Bonds it is necessary to read the general terms and conditions (see Terms and Conditions of the Covered Bonds) and the applicable Final Terms which will contain the specific terms and conditions of the relevant Issue. The Issuer and any relevant Dealer may agree that Covered Bonds shall be issued in a form other than that contemplated in the Conditions, in which event, in the case of listed Covered Bonds only and if appropriate, a supplement to the Base Prospectus will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

Words and expressions defined in the sections of this Base Prospectus entitled Form of the Covered Bonds (below) and Terms and Conditions of the Covered Bonds (below) shall have the same meanings in this summary.

Issuer	Credit Suisse, acting through its Guernsey Branch.
Guarantor	Credit Suisse Hypotheken AG, a Swiss corporation held by Credit Suisse (98%) and two independent shareholders (1% each). According to the Articles of Incorporation of the Guarantor, its purpose includes, among other things, the issuance of guarantees for the benefit of holders of covered bonds issued by Credit Suisse or its affiliates, the acquisition, holding, administration, management and liquidation of mortgage assets and other assets transferred to it as security for the claims acquired by it in connection therewith, as well as activities and transactions ancillary thereto.
Description	Covered Bond Programme.
Sole Arranger	Credit Suisse Securities (Europe) Limited.
Initial Dealers	Credit Suisse Securities (Europe) Limited and Credit Suisse Securities (USA) LLC. Other dealers may be appointed from time to time by the Issuer either generally for the Programme or in relation to a particular Series or Tranche of Covered Bonds in accordance with the terms of the Programme Agreement.
Trustee for Covered Bondholders	BNP Paribas Trust Corporation UK Limited.
Principal Originator	Credit Suisse.
Additional Originator	Any entity, other than the Principal Originator, which is part of the CS Group and which may elect to provide, directly or indirectly, Cover Pool Assets to the Guarantor, subject to satisfaction of certain conditions (which shall include Rating Agency Confirmation).
Servicer	Credit Suisse, as Assignor.

Replacement Servicer	The party or parties appointed following a Servicer Downgrade Event and which will commence its activities following a Servicing Termination Event in order to perform, *inter alia*, the servicing.
Asset Monitor	KPMG AG.
Initial Cash Manager	Credit Suisse. Upon the occurrence of a Cash Manager Downgrade Event, the Guarantor agrees to use its reasonable endeavours to promptly appoint a Replacement Cash Manager who, following a Cash Manager Termination Event, will perform, *inter alia*, the activities performed by the Cash Manager.
Initial Account Bank	Credit Suisse. If the short-term ratings of the Account Bank fall below "F1" from Fitch or "Prime-1" from Moody's or the long term rating of the Account Bank falls below "A" from Fitch (or such lower ratings that would not adversely affect the then current ratings of the Covered Bonds), the Guarantor shall be required to appoint a replacement Account Bank or take any alternative action to the satisfaction of the Rating Agencies.
Principal Paying Agent, Delivery Agent and Transfer Agent	BNP Paribas Securities Services, Luxembourg Branch. Any resignation or removal of the Principal Paying Agent shall only take effect upon the appointment by the Issuer and the Guarantor of a successor Principal Paying Agent.
Luxembourg Paying Agent	BNP Paribas Securities Services, Luxembourg Branch.
Registrar and Exchange Agent	BNP Paribas Securities Services, Luxembourg Branch.
U.S. Paying and Transfer Agent	BNP Paribas, New York Branch
UK Paying Agent	BNP Paribas, London Branch
Initial Swap Provider	Credit Suisse. If the rating of a Swap Provider falls below the required ratings specified in a Swap Agreement, then the Swap Provider shall be required to take certain steps as set out in such Swap Agreement. This may include posting collateral, obtaining a guarantee or appointing a replacement Swap Provider.
Initial Corporate Services Provider	Credit Suisse.
Administration Services Provider	Treureva AG, Othmarstrasse 8, CH-8008 Zurich.
Luxembourg Listing Agent	BNP Paribas Securities Services, Luxembourg Branch.

Form of Covered Bonds	The Covered Bonds may be issued in bearer or in registered form as described in *Form of the Covered Bonds*. Save as otherwise specified in the applicable Final Terms, Bearer Covered Bonds may be exchanged for Registered Covered Bonds, however Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds.
Series and Tranches	The Covered Bonds will be issued in series (each a **Series**). Each Series may comprise one or more tranches of Covered Bonds issued on different issue dates (each a **Tranche**). The Covered Bonds of each Tranche will have identical terms and conditions. However a Tranche may comprise Covered Bonds in bearer form and Covered Bonds in registered form. Other than the issue date, the issue price and the date for the first payment of interest, the Covered Bonds of each Series will have identical terms, however a Series may comprise Covered Bonds in bearer form and Covered Bonds in registered form.
Issue Price	Covered Bonds may be issued at par or at a discount or premium to par and on a fully-paid basis only, as specified in the applicable Final Terms.
Currencies	Euro, Pounds sterling, U.S. Dollars, Swiss Francs and, subject to any applicable legal or regulatory restrictions and any central bank or other applicable reporting requirements, any other currency agreed between the Issuer and the relevant Dealers (each a **Specified Currency**).
Denominations	Covered Bonds which may be listed on the Regulated Market and/or admitted to trading on a regulated market (for the purposes of Directive 2004/39/EC) situated or operating in a member state of the European Union and/or offered to the public in a Member State in circumstances which require the publication of a prospectus under the Prospectus Directive may not (a) have a minimum denomination of less than €100,000 (or its near equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuer or by any entity to whose group the Issuer belongs. Subject thereto, Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Covered Bonds in registered form sold pursuant to Rule 144A shall be issued in denominations of U.S.$200,000 (or its equivalent in any other currency rounded upwards as specified in the applicable Final Terms) and higher integral multiples of U.S.$1,000 (or its equivalent as aforesaid).
Programme Size:	Up to €15 billion (or its equivalent in other currencies determined as described in the Programme Agreement) outstanding at any time as described herein. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Maturity of Covered Bonds	Covered Bonds may be issued with such Final Maturity Dates as may be agreed from time to time between the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms subject to compliance with all applicable legal, regulatory and/or central bank requirements.
Redemption	Covered Bonds may be redeemed at par or at such other redemption amount above or below par as may be agreed by the Issuer and the relevant Dealer(s) in the Final Terms.
Extendable obligations under the Guarantee	The applicable Final Terms may also provide that the Guarantor's obligations under the Guarantee to pay the Guaranteed Amounts equal to the Final Redemption Amount of the applicable Series of Covered Bonds on their Final Maturity Date may be deferred until the Extended Due for Payment Date. In such case, such deferral will occur automatically if: (i) the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on their Final Maturity Date (subject to applicable grace periods) and (ii) following the Guarantee Activation Date and following the service of a relevant Notice to Pay for the relevant amount on the Guarantor, the Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of Covered Bonds are not paid in full by the Guarantor by the Extension Determination Date (for example, because the Guarantor has insufficient monies to pay in full the Guaranteed Amounts equal to the Final Redemption Amount in respect of the relevant Series of Covered Bonds after payment of higher ranking amounts and taking into account amounts ranking *pari passu* in the Guarantee Priority of Payments). To the extent that the Guarantor has received a Notice to Pay for the relevant amount by the time specified in Condition 7(a) (*Redemption and Purchase – Redemption at maturity*) and has sufficient funds available to be applied under the Guarantee Priority of Payments to pay in part the Final Redemption Amount, partial payment of the Final Redemption Amount shall be made as described in Condition 7(a) (*Redemption and Purchase – Redemption at maturity*). The Guarantor shall, to the extent it has sufficient funds available to be applied in accordance with the Guarantee Priority of Payments, make payments (including partial payments) in respect of the unpaid portion of the Final Redemption Amount on any Original Due for Payment Date up until the Extended Due for Payment Date. Interest will continue to accrue and be payable on the unpaid portion of the Final Redemption Amount up to the Extended Due for Payment Date in accordance with Condition 5 (*Interest*) and the Guarantor will, to the extent it has sufficient funds available to be applied in accordance with the Guarantee Priority of Payments, make payments of Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date. Failure by the Guarantor to pay Guaranteed Amounts corresponding to the unpaid portion of the Final Redemption Amount or the balance thereof, as the case may be, on the Extended Due for Payment Date and/or pay Guaranteed Amounts constituting Scheduled Interest on

	any Original Due for Payment Date or the Extended Due for Payment Date will in each case (subject to any applicable grace period) constitute a Guarantor Event of Default.
Early Redemption	Early redemption will be permitted for taxation reasons and, subject to all relevant legal, regulatory and/or central bank requirements, will otherwise be permitted at the option of the Issuer or a Covered Bondholder on terms as may be agreed by the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms.
Hard Bullet Covered Bonds	Hard Bullet Covered Bonds may be offered and will be subject to a pre-maturity test. A Breach of Pre-Maturity Test triggers the provisions allowing the liquidation of the Cover Pool Assets which provides liquidity for the Hard Bullet Covered Bonds.
Interest	Covered Bonds may or may not bear interest. Interest (if any) may be at a fixed or floating rate and may vary during the lifetime of the relevant Series.
Fixed Rate Covered Bonds	Fixed Rate Covered Bonds will bear interest at a fixed rate which will be payable in arrears on the date or dates in each year as may be agreed by the Issuer and the relevant Dealers and on redemption as specified in the applicable Final Terms.
Floating Rate Covered Bonds	Floating Rate Covered Bonds will bear interest by reference to LIBOR or EURIBOR (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s) and specified in the applicable Final Terms) as adjusted for any agreed applicable margin. Interest Periods will be selected by the Issuer prior to issue and specified in the applicable Final Terms. Floating Rate Covered Bonds may also have a maximum interest rate, a minimum interest rate or both.
Other Covered Bonds	Subject to compliance with all relevant legal, regulatory and/or central bank requirements, Covered Bonds may be issued with such other terms and conditions not currently contemplated as may be agreed by the Issuer and the relevant Dealer(s). The terms and conditions of these Covered Bonds will be set out in a Drawdown Prospectus.
Status	The Covered Bonds and Coupons are direct, unsubordinated and (other than in relation to the Guarantee) unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves.
Ranking	The payment obligations of the Issuer under the Covered Bonds and their Coupons will at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

Guarantee	The Covered Bonds will be irrevocably and (following the Guarantee Activation Date and the service of a Notice to Pay for the relevant amount on the Guarantor) unconditionally guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee will be direct, unsubordinated and unsecured obligations of the Guarantor and will rank *pari passu* and equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.
Taxation	All payments of principal and interest in respect of the Covered Bonds will be made by the Issuer without withholding or deduction for or on account of taxes imposed by any governmental or other taxing authority unless such withholding or deduction is required by law. In the event that any such deduction or withholding is imposed by a Tax Jurisdiction (as defined in Condition 8 (*Taxation*)), the Issuer will, save in certain limited circumstances provided in Condition 8 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted or withheld. By contrast, under the Guarantee, the Guarantor will not be liable to pay any such additional amounts payable by the Issuer under Condition 8 (*Taxation*), or to pay any additional amounts in respect of any amount withheld or deducted for or on account of taxes from a payment by the Guarantor under the Guarantee. The Issuer will receive and use the proceeds of any issue of Covered Bonds at all times while any Covered Bonds issued by it are outstanding exclusively outside Switzerland unless use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Covered Bonds becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.
ERISA:	Unless otherwise stated in the applicable Final Terms, a Covered Bond may be purchased by (i) an "employee benefit plan" as defined in and subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), (ii) a plan, account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), (iii) any plan (such as a governmental plan (as defined in Section 3(32) of ERISA), a non-U.S. plan (as described in Section 4(b)(4) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA and that have made no election under Section 410(d) of the Code)), account or arrangement that, while not subject to Title I of ERISA or Section 4975 of the Code, is subject to substantially similar provisions of any U.S. federal, state or local law, or non-U.S. law (**Similar Law**) or (iv) any entity whose underlying assets include, or are deemed for the purposes of ERISA, the Code or any Similar Law to include, plan assets of any such employee benefit plan or other plan, account or arrangement, each as described in (i), (ii) or (iii), subject to certain conditions. Each purchaser and/or holder of a Covered Bond and each transferee thereof will be deemed to have made certain representations regarding these

matters. See *ERISA Considerations* and *Transfer Restrictions and Selling Restrictions*.

Listing and admission to trading

Application has been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to the Official List and trading on the Regulated Market.

Covered Bonds may be unlisted or may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealers in relation to each Series.

Covered Bonds which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or market(s).

Governing Law

Except as otherwise stated below, all contractual documentation for the Programme and any non-contractual obligations arising out of, or in connection with, all contractual documentation for the Programme will be governed by, and construed in accordance with, either English law, Swiss law or New York law. Unless otherwise stated in the applicable Final Terms, the Covered Bonds and any non-contractual obligations arising out of or in connection with them (other than a Purchase Agreement relating to Rule 144A Global Covered Bonds) will be governed by, and construed in accordance with, English law.

The following documents (together, the **English Law Documents**) will be governed by, and construed in accordance with, English law:

- each Series or Tranche of Covered Bonds and the Coupons;
- the Trust Deed;
- the Agency Agreement;
- each Supplemental Agency Agreement;
- the Intercreditor Deed;
- the Guarantee Deed;
- the Cash Management Agreement;
- the Swap Agreement;
- the Programme Agreement (other than an undertaking relating to Rule 144A Global Covered Bonds which is

governed by the laws of the State of New York);

- the Master Definitions Schedule;
- each Subscription Agreement (as applicable in the case of each issue of Covered Bonds subscribed pursuant to a subscription agreement);
- each set of Final Terms (as applicable in the case of each issue of Covered Bonds subscribed pursuant to a subscription agreement);
- any Replacement Servicer Agreement (if and when entered into and to the extent expressed to be governed by English law); and
- any Calculation Agency Agreement (if and when entered into).

The following documents (together, the **Swiss Law Documents**) will be governed by, and construed in accordance with, Swiss law:

- the Guarantee Mandate Agreement;
- the Security Assignment Agreement;
- the Master Bank Account Agreement;
- the Asset Monitor Agreement;
- each Account Agreement;
- the Safe Custody Agreement;
- the Corporate Services Agreement;
- the Administration Services Agreement; and
- any Replacement Servicer Agreement (if and when entered into and to the extent expressed to be governed by Swiss law).

The following documents (together, the **New York Law Documents**) will be governed by, and construed in accordance with, the laws of the State of New York:

- each Purchase Agreement (as applicable in the case of each issue of Covered Bonds purchased pursuant to a purchase agreement).

	Together, the English Law Documents, the Swiss Law Documents, the New York Law Documents and each other document, agreement or indenture ancillary or supplemental made under, or pursuant to, them as well as any other document from time to time designated as such by the Issuer, the Guarantor and the Trustee are referred to in this Base Prospectus as the **Transaction Documents**.
Transfer Restrictions and Selling Restrictions	The Covered Bonds are subject to restrictions on their offering, sale, delivery and transfer both generally and specifically in the United States, the European Economic Area (including the United Kingdom and Luxembourg), Guernsey and Japan. These restrictions are described under *Transfer Restrictions and Selling Restrictions* and *ERISA Considerations*. Further restrictions may be required in connection with particular Series or Tranches of Covered Bonds, and, if so, will be specified in the documentation relating to the relevant Series or Tranche. Bearer Covered Bonds will be issued in compliance with the United States Treasury Regulations §1.163-5(c)(2)(i)(D) (the **TEFRA D Rules**) unless the Covered Bonds are issued other than in compliance with the TEFRA D Rules but in circumstances in which the Covered Bonds will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 (**TEFRA**), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.
Clearing Systems	The Covered Bonds shall be accepted for clearing through one or more clearing systems as specified in the applicable Final Terms. These systems shall include, in the United States, the systems operated by The Depository Trust Company (**DTC**) and, outside the United States, the systems operated by Euroclear Bank S.A./N.V. (**Euroclear**), Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and SIX SIS. As the Global Covered Bonds are to be held by, or on behalf of, DTC, Euroclear, Clearstream, Luxembourg and SIX SIS, Covered Bondholders will have to rely on their procedures for transfers of and payments on the Covered Bonds and communications with the Issuer.
Distribution	Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Rule 144A	Offers and sales in accordance with Rule 144A under the Securities Act will be permitted, if specified in the applicable Final Terms, subject to compliance with all relevant, legal and regulatory requirements of the United States.
Ratings	Covered Bonds to be issued under the Programme are at the time of issue expected to be rated "AAA" by Fitch and "Aaa" by Moody's, each of which is established in the European Union and is

registered under Regulation (EU) No 1060/2009 (the **CRA Regulation**). As such each of Moody's and Fitch is included in the list of credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation.

The rating of certain Series of Covered Bonds to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied in relation to the relevant Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. Please also refer to *Risks relating to Covered Bonds generally – Credit rating may not reflect all risks* in the *Risk Factors* section of this Base Prospectus.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, modification or withdrawal at any time.

Rating Triggers

As described further in this Base Prospectus, certain consequences will arise as a result of the occurrence of relevant rating triggers. Set out below is summary list of these rating triggers:

Rating Trigger	**Consequence**
Account Bank's ratings fall below "F1" by Fitch, "Prime-1" by Moody's (or such lower ratings that would not adversely affect the then current ratings of the Covered Bonds);	Account Bank to be replaced or guaranteed or other actions taken to the satisfaction of the Rating Agencies.
Credit Suisse's ratings fall below "F1" by Fitch, "Prime-1" by Moody's;	Collected Mortgage Payments to be transferred to the Guarantor. However, provided no Breach of Test Notice is outstanding, amounts standing to the credit of the Cover Pool Bank Account (which include Collected Mortgage Payments) may be returned to the Originator subject to the terms of the Pre-Guarantee Priority of Payments.
Credit Suisse's ratings fall below "F1+" by Fitch, "Prime-1" by Moody's;	Liquidity Reserve Trigger Event
Credit Suisse's ratings fall below "F2" by Fitch, "Prime-2" by Moody's;	Notification Event.

Credit Suisse's ratings fall below "A1" by Moody's (long term) (where the Final Maturity Date of a specific Series of Hard Bullet Covered Bonds occurs within 180 calendar days following: (y) the date of the downgrade; or (z) any date thereafter at which Credit Suisse's long-term credit rating from Moody's is below A1), "F1+" by Fitch (where the Final Maturity Date of a specific Series of Hard Bullet Covered Bonds occurs within 270 calendar days following: (y) the date of the downgrade; or (z) any date thereafter at which Credit Suisse's short-term credit rating from Fitch is below F1+ or to "Prime-2" by Moody's (where the Final Maturity Date of a specific Series of Hard Bullet Covered Bonds occurs within 360 calendar days following: (y) the date of the downgrade; or (z) any date thereafter at which Credit Suisse's short-term credit rating from Moody's is Prime-2);	Breach of Pre-Maturity Test.
Corporate Services Provider's ratings fall below "BBB" by Fitch, "Baa2" by Moody's;	Appointment of Replacement Corporate Services Provider.
Corporate Services Provider's ratings fall below "BBB-" by Fitch, "Baa3" by Moody's;	Termination of Corporate Services Provider.
Cash Manager's ratings fall below "BBB" by Fitch, "Baa2" by Moody's;	Appointment of Replacement Cash Manager.
Cash Manager's ratings fall below "BBB-" by Fitch, "Baa3" by Moody's;	Termination of Cash Manager.
Servicer's ratings fall below "BBB" by Fitch, "Baa2" by Moody's; and	Appointment of Replacement Servicer.
Servicer's ratings fall below "BBB-" by Fitch, "Baa3" by Moody's.	Termination of Servicer.

Drawdown Prospectus	Covered Bonds issued under the Programme may be issued (i) pursuant to this Base Prospectus and the applicable Final Terms or (ii) pursuant to a drawdown prospectus (each a **Drawdown Prospectus**) prepared in connection with a particular Tranche of Covered Bonds. Each Drawdown Prospectus may incorporate by reference all or any part of this Base Prospectus. Accordingly, references to terms and conditions and other items being as set out in this Base Prospectus and the applicable Final Terms should, as the context requires, be construed as being as set out in the relevant Drawdown Prospectus.

FORM OF THE COVERED BONDS

The Covered Bonds of each Series will be in either bearer form, with or without Coupons attached, or registered form, without Coupons attached. Bearer Covered Bonds will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**) and Registered Covered Bonds will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A under the Securities Act or otherwise in private transactions that are exempt from the registration requirements of the Securities Act.

Bearer Covered Bonds

Each Tranche of Bearer Covered Bonds will be initially issued in the form of a temporary global covered bond (a **Temporary Global Covered Bond**) or, if so specified in the applicable Final Terms, a permanent global covered bond (a **Permanent Global Covered Bond).** Where the TEFRA D Rules are specified in the applicable Final Terms, the Bearer Covered Bonds will initially be represented by a Temporary Global Covered Bond. The Temporary Global Covered Bond and the Permanent Global Covered Bond (together, the **Bearer Global Covered Bonds**) in either case, will:

(a) if the Bearer Global Covered Bonds are intended to be issued in New Global Covered Bond (**NGCB**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**); and

(b) if the Bearer Global Covered Bonds are not intended to be issued in NGCB form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for, Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Covered Bond is represented by a Temporary Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Covered Bonds due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Covered Bond if the Temporary Global Covered Bond is not intended to be issued in NGCB form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Covered Bond are not U.S. persons for U.S. federal income tax purposes or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Covered Bond is issued, interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Covered Bond of the same Series or (ii) for Definitive Bearer Covered Bonds of the same Series with, where applicable, Coupons and Talons attached (as indicated in the applicable Final Terms and subject, in the case of Definitive Bearer Covered Bonds, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive Definitive Bearer Covered Bonds. The holder of a Temporary Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond or for Definitive Bearer Covered Bonds is improperly withheld or refused. The Bearer Covered Bonds will be subject to certain restrictions on transfer set forth therein or will bear a legend regarding such restrictions.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Covered Bond will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Covered Bond if the Permanent Global Covered Bond is not intended to be issued in NGCB form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Covered Bonds with, where applicable, Coupons and Talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (ii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Covered Bonds represented by the Permanent Global Covered Bond exchanged for Definitive Bearer Covered Bonds and a certificate to such effect signed by two Authorised Signatories of the Issuer is given to the Trustee. The Issuer will promptly give notice to the Covered Bondholders of each Series of Bearer Global Covered Bonds in accordance with Condition 15 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The applicable Final Terms will not specify that Temporary or Permanent Global Covered Bonds are exchangeable for definitive Covered Bonds where such Covered Bonds are issued having denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of a smaller amount.

The following legend will appear on all Permanent Global Covered Bonds and on all Definitive Bearer Covered Bonds which have an original maturity of more than 365 days and on all Coupons relating to such Covered Bonds:

"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 OF 1986."

The sections referred to provide that U.S. holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds or Coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Covered Bonds or Coupons.

Covered Bonds which are represented by a Bearer Global Covered Bond will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Covered Bonds

The Registered Covered Bonds of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global covered bond in registered form (a **Regulation S Global Covered Bond**). Prior to expiry of the Distribution Compliance Period (as defined in Regulation S) applicable to each Tranche of Covered Bonds, beneficial interests in a Regulation S Global Covered Bond may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Covered*

Bonds) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Covered Bond will bear a legend regarding such restrictions on transfer.

If "144A" is specified in the applicable Final Terms, the Registered Covered Bonds of each Tranche may be offered and sold in the United States or to or for the account or benefit of U.S. persons to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act (**QIBs**) who agree to purchase the Covered Bonds for their own account and not with a view to the distribution thereof. The Registered Covered Bonds of each Tranche sold to QIBs will be represented by a global covered bond in registered form (a **Rule 144A Global Covered Bond** and, together with a Regulation S Global Covered Bond, the **Registered Global Covered Bonds**).

Registered Global Covered Bonds will either (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (**DTC**) or (ii) be deposited with a Common Depositary or Common Safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the Common Safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Covered Bonds will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Covered Bonds in fully registered form.

The Registered Global Covered Bonds will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Covered Bonds will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6(d) (*Payments – Payments in respect of Registered Covered Bonds*) as the registered holder of the Registered Global Covered Bonds. None of the Issuer, the Guarantor, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Covered Bonds in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6(d) (*Payments – Payments in respect of Registered Covered Bonds*) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Definitive Registered Covered Bonds without Coupons or Talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) in the case of Covered Bonds registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Covered Bonds and no alternative clearing system satisfactory to the Trustee is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (ii) in the case of Covered Bonds registered in the name of a nominee for a Common Depositary or a Common Safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Covered Bonds represented by the Registered Global Covered Bond in definitive form and a certificate to that effect signed by two Authorised Signatories of the Issuer is given to the Trustee. The Issuer will promptly give notice to the Covered Bondholders of each Series of Registered Global Covered Bonds in accordance with Condition 15 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Covered Bond) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the

occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar. Rule 144A Definitive Covered Bonds will be issued only in minimum denominations of U.S.$200,000 (or its foreign currency equivalent) and higher integral multiples of U.S.$1,000 (or its foreign currency equivalent).

Transfer of Interests

Interests in a Registered Global Covered Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in a Registered Global Covered Bond. No beneficial owner of an interest in a Registered Global Covered Bond will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Covered Bonds are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions. See *Transfer Restrictions and Selling Restrictions*.

General

Pursuant to the Agency Agreement (as defined under *Terms and Conditions of the Covered Bonds*), the Principal Paying Agent shall arrange that, where a further Tranche of Covered Bonds is issued which is intended to form a single Series with an existing Tranche of Covered Bonds, the Covered Bonds of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Covered Bonds of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period (as defined in Regulation S) applicable to the Covered Bonds of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee (including, for the avoidance of doubt, SIX SIS).

No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing. In addition, holders of interests in such Global Covered Bond credited to their accounts with DTC may require DTC to deliver Definitive Covered Bonds in registered form in exchange for their interest in such Global Covered Bond in accordance with DTC's standard operating procedures.

The Issuer may agree with any Dealer that Covered Bonds may be issued in a form not contemplated by the Terms and Conditions of the Covered Bonds, in which case (if such Covered Bonds are intended to be listed) a new Prospectus will be made available which will describe the effect of the agreement reached in relation to such Covered Bonds.

APPLICABLE FINAL TERMS

Date [●]

Credit Suisse AG, acting through its Guernsey Branch

Issue of [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds]
irrevocably and unconditionally guaranteed as to payment of principal and interest by Credit Suisse Hypotheken AG
under the €15 billion Covered Bond Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the **Conditions**) set forth in the prospectus dated [●[[and the supplement[s] dated [●] [and [●]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Directive 2003/71/EC (the **Prospectus Directive**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented].

Full information on the Issuer, the Guarantor and the offer of the Covered Bonds described herein is only available on the basis of the combination of these Final Terms[,] [and] the Base Prospectus as supplemented from time to time [and the Listing Prospectus (as defined below)]. The Base Prospectus [and the Listing Prospectus (as defined below) [is] [are] [available for viewing [at the website of the Luxembourg Stock Exchange (www.bourse.lu) in accordance with Article 14 of the Prospectus Directive]] and copies may be obtained from the offices of the Paying Agents, [BNP Paribas Securities Services] acting through its [Luxembourg] branch, [33, rue de Gasperich Howald-Hesperange, L-2085 Luxembourg] [are available at [●] a division of Credit Suisse, and can be ordered by telephone ([●]), fax ([●]) or by e-mail to [●].]

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Covered Bonds (the **Conditions**) set forth in the prospectus dated [●]. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**) and must be read in conjunction with the prospectus dated [●] [and the supplement[s] dated [●] [and [●]]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive, including the Conditions incorporated by reference in the Prospectus. Full information on the Issuer, the Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus [and the Listing Prospectus (as defined below)]. [The Base Prospectus is available for viewing at [the website of the Luxembourg Stock Exchange (www.bourse.lu) in accordance with Article 14 of the Prospectus Directive] and copies [may be obtained from the offices of the Paying Agents, [BNP Paribas Securities Services] acting through its [Luxembourg branch, 33, rue de Gasperich Howald-Hesperange, L-2085 Luxembourg]] [are available at [●], a division of Credit Suisse, and can be ordered by e-mail to [●].]

(1)	Issue Date:	[ ]	
(2)	(a) Series Number:	[ ]	
	(b) Tranche Number:	[ ]	
	(c) Series which Covered Bonds will be consolidated and form a single Series with:	[ ]/[Not Applicable]	
	(d) Date on which the Covered Bonds will be consolidated and form a single Series with the Series specified above:	[ ]/[Issue Date]/[Not Applicable]	
(3)	Specified Currency or Currencies:	[ ]	

(4)	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
(5)	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
(6)	(a)	Specified Denominations:	[ ]
	(b)	Calculation Amount:	[ ]
(7)	Interest Commencement Date:		[[ ]/Issue Date]
(8)	(a)	Final Maturity Date:	[ ]/[Interest Payment Date falling in or nearest to [ ]]
	(b)	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Guarantee:	[ ]/[Interest Payment Date falling in or nearest to [ ]/[Not Applicable]]
(9)	Interest Basis:		[[ ] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate] (further particulars specified below)
(10)	Redemption/Payment Basis:		[●] per cent. of the nominal value [*Redemption amount will always be 100% of the nominal value or higher*].
(11)	Change of Interest Basis or Redemption/Payment Basis:		[ ]/[in accordance with paragraphs 14 and 15]
(12)	Put/Call Options:		[Investor Put]/[and][Issuer Call]/[Not Applicable]
(13)	(a)	Date [Board] approval for issuance of Covered Bonds obtained:	[ ]
	(b)	Date [Board] approval for the Guarantee obtained:	[ ]
(14)	Method of distribution:		[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

(15)	Fixed Rate Covered Bond Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum [payable [annually/semi

			annually/quarterly/monthly] in arrears]
	(b)	Interest Payment Date(s):	[ ] in each year up to and including the Final Maturity Date or the Extended Due for Payment Date, if applicable
	(c)	Fixed Coupon Amount(s):	[ ] per Calculation Amount
	(d)	Broken Amount(s):	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/[Not Applicable]
	(e)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA)]
	(f)	Determination Date(s):	[ ] in each year/[Not Applicable]
(16)	Floating Rate Covered Bond Provisions		[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
	(c)	Additional Business Centre(s):	[ ]/[Not Applicable]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[ ]/[Not Applicable]
	(f)	Screen Rate Determination:	[Applicable/Not Applicable]
		• Reference Rate and relevant financial centre:	Reference Rate: [ ] month [LIBOR]/ [EURIBOR]/[CHF LIBOR] Relevant Financial Centre: [London]/[Brussels]/[Switzerland]
		• Interest Determination Date(s):	[ ]
		• Relevant Screen Page:	[ ]
	(g)	ISDA Determination:	[Applicable/Not Applicable]
		• Floating Rate Option:	[ ]

- Designated Maturity: [ ]
- Reset Date: [ ]

(h) Margin(s): [+/-] [ ] per cent. per annum

(i) Minimum Rate of Interest: [[ ] per cent. per annum]/[Not Applicable]

(j) Maximum Rate of Interest: [[ ] per cent. per annum]/[Not Applicable]

(k) Day Count Fraction: [Actual/Actual (ISDA)/[Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360]/[360/3360]/[Bond Basis]
[30E/360]/[Eurobond Basis]
[30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

(17) Issuer Call: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(a) Optional Redemption Date(s): [ ]

(b) Optional Redemption Amount: [[ ] per Calculation Amount]

(c) If redeemable in part:

(i) Minimum Redemption Amount: [ ]/[Not Applicable]

(ii) Maximum Redemption Amount: [ ]/[Not Applicable]

(18) Investor Put: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(a) Optional Redemption Date(s): [ ]

(b) Optional Redemption Amount: [Nominal Amount/[ ]] per Calculation Amount]

(19) Final Redemption Amount: [Normal Amount/[ ] per Calculation Amount]

(20) Early Redemption Amount payable on redemption for taxation reasons or on event of default: [[ ] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

(21)	Form of Covered Bonds:	
	(a) Form:	[Bearer Covered Bonds: [Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Definitive Bearer Covered Bonds only upon an Exchange Event]] [Temporary Global Covered Bond exchangeable for Definitive Bearer Covered Bonds on and after the Exchange Date] [Permanent Global Covered Bond exchangeable for Definitive Bearer Covered Bonds only upon an Exchange Event] [Registered Covered Bonds: [[Regulation S Global Covered Bond (U.S.$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a Common Safekeeper for Euroclear and Clearstream, Luxembourg] [Rule 144A Global Covered Bond (U.S.$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a Common Safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Definitive Registered Covered Bonds.] [Registered Covered Bonds: Regulation S Global Covered Bond (U.S.$ [ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary/Common Safekeeper for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Covered Bond (U.S.$ [ ] nominal amount) registered in the name of a nominee for [DTC/ a common depositary/Common Safekeeper for Euroclear and Clearstream, Luxembourg]/ Definitive IAI Registered Covered Bond (specify nominal amounts)]
	(b) New Global Covered Bond:	[Yes][No]]
(22)	Additional Financial Centre(s) or other special provisions relating to Payment Days:	[Not Applicable/[ ]]
(23)	Talons for future Coupons to be attached to Definitive Bearer Covered Bonds (and dates on which such Talons mature):	[Yes, as the Covered Bonds have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still

		to be made/No]
(24)	Bondholder meetings:	[Condition 16 applies] [Not Applicable]

Signed on behalf of the Issuer:

By:

Duly authorised

Signed on behalf of the Guarantor:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING AND EXPENSES

(a)	Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on [[Luxembourg Stock Exchange's regulated market] / [the London Stock Exchange's regulated market] / [the Regulated Market of the Irish Stock Exchange] and to [the Official List of the Luxembourg Stock Exchange] / [the Official List of the UK Listing Authority] / [ ]] with effect from [ ].] [The Covered Bonds have been provisionally admitted to trading with effect from [ ].] [Not Applicable.]
(b)	Estimated total expenses relating to admission to trading	[ ]

2. RATINGS

Ratings:	The Covered Bonds to be issued have been rated: [Moody's: [ ]] [Fitch: [ ]] [Each of [Moody's [and] Fitch] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER

[Save for any fees payable to the Dealers, so far as the Issuer and the Guarantor are aware, no person involved in the offer of the Covered Bonds has an interest material to the offer. The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Guarantor and their affiliates in the ordinary course of business.]

4. *Fixed Rate Covered Bonds Only* – YIELD

Indication of yield (calculated at the Issue Date on the basis of the Issue Price):	[ ]/[Not Applicable]

5. *Floating Rate Covered Bonds Only* – HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters]./[Not Applicable]

6. OPERATIONAL INFORMATION

CUSIP:	[ ]
ISIN:	[ ]

Common Code:	[ ]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Not Applicable/Yes/No] [Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][where the Covered Bonds are in registered form] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them the Covered Bonds may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][where the Covered Bonds are in registered form] . Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]
Name(s) and address(es) of any clearing system(s) other than DTC, Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s):	[Not Applicable]/[ ]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[Not Applicable]/[ ]

7. DISTRIBUTION

If syndicated, names and addresses of Dealers and underwriting commitments:	[Not Applicable/*give names, addresses and underwriting commitments*]
(a) Date of Subscription Agreement/Purchase Agreement:	[ ]

(b) Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
If non-syndicated, name and address of relevant Dealer:	[Not Applicable/*give name and address*]
U.S. Selling Restrictions:	[Reg. S Compliance Category; TEFRA D Rules/TEFRA not applicable; Rule 144A]
ERISA:	[Employee benefit plans subject to Title I of ERISA can buy Yes/No]

TERMS AND CONDITIONS OF THE COVERED BONDS

*The following are the Terms and Conditions (the **Conditions**) of the Covered Bonds which will be incorporated by reference into each Global Covered Bond (as defined below) and each Definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the Dealer or Dealers with whom the Issuer has agreed the issue and purchase of such Covered Bond (the **relevant Dealer**) at the time of issue but, if incorporation by reference is not so permitted and agreed, the Conditions will be endorsed on or attached to such Definitive Covered Bond. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Covered Bond and each Covered Bond in definitive form (**Definitive Covered Bonds**). Reference should be made to "Form of the Covered Bonds" for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Covered Bonds.*

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Credit Suisse AG (**Credit Suisse**), acting through its Guernsey Branch (the **Issuer**) constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 22 November 2010 as supplemented on 20 April 2011, 10 May 2012 and 22 August 2013 and made between the Issuer, Credit Suisse Hypotheken AG, a joint stock corporation (Aktiengesellschaft) established under the laws of Switzerland as guarantor (the **Guarantor**) and BNP Paribas Trust Corporation UK Limited (the **Trustee**, which expression shall include all persons for the time being trustee or trustees under the Trust Deed and any successor trustee appointed in accordance with the terms of the Trust Deed).

Save as provided for in Conditions 11 (*Events of Default and Enforcement*) and 16 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*), references herein to the **Covered Bonds** shall be references to the Covered Bonds of this Series and shall mean:

(i) in relation to any Covered Bonds represented by a global Covered Bond (a **Global Covered Bond**), units of each Specified Denomination in the Specified Currency as specified in the applicable Final Terms;

(ii) any Global Covered Bond;

(iii) any Definitive Covered Bonds in bearer form (**Definitive Bearer Covered Bonds**) issued in exchange for a Global Covered Bond in bearer form; and

(iv) any Definitive Covered Bonds in registered form (**Definitive Registered Covered Bonds**) (whether or not issued in exchange for a Global Covered Bond in registered form).

The Covered Bonds and the Coupons (as defined below) have the benefit of an agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 22 August 2013 as amended and restated and made between the Issuer, the Guarantor, the Trustee, BNP Paribas Securities Services, Luxembourg Branch as *inter alia* delivery agent (the **Delivery Agent**, which expression shall include any successor delivery agent) and issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent), BNP Paribas, New York Branch as the U.S. paying and transfer agent (the **U.S. Paying and Transfer Agent**, which expression shall include any successor U.S. paying and transfer agent) BNP Paribas, London Branch as the UK paying agent (the **UK Paying Agent**, which expression shall include any successor UK paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the U.S. Paying and Transfer Agent and the UK Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), BNP Paribas Securities Services, Luxembourg Branch as exchange agent (the **Exchange Agent**, which expression shall include any successor exchange agent) and as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer

agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents).

The Issuer may also issue unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any market.

The Guarantor has, in a guarantee deed dated 22 November 2010 (the **Guarantee Deed**) and in the Trust Deed irrevocably and unconditionally guaranteed, for the benefit of the Trustee acting on behalf of the Covered Bondholders, the due and punctual payment of Guaranteed Amounts in respect of the Covered Bonds when the same shall become due for payment (**Due for Payment**) under the guarantee (the **Guarantee**), but only after the Guarantee Activation Date and following the service of a Notice to Pay for the relevant amount on the Guarantor and subject to the provisions set forth in Condition 20 (*Claims against the Guarantor*). The original of the Guarantee Deed is held by the Trustee on behalf of the Covered Bondholders and the Couponholders at its specified office. The Guarantor's obligations under the Guarantee Deed and the Trust Deed are unsecured.

Interest bearing Definitive Bearer Covered Bonds have interest coupons (**Coupons**) and in the case of Covered Bonds which when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Covered Bonds and Global Covered Bonds do not have Coupons or Talons attached on issue.

The Final Terms for this Covered Bond (or the relevant provisions thereof) are attached to or endorsed on this Covered Bond and complete these Conditions. Unless otherwise stated, references to the **applicable Final Terms** are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Covered Bond.

The Trustee acts for the benefit of the Covered Bondholders (which expression shall mean (in the case of Definitive Bearer Covered Bonds) the holders of the Covered Bonds and (in the case of Definitive Registered Covered Bonds) the persons in whose name the Covered Bonds are registered and shall, in relation to any Covered Bonds represented by a Global Covered Bond, be construed as provided below), the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

The Covered Bonds will be issued in series (each a **Series**). Each Series may comprise one or more tranches of Covered Bonds issued on different issue dates (each a **Tranche**). The Covered Bonds of each Tranche will have identical terms and conditions, however, a Tranche may comprise Covered Bonds in bearer form and Covered Bonds in registered form. The Covered Bonds of each Series will have identical terms, however, the issue date for each Tranche will, and the issue price and the date for the first payment of interest of each Tranche may, be different from the issue date, the issue price and the date for the first payment of interest in other Tranches of the same Series.

Copies of the Trust Deed, the Agency Agreement, the Master Definitions Schedule, the Guarantee Deed, the Guarantee Mandate Agreement, the Security Assignment Agreement (including Servicing Standards), the Cash Management Agreement, the Master Bank Account Agreement, each Account Agreement, the Intercreditor Deed, the Corporate Services Agreement and the other Transaction Documents are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (such Paying Agents, the U.S. Paying and Transfer Agent, the Exchange Agent, the Transfer Agent, the Delivery Agent, the UK Paying Agent, the Calculation Agent and the Registrar being together referred to as the **Agents**). Copies of the applicable Final Terms (including in relation to unlisted Covered Bonds of any Series) are available for viewing at the registered office of the Issuer and the specified office of the Principal Paying Agent. Such copies may be obtained from those offices save that, if this Covered Bond is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where

a prospectus is required to be published under Directive 2003/71/EC (the **Prospectus Directive**), the applicable Final Terms will only be obtainable by a Covered Bondholder holding one or more Covered Bonds and such Covered Bondholder must produce evidence satisfactory to the Issuer, the Trustee and the relevant Agent as to its holding of such Covered Bonds and identity. The Covered Bondholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of, and definitions contained in the Trust Deed, the Agency Agreement, the Master Definitions Schedule, the Guarantee Deed, each of the other Transaction Documents and the applicable Final Terms. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Intercreditor Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement, the amended and restated master definitions schedule made between the parties to the Transaction Documents on 22 August 2013 (as the same may be amended and/or restated and/or supplemented and/or varied from time to time, the **Master Definitions Schedule**), or used in the applicable Final Terms, shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed, the Agency Agreement and the Master Definitions Schedule, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed, the Agency Agreement, or the Master Definitions Schedule and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Covered Bonds are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of Definitive Covered Bonds, serially numbered, in the Specified Currency, as specified in the Final Terms and the Specified Denomination(s), as specified in the Final Terms. Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination and Covered Bonds in bearer form may not be exchanged for Covered Bonds in registered form and *vice versa*.

This Covered Bond may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Covered Bond may be a Hard Bullet Covered Bond, a Covered Bond with an Extended Due for Payment Date or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Bearer Covered Bonds are issued with Coupons attached.

Subject as set out below, title to the Definitive Bearer Covered Bonds and Coupons will pass by delivery and title to the Definitive Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor, the Trustee and the Agents will (except as otherwise required by law) deem and treat the bearer of any Definitive Bearer Covered Bond or Coupon and the registered holder of any Definitive Registered Covered Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Covered Bond, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Covered Bonds is represented by a Global Covered Bond held on behalf of or, as the case may be, registered in the name of a common depositary for, Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) or, as the case may be, a common safekeeper for Euroclear and Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of

Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Covered Bonds for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Covered Bonds, for which purpose the bearer of the relevant Bearer Global Covered Bond or the registered holder of the relevant Registered Global Covered Bond shall be treated by the Issuer, the Guarantor, the Trustee and any Agent as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expressions **Covered Bondholder** and **holder of Covered Bonds** and related expressions shall be construed accordingly.

For so long as the Depository Trust Company (**DTC**) or its nominee is the registered owner or holder of a Registered Global Covered Bond, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Covered Bonds represented by such Registered Global Covered Bond for all purposes under the Trust Deed and the Agency Agreement and the Covered Bonds except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

In determining whether a particular person is entitled to a particular nominal amount of Covered Bonds as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Covered Bonds which are represented by a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Trustee.

2. TRANSFERS OF REGISTERED COVERED BONDS

(a) *Transfers of interests in Registered Global Covered Bonds*

Transfers of beneficial interests in Registered Global Covered Bonds will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Covered Bond will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Covered Bonds in definitive form or for a beneficial interest in another Registered Global Covered Bond only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Registered Global Covered Bond registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Covered Bond, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) *Transfers of Definitive Registered Covered Bonds*

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Definitive Registered Covered Bond may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered Covered Bond) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by each holder thereof or each such holder's attorney duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or the relevant Transfer Agent and (ii) the Registrar or the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 3 (*Register and Transfer of Registered Covered Bonds*) to the Agency Agreement). Subject as provided above, the Registrar or the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Definitive Registered Covered Bond of a like aggregate nominal amount to the Registered Covered Bond (or the relevant part of the Registered Covered Bond) transferred. In the case of the transfer of part only of a Definitive Registered Covered Bond, a new Definitive Registered Covered Bond in respect of the balance of the Registered Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) *Registration of transfer upon partial redemption*

In the event of a partial redemption of Covered Bonds under Condition 7 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Covered Bond, or part of a Registered Covered Bond, called for partial redemption.

(d) *Costs of registration*

Covered Bondholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Agent may require the payment of a sum sufficient to cover any stamp, registration, transfer, documentary or other similar duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) *Transfers of interests in Regulation S Global Covered Bonds*

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Covered Bond to a transferee in the United States or to or for the account or benefit of a U.S. person will only be made:

(i) upon receipt by the Registrar of a written certification from the transferor of the Covered Bond or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, substantially in the form set out in the Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of the Registrar or any Transfer Agent; or

(ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery through a Legended Covered Bond in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Covered Bonds registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) *Transfers of interests in Legended Covered Bonds*

Transfers of Legended Covered Bonds or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Regulation S Global Covered Bond, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Covered Bond registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Covered Bonds being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

(ii) to a transferee who takes delivery of such interest through a Legended Covered Bond where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Covered Bonds, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Covered Bonds or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) *Exchanges and transfers of Definitive Registered Covered Bonds generally*

Holders of Definitive Registered Covered Bonds, may exchange such Covered Bonds for interests in a Definitive Registered Global Covered Bond of the same Series at any time.

(h) *Definitions*

In this Condition, the following expressions shall have the following meanings:

Distribution Compliance Period means the period that ends 40 days after the completion of the distribution of each Tranche of Covered Bonds, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

Legended Covered Bonds means Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bond) sold in private transactions to QIBs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a **Legend**);

QIB means a **qualified institutional buyer** within the meaning of Rule 144A;

Regulation S means Regulation S under the Securities Act;

Regulation S Global Covered Bond means a Registered Global Covered Bond representing Covered Bonds sold outside the United States in reliance on Regulation S;

Rule 144A means Rule 144A under the Securities Act;

Rule 144A Global Covered Bond means a Registered Global Covered Bond representing Covered Bonds sold in the United States or to QIBs; and

Securities Act means the United States Securities Act of 1933, as amended.

3. STATUS OF THE COVERED BONDS, THE GUARANTEE AND PRE-FUNDING OBLIGATIONS

(a) *Status of the Covered Bonds*

The Covered Bonds and any relative Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other outstanding unsecured and unsubordinated obligations of the Issuer.

(b) *Status of the Guarantee*

The payment of the Guaranteed Amounts in respect of the Covered Bonds shall be irrevocably guaranteed by the Guarantor pursuant to the Guarantee. However, the Guarantor shall have no obligation under the Guarantee to pay any Guaranteed Amount when the same shall become Due for Payment under the Covered Bonds or Guarantee until the Guarantee Activation Date and such obligation shall be subject to the service of a Notice to Pay for the relevant amount on the Guarantor and subject to the provisions set forth in Condition 20 (*Claims against the Guarantor*). The obligations of the Guarantor under the Guarantee are direct, unsecured, unsubordinated and (following the Guarantee Activation Date and subject to the service of a Notice to Pay on the Guarantor for the relevant amount) unconditional obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other outstanding unsecured and unsubordinated obligations of the Guarantor. The Issuer shall not be discharged from its obligations under the Covered Bonds and Coupons by any payment made by the Guarantor under the Guarantee to the extent that such obligations have not been satisfied under the Guarantee.

Following the Guarantee Activation Date any payment made by the Issuer (or any insolvency official appointed in respect of the Issuer) under the Covered Bonds shall discharge *pro tanto* any obligations of the Guarantor under the Guarantee, except where such payment has been declared void, voidable or otherwise recoverable in whole or in part and recovered from the Covered Bondholders.

Any payment made by the Guarantor to the Covered Bondholders or the Couponholders in respect of the Covered Bonds or Coupons shall be a good discharge pro tanto of the relative covenant by the Guarantor contained in the Guarantee Deed save to the extent that there is default in the subsequent payment thereof in accordance with the Trust Deed to the relevant Covered Bondholders or Couponholders (as the case may be).

Unless all Covered Bonds are accelerated upon the occurrence of a Guarantor Event of Default, earlier maturing Covered Bonds will be repaid before later maturing Covered Bonds.

(c) *Reliance on Pre-funding Obligations and Cover Pool*

Following the Guarantee Activation Date, payments on the Covered Bonds and certain other expenses will be met primarily from payments made to the Guarantor by the Issuer under each Guarantee Mandate Pre-funding Obligation and the Increased Services Provider Expenses Pre-funding Obligation (the **Pre-funding Obligations**) and in the case of failure by the Issuer to comply with its Pre-funding Obligations, from the proceeds of the enforcement of the corresponding part of the Cover Pool Assets (the **Cover Pool**) applied in discharge of the Pre-funding Obligations and which shall constitute funds available for distribution on the tenth day of each calendar month and if such day is not a Business Day, the immediately following Business Day (the **Guarantor Payment Date**). The Pre-funding Obligations of the Issuer shall constitute Secured Obligations of the Issuer pursuant to the terms of the Guarantee Mandate Agreement and the Security Assignment Agreement.

(d) *Rights held by Trustee*

All rights in respect of the Guarantee are held, and may be exercised exclusively, by the Trustee on behalf of the Covered Bondholders.

4. **[***INTENTIONALLY LEFT BLANK***]**

5. **INTEREST**

(a) *Interest on Fixed Rate Covered Bonds*

Each Fixed Rate Covered Bond bears interest from (and including) the interest commencement date (the **Interest Commencement Date**) at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrears on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date (if any) subject as provided in Condition 6(e) (*General provisions applicable to payments*). Subject to Condition 3(b) (*Status of the Guarantee*), the Guarantor shall pay the Guaranteed Amounts in equivalent amounts to those due in respect of the Covered Bonds on each Original Due for Payment Date provided that any Guaranteed Amounts representing interest, paid after the Final Maturity Date, shall be paid at such rate and on such dates specified in the applicable Final Terms.

If the Covered Bonds are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the **Fixed Coupon Amount** so specified in the applicable Final Terms. Payments of interest on any Interest Payment Date will, if so specified in

the applicable Final Terms, amount to the broken amount specified in the applicable Final Terms (the **Broken Amount**) so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Covered Bonds in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Covered Bonds which are represented by a Global Covered Bond, the aggregate outstanding nominal amount of the Fixed Rate Covered Bonds represented by such Global Covered Bond; or

(B) in the case of Fixed Rate Covered Bonds in definitive form, the calculation amount, as specified in the applicable Final Terms (the **Calculation Amount**),

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Covered Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition:

(i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(a) in the case of Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(b) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

(b) *Interest on Floating Rate Covered Bonds*

(i) *Interest Payment Dates*

Each Floating Rate Covered Bond bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrears on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (the **Floating Rate Convention**).

Such interest will be payable in respect of each interest period. In these Conditions the expression **Interest Period** shall mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) *(Interest)* above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(2) the **Following Business Day Convention**, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(3) the **Modified Following Business Day Convention**, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(4) the **Preceding Business Day Convention**, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Guernsey, Zurich and each Additional Business Centre specified in the applicable Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than Guernsey, Zurich and each Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (the **TARGET 2 System**) is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Covered Bonds will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Covered Bonds*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(B) *Screen Rate Determination for Floating Rate Covered Bonds*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(1) the offered quotation (if there is only one quotation on the Relevant Screen Page specified in the applicable Final Terms); or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate specified in the applicable Final Terms, which appears on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one quotation at the highest rate, one only of such quotations) and the lowest (or, if there is more than one quotation at the lowest rate, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Principal Paying Agent shall request each of the Reference Banks to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting to leading banks in the London inter-bank market (if the

Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent will at or as soon as practicably after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Covered Bonds for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Covered Bonds which are represented by a Global Covered Bond, the aggregate outstanding nominal amount of the Covered Bonds represented by such Global Covered Bond; or

(B) in the case of Floating Rate Covered Bonds in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Covered Bond in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Covered Bond shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5 (*Interest*):

(A) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and

(B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(B) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(C) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(D) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(E) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (I) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (II) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

(F) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Final Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(v) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the Trustee and each stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and to the Covered Bondholders in accordance with Condition 15 (*Notices*). For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) *Determination or Calculation by Trustee*

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraph (ii)(A) or sub-paragraph (ii)(B) above or as otherwise specified in the

applicable Final Terms, as the case may be, and in each case in accordance with paragraph (iv) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances and/or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as applicable. In making any such determination or calculation, the Trustee may appoint and rely without liability on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute).

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b) (*Interest – Interest on Floating Rate Covered Bonds*), whether by the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error or proven error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Covered Bondholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor, the Covered Bondholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest following a Notice to Pay*

If a Notice to Pay is served on the Guarantor in relation to an interest amount due under the Covered Bond, the Guarantor shall, in accordance with the terms of the Trust Deed and the Guarantee Deed and subject to Condition 8 (*Taxation*) and Condition 9 (*Taxation of payments under the Guarantee*), pay a Guaranteed Amount corresponding to the amount of interest described under Condition 5(a) or 5(b) (as the case may be) under the Guarantee in respect of the Covered Bonds on the Original Due for Payment Dates and, if applicable, the Extended Due for Payment Date.

(d) *Accrual of interest*

Each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused or, where presentation is not required, unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Covered Bond have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Covered Bond has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the relevant Covered Bondholders in accordance with Condition 15 (*Notices*).

Each Covered Bond will cease to bear interest following the service of a Guarantor Acceleration Notice on the Guarantor.

6. PAYMENTS

(a) *Method of payment and payments subject to fiscal and other laws*

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee and approved by the Principal Paying Agent, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee and approved by the Principal Paying Agent, by a euro cheque.

Payments subject to fiscal and other laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 8 (*Taxation*), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or described in any agreement between any Tax Jurisdiction and the United States relating to the foreign account provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any agreements, law, regulation or other official guidance implementing an intergovernmental approach thereto (collectively, **FATCA**).

(b) *Presentation of Definitive Bearer Covered Bonds and Coupons*

Payments of principal in respect of Definitive Bearer Covered Bonds will (subject as provided below) be made in the manner provided in Condition 6(a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer Covered Bonds, and payments of interest in respect of Definitive Bearer Covered Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 *Taxation*) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Covered Bond in definitive bearer form becoming due and repayable by the Issuer (in the absence of the Guarantee Activation Notice and a Notice to Pay served on the Guarantor) or the Guarantor under the Guarantee prior to its Final Maturity Date (or, as the case may be, Extended Due for Payment Date), all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Covered Bond or Long Maturity Covered Bond in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Covered Bond** is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Covered Bond.

If the due date for redemption of any Definitive Bearer Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Bearer Covered Bond.

(c) *Payments in respect of Bearer Global Covered Bonds*

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Bearer Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Covered Bonds and otherwise in the manner specified in the relevant Global Covered Bond, where applicable against presentation or surrender, as the case may be, of such Global Covered Bond at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Global Covered Bond either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

(d) *Payments in respect of Registered Covered Bonds*

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Covered Bond at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the register of holders of the Registered Covered Bonds maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg, are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Covered Bonds held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque (upon approval by the Principal Paying Agent) in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in

the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made by a cheque (upon approval by the Principal Paying Agent) in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Covered Bond, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Covered Bonds which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Covered Bond on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Covered Bond.

Holders of Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Covered Bond as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Covered Bonds.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Covered Bond in respect of Covered Bonds denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) *General provisions applicable to payments*

The holder of a Global Covered Bond (or as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Covered Bonds represented by such Global Covered Bond and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Covered Bond (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Covered Bonds represented by such Global Covered Bond must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer or, as the case may

be, the Guarantor to, or to the order of, the holder of such Global Covered Bond (or the Trustee, as the case may be).

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Covered Bonds is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Covered Bonds will be made at the specified office of a Paying Agent in the United States if:

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Covered Bonds in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

(f) *Payment Day*

If the date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 10 (*Prescription*) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(A) in the case of Covered Bonds in definitive form, the relevant place of presentation;

(B) each Additional Financial Centre specified in the applicable Final Terms;

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation and any Additional Financial Centre (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively)) or (2) in relation to any sum payable in euro, a day on which the TARGET 2 System is open; and

(iii) in the case of any payment in respect of a Registered Global Covered Bond denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Covered Bond) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(g) *Interpretation of principal and interest*

Any reference in the Conditions to principal in respect of the Covered Bonds shall be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(ii) the amount due on the Final Maturity Date in relation to any Series of Covered Bonds as set out in the applicable Final Terms (the **Final Redemption Amount**);

(iii) the Early Redemption Amount of the Covered Bonds;

(iv) the Optional Redemption Amount(s) (if any) of the Covered Bonds, as specified in the applicable Final Terms;

(v) in relation to Covered Bonds redeemable in instalments, the instalment amounts as specified in the applicable Final Terms (the **Instalment Amounts**); and

(vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Covered Bonds.

Any reference in the Conditions to interest in respect of the Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

(h) *Partial payment*

Following the service of the Guarantee Activation Notice and a Notice to Pay on the Guarantor but prior to a Guarantor Event of Default, if on the Original Due for Payment Date (subject to any applicable grace period) of the Covered Bonds the Guarantor has insufficient monies (after paying higher-ranking amounts and taking into account amounts ranking *pari passu* in the Guarantee Priority of Payments) to pay the Guaranteed Amount corresponding to the Final Redemption Amount on the Covered Bonds, then the Guarantor shall apply any funds available for distribution (after paying higher-ranking amounts in accordance with the Guarantee Priority of Payments) to redeem the Covered Bonds *pro rata* in part at par together with accrued interest.

7. REDEMPTION AND PURCHASE

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in, the applicable Final Terms in the relevant Specified Currency on the Final Maturity Date.

Without prejudice to Condition 11 (*Events of Default and Enforcement*) but prior to the service of a Guarantor Acceleration Notice on the Guarantor, if (i) an Extended Due for Payment Date is specified in the applicable Final Terms for a Series of Covered Bonds, (ii) the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in the Final Terms (after the expiry of the grace period set out in Condition 11(a)(i) (*Events of Default relating to the Issuer*) and (iii) following the Guarantee Activation Date and subject to the service of a Notice to Pay for the Guaranteed Amount equal to such Final Redemption Amount on the Guarantor by the date falling

one Business Day prior to the Extension Determination Date, the Guarantor has insufficient monies available (excluding, for the avoidance of doubt, an amount equal to the sum credited to the Pre-Maturity Liquidity Ledger on the Cover Pool Bank Account) under the Guarantee Priority of Payments to pay the Guaranteed Amount corresponding to the Final Redemption Amount in full in respect of the relevant Series of Covered Bonds on the date falling on the earlier of (a) the date which falls two Business Days after service of a Notice to Pay for the relevant amount on the Guarantor or, if later, the Final Maturity Date (in each case after the expiry of the grace period set out in Condition 11(b)(i)) (*Events of Default and Enforcement*) and (b) the Extension Determination Date, under the Guarantee, then (subject as provided below) payment of the unpaid portion of the Final Redemption Amount by the Guarantor under the Guarantee shall be deferred until the Extended Due for Payment Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the earlier of (a) and (b) above will be paid by the Guarantor to the extent it has sufficient funds available for distribution under the Guarantee Priority of Payments on any Interest Payment Date applicable to that Series of Covered Bonds thereafter up to (and including) the relevant Extended Due for Payment Date. Failure by the Guarantor to make payment in respect of all or any portion of the Final Redemption Amount on the Final Maturity Date (or such later date within any applicable grace period) shall not constitute a Guarantor Event of Default. For the avoidance of doubt, the Covered Bondholders will continue to have full recourse as against the Issuer in respect of any such amounts owing to them which remain unpaid.

The Guarantor shall notify the relevant Covered Bondholders (in accordance with Condition 15 (*Notices*)), the Rating Agencies, the Trustee, the Principal Paying Agent and (in the case of Registered Covered Bonds) the Registrar as soon as reasonably practicable and in any event at least one Business Day prior to the date specified in (a) or (b) of the preceding paragraph (as appropriate) of any inability of the Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of a Series of Covered Bonds pursuant to the Guarantee on such date.

In the circumstances outlined above, the Guarantor shall on the earlier of (a) the date falling two Business Days after service of a Notice to Pay for the Guaranteed Amount equal to the relevant Final Redemption Amount or, if later, the Final Maturity Date (in each case after the expiry of the grace period set out in Condition 11(b)(i) (*Events of Default relating to the Guarantor*)), and (b) the Extension Determination Date, under the Guarantee, apply the funds available for distribution (if any) (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments and excluding, for the avoidance of doubt, an amount equal to the sum credited to the Pre-Maturity Ledger on the Cover Pool Bank Account) *pro rata* in part payment of the Guaranteed Amount equal to the Final Redemption Amount of each Covered Bond of the relevant Series of Covered Bonds and shall pay Guaranteed Amounts constituting the corresponding part of Scheduled Interest in respect of each such Covered Bond on such date. Interest will continue to accrue and be payable on the unpaid amount of the relevant Series of Covered Bonds in accordance with Condition 5 (*Interest*) and the Guarantor will pay Guaranteed Amounts constituting Scheduled Interest on each Interest Payment Date up to and including the Extended Due for Payment Date.

(b) *Redemption for tax reasons*

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if this Covered Bond is a Floating Rate Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and, in accordance with Condition 15 (*Notices*), the Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(i) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws, regulations or rulings of a Tax Jurisdiction (as defined in Condition 8 (*Taxation*)) or any change in the application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after the date of the Base Prospectus prepared in connection with the Programme which constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) if the Issuer is prevented by Applicable Law from making payment of the full amount then due and payable.

Prior to the publication of any notice of redemption pursuant to this Condition 7(b) (*Redemption and Purchase – Redemption for Tax Reasons*), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment or became prevented by Applicable Law from making such payments and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Covered Bondholders and the Couponholders.

Covered Bonds redeemed pursuant to this Condition 7(b) (*Redemption and Purchase – Redemption for Tax Reasons*) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) *Redemption at the option of the Issuer (Issuer Call)*

If Issuer Call is specified in the applicable Final Terms, then prior to the occurrence of an Issuer Event of Default and service of an Issuer Default Notice on the Issuer, the Issuer may, having given:

(i) not less than 15 nor more than 30 days' notice to the Covered Bondholders in accordance with Condition 15 (*Notices*); and

(ii) not less than 15 days before the giving of the notice referred to in (i) above, notice to the Trustee and the Principal Paying Agent and, in the case of a redemption of Registered Covered Bonds, the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (**Redeemed Covered Bonds**) will be selected individually by lot, in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear or Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC, in the case of Redeemed Covered Bonds represented by a Global Covered Bond, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Covered Bonds represented by

Definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published by the Issuer in accordance with Condition 15 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 15 (*Notices*) at least five days prior to the Selection Date.

Following the occurrence of an Issuer Event of Default and the service of an Issuer Default Notice and subject to the service of a Notice to Pay on the Guarantor, the Guarantor may exercise any Issuer Call in place of the Issuer.

(d) *Redemption at the option of the Covered Bondholders (Investor Put)*

If Investor Put is specified in the applicable Final Terms, prior to the occurrence of an Issuer Event of Default and service of an Issuer Default Notice on the Issuer, upon the holder of any Covered Bond giving to the Issuer not less than 15 nor more than 30 days' notice in accordance with Condition 15 (*Notices*) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount together, with interest accrued to (but excluding) the Optional Redemption Date. Registered Covered Bonds may be redeemed under this Condition 7(d) (*Redemption and Purchase – Redemption at the option of the Covered Bondholders (Investor Put)*) in any multiple of their lowest Specified Denomination.

To exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must, if this Covered Bond is in definitive form and held outside DTC, SIX SIS, Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Definitive Bearer Covered Bonds) or the Registrar (in the case of Definitive Registered Covered Bonds) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Covered Bonds, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Covered Bonds so surrendered is to be redeemed, an address to which a new Registered Covered Bond in respect of the balance of such Registered Covered Bonds is to be sent subject to and in accordance with the provisions of Condition 2(b) (*Transfers of Registered Covered Bonds – Transfers of Definitive Registered Covered Bonds*). If this Covered Bond is in definitive bearer form, the Put Notice must be accompanied by this Covered Bond or evidence satisfactory to the Paying Agent concerned that this Covered Bond will, following delivery of the Put Notice, be held to its order or under its control.

If this Covered Bond is represented by a Global Covered Bond or is in definitive form and held through Euroclear, Clearstream, Luxembourg, SIX SIS or DTC, to exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg, SIX SIS and DTC (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg, SIX SIS, DTC or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg, SIX SIS and DTC from time to time and, if this Covered Bond is represented by a Global Covered Bond, at the same time present or procure the presentation of the relevant Global Covered Bond to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg and DTC given by a holder of any Covered Bond pursuant to this Condition 7(d) (*Redemption and Purchase – Redemption at the option of the Covered Bondholders (Investor Put)*) shall be irrevocable except where, prior to the due date of redemption, an Issuer Event of Default has occurred and the Trustee has declared the Covered Bonds to be due and payable pursuant to Condition 11 (*Events of Default and Enforcement*), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7(d) (*Redemption and Purchase – Redemption at the option of the Covered Bondholders (Investor Put)*).

(e) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 11 (*Events of Default and Enforcement*), each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows:

(i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(ii) in the case of a Covered Bond with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Covered Bond is denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount,

or on such other calculation basis as may be specified in the applicable Final Terms, the **Early Redemption Amount**.

(f) *Purchases*

The Issuer, the Guarantor (subject as provided below) or any company or corporation which is from time to time (i) a subsidiary (within the meaning of Section 736 of the Companies Act 2006) or a subsidiary undertaking (within the meaning of Section 258 and Schedule 10A of the Companies Act 2006), or (ii) owned or controlled by another company (each a **Subsidiary** and together the **Subsidiaries**) or Affiliate (having the meaning given in Rule 501(b) of Regulation D under the Securities Act) of the Issuer or the Guarantor may at any time purchase Covered Bonds (provided that, in the case of Definitive Bearer Covered Bonds, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Any purchase shall be made in accordance with Applicable Laws, including (without limitation) applicable stock exchange regulations. The Covered Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any subsidiary or affiliate of the Issuer or the Guarantor, shall not entitle them as Covered Bondholders to vote at any meetings of Covered Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Covered Bondholders or for the purposes of Condition 16 (Meetings of Covered Bondholders, Modification, Waiver and Substitution). Covered Bonds, so purchased, may be held, reissued, resold or, at the option of the Issuer or the Guarantor surrendered to any Paying Agent and/or the Registrar for cancellation. The Guarantor may only purchase Covered Bonds in accordance with this Condition 7(h) on or after the occurrence of the IED Guarantee Activation Date, and provided that the Guarantor has provided a certificate to the Trustee signed by a Director of the Guarantor certifying that it will have the necessary funds, not subject to the interest of any other person, required to purchase the Covered Bonds and to pay or make provision for any amounts required under the Guarantee Priority of Payments or the Post-Insolvency Priority of Payments, as the case may be to be paid in priority to or *pari passu* with such Covered Bonds.

(g) *Cancellation*

All Covered Bonds which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled and any Covered Bonds purchased and cancelled pursuant to paragraph (f) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

8. TAXATION

(a) All payments of principal and interest in respect of the Covered Bonds and Coupons by the Issuer will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or government charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any governmental or other taxing authority unless such withholding or deduction is required by law. In the event that any such withholding or deduction is imposed in respect of the Covered Bonds or Coupons by or on behalf of any Tax Jurisdiction, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Covered Bondholders or Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds or Coupons, as the case may be, in the absence of such withholding or deduction; except that, no such additional amounts shall be payable with respect to any Covered Bond or Coupon:

(i) presented for payment by or on behalf of a holder who is liable for such taxes, duties, assessments or government charges imposed in respect of such Covered Bond or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere ownership or possession of such Covered Bond or Coupon; or

(ii) where such withholding or deduction is imposed on a payment and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income (the **Tax Directive**) or any law implementing or complying with, or introduced in order to conform to, such Directive,

(iii) where such withholding or deduction is imposed on a payment and is required to be made pursuant to any agreements between the European Community and other countries or territories providing for measures equivalent to those laid down in the Directive, including, but not limited to, the agreement between the European Union and Switzerland of 26 October 2004, or the agreements between Guernsey and the EU Member States, or any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements;

(iv) where such withholding or deduction is imposed on a payment and is required to be made pursuant to any agreements between Switzerland and other countries on final withholding taxes (*internationale Quellensteuer*) in respect of persons resident in the other country on income of such person on Covered Bonds booked or deposited with a Swiss paying agent, or any law or the other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements;

(v) where such withholding or deduction is imposed on a payment and is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 24 August 2011, in particular, the principle to have a person other than the Issuer withhold or deduct tax;

(vi) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond or Coupon to, or arranging to receive payment through, another Paying Agent in a member state of the European Union;

(vii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6(f) (*Payments – Payment Day*);

(viii) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority;

(ix) where such withholding or deduction is imposed on any payment by reason of FATCA; or

(x) presented for payment in a Tax Jurisdiction.

(b) Under the terms of the Guarantee, the Guarantor will not be liable to pay any such additional amounts payable by the Issuer under this Condition 8 (*Taxation*) or to pay any additional amounts in respect of any amount withheld or deducted for, or on account of, taxes from a payment by the Guarantor under the Guarantee.

(c) The Issuer has undertaken in the Trust Deed to pay all stamp duties and other similar duties or taxes (if any) payable in the United Kingdom or any other jurisdiction on or arising out of or in consequence of (a) the constitution and issue of the Covered Bonds, the Coupons and the Talons, (b) the initial delivery of the Covered Bonds to the Principal Paying Agent and by the Principal Paying Agent to the persons entitled thereto, (c) any action taken by the Trustee (or any Covered Bondholder or Couponholder or holder of Talons where permitted under the Trust Presents so to do) to enforce the provisions of the Covered Bonds, the Coupons, the Talons or the Trust Presents and (d) the execution of the Trust Presents.

(d) As used herein:

(i) **Tax Jurisdiction** means Switzerland, Guernsey or any political subdivision or any authority thereof or therein having power to tax; and

(ii) the **Relevant Date** means the date on which such payment first becomes due and payable, except that, if the full amount of the monies payable has not been duly received by the Trustee or the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such monies having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 15 (*Notices*).

9. TAXATION OF PAYMENTS UNDER THE GUARANTEE

Should any payments made by the Guarantor under the Guarantee be made subject to any withholding or deduction for or on account of taxes or duties of whatever nature imposed or levied by any tax jurisdiction or any political subdivision or any authority thereof or therein having power to tax, neither the Guarantor nor any other person will be obliged to pay any additional amounts in respect thereof. Furthermore, the Guarantor will not be liable to pay any additional amounts payable by the Issuer under Condition 8 (*Taxation*).

10. PRESCRIPTION

The Covered Bonds (whether in bearer or registered form) and Coupons will become void unless claim for payment is made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8 (*Taxation*) therefor).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) (*Payments – Presentation of Definitive Bearer Covered Bonds and Coupons*) or any Talon which would be void pursuant to Condition 6(b) (*Payments – Presentation of Definitive Bearer Covered Bonds and Coupons*).

11. EVENTS OF DEFAULT AND ENFORCEMENT

(a) *Events of Default relating to the Issuer*

If any of the following events (each an **Issuer Event of Default**) occurs and is continuing:

(i) default is made by the Issuer for a period of 10 days or more in the payment of any principal or redemption amount on the Covered Bonds of any Series when due, or for a period of 30 days or more in the payment of interest on the Covered Bonds of any Series when due; or

(ii) a default is made in the performance or observance by the Issuer of any obligation under the Transaction Documents or any related representation or warranty or undertaking (including the failure by the Issuer to pay the Guarantee Fee to the Guarantor on an ongoing basis but excluding any obligation for the payment of principal, redemption amount or interest in respect of the Covered Bonds, any obligation of the Issuer or the Guarantor to comply with each Pre-Event Test and any undertaking of the Issuer in any capacity under the Transaction Documents to maintain or procure the maintenance of any rating), which breach remains unremedied for 60 days after the Trustee has given written notice thereof requiring the same to be remedied (except where, in the sole and absolute opinion of the Trustee, such breach is not capable of remedy, in which case no such period of continuation will apply and no such notice will be required); or

(iii) if the Issuer fails to comply with either Pre-Event Test (or any representation, warranty or undertaking given by the Issuer in respect of such Pre-Event Test) and is served a notice by the Assignee in accordance with the Security Assignment Agreement notifying the Assignor that the Asset Coverage Test and/or the Interest Coverage Test is not met on a Test Date (the **Breach of Test Notice**), and such Breach of Test Notice has not been revoked on or before the date which is two Business Days after the immediately following Test Date; or

(iv) an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer, or the Issuer ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Covered Bondholders; or

(v) the Issuer is insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or

(vi) the Issuer commences a voluntary case or proceeding under any applicable bankruptcy, insolvency, reorganisation or similar law to be adjudicated insolvent or bankrupt, or consents to the entry of a decree or order for relief in any involuntary case or proceeding under any such law, or takes or consents to any similar action,

then the Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in the aggregate nominal amount of the Covered Bonds (which for this purpose or the purpose of any Extraordinary Resolution referred to in this Condition means the Covered Bonds of this Series together with the Covered Bonds of all other Series (if any) constituted by the Trust Deed as if they were a single series) then outstanding (converted, where not denominated in CHF, into the CHF Equivalent) or if so directed by an Extraordinary Resolution of the Covered Bondholders, shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction), (but in the case of the happening of any of the events described in paragraph (a)(ii), only if the Trustee shall have certified in writing to the Issuer and the Cash Manager that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series), give notice (an **Issuer Default Notice**) in writing to the Issuer that each Covered Bond is, and each Covered Bond shall, in each case, in relation to the Issuer only, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed unless such Issuer Event of Default shall have been remedied prior to the receipt of such notice by the Issuer.

Upon the occurrence of an Issuer Event of Default and service on the Issuer of an Issuer Default Notice in relation to the Covered Bonds, the Trustee shall forthwith serve on the Guarantor and the Issuer (with a copy to the Custodian, the Principal Paying Agent and the Administration Services Provider) (i) a guarantee activation notice (the **Guarantee Activation Notice**) substantially in the form set out in the Trust Deed and (ii) an initial notice to pay substantially in the form set out in the Guarantee Deed (a **Notice to Pay**) for the Guaranteed Amounts (A) then due and payable on the Covered Bonds as at such date, and (B) falling due and payable in the 65 Business Day period commencing on such date. The Guarantor shall be required to make payments of Guaranteed Amounts when the same shall become Due for Payment in accordance with the terms of the Guarantee.

Prior to a Guarantor Event of Default, upon the direction of the Corporate Services Provider in writing not later than the date which falls 67 Business Days prior to each Scheduled Payment Date, the Delivery Agent will serve all subsequent Notices to Pay on the Guarantor not earlier than 65 Business Days and, to the extent practical, not later than 63 Business Days prior to each Scheduled Payment Date for the Guaranteed Amounts falling due for payment on each such Scheduled Payment Date and to the extent that only a part of the Scheduled Interest amounts are quantifiable and notified by the Guarantor (or the Cash Manager on its behalf) as at this date only the quantifiable part of such Scheduled Interest amounts will be included in such Notice to Pay. Any part of the Scheduled Interest amounts forming part of such Guaranteed Amounts which are unquantifiable or which are not notified to the Delivery Agent as at the date falling either 65 or 63 (as the case may be) Business Days prior to such Scheduled Payment Date for the relevant Guaranteed Amounts shall not be included in such Notice to Pay and the Guarantor (or the Cash Manager on its behalf) will inform the Delivery Agent of the quantum of such Scheduled Interest amounts as soon as it becomes known whereupon the Delivery Agent shall, within one Business Day, serve a Notice to Pay for such Scheduled Interest amounts on the Guarantor. Late service of a Notice to Pay shall not invalidate the Guarantor's obligations under the Guarantee.

The Trustee shall send a copy of the Issuer Default Notice to the Guarantor and notify the Covered Bondholders thereof in accordance with Condition 15 (*Notices*).

(b) *Events of Default relating to the Guarantor*

If any of the following events (each a **Guarantor Event of Default**) occurs and is continuing:

(i) default is made by the Guarantor for a period of seven (7) days or more in the payment of any Guaranteed Amount when Due for Payment in respect of the Covered Bonds of any Series; or

(ii) default is made in the performance or observance by the Guarantor of any obligation binding upon it under the Transaction Documents to which the Guarantor is a party (other than the obligations pursuant to (i) above or (iii) below) which breach remains unremedied for 30 days after the Trustee has given written notice to the Guarantor, requiring the same to be remedied (except where, in the sole and absolute opinion of the Trustee, such breach is not capable of remedy, in which case no such period of continuation will apply and no such notice will be required); or

(iii) the Guarantor breaches the Amortisation Test (as set out in the Security Assignment Agreement) on any Test Date following service of the Guarantee Activation Notice and a Notice to Pay; or

(iv) an order becomes final and non-appealable or an effective resolution is passed for the liquidation or winding up of the Guarantor; or

(v) an administrator (*Sachwalter*) shall be appointed in relation to the Guarantor or in relation to the whole or any part of its assets; or

(vi) the Guarantor shall be adjudicated bankrupt,

then the Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in the aggregate nominal amount of the Covered Bonds (which for this purpose or the purpose of any Extraordinary Resolution referred to in this Condition means the Covered Bonds of this Series together with the Covered Bonds of all other Series (if any) constituted by the Trust Deed as if they were a single series) then outstanding (converted, where not denominated in CHF, into the CHF Equivalent) or if so directed by an Extraordinary Resolution shall (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction), (but in the case of the happening of any of the events described in paragraph (b)(ii), only if the Trustee shall have certified in writing to the Guarantor and the Cash Manager that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders),

(A) give notice (a **Guarantor Acceleration Notice**) in writing to the Guarantor that (a) each Covered Bond is, and that Covered Bond shall as against the Issuer (if not already due and repayable against it following the occurrence of an Issuer Event of Default) and as against the Guarantor, thereupon immediately become, due and repayable at its Early Redemption Amount together with (subject to Condition 6 (*Payments*)) accrued interest; and (b) all amounts are payable at the Guaranteed Amount corresponding to the Early Redemption Amount for each Covered Bond together with interest in each case as provided in and in accordance with the Trust Deed; and

(B) serve a corresponding Notice to Pay on the Guarantor.

(c) *Enforcement*

Subject to the non-petition undertakings set forth in the Intercreditor Deed, the Trustee may at any time, at its discretion and without notice, take such proceedings or any other action against the Issuer

and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Intercreditor Deed, the Guarantee Deed and any other Transaction Document to which it is a party, the Covered Bonds and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Intercreditor Deed, the Guarantee Deed and any other Transaction Document to which it is a party, the Covered Bonds or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution (with the Covered Bonds of all Series outstanding taken together as a single Series as aforesaid) or so requested in writing by the holders of at least one-fifth in aggregate nominal amount of the Covered Bonds of all Series then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

12. REPLACEMENT OF COVERED BONDS, COUPONS AND TALONS

Should any Covered Bond, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Covered Bonds, Coupons or Talons) or the Registrar (in the case of Registered Covered Bonds) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Coupons or Talons must be surrendered before replacements will be issued.

13. AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(i) there will at all times be a Principal Paying Agent and a Registrar;

(ii) so long as the Covered Bonds are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Covered Bonds) and a Transfer Agent (in the case of Registered Covered Bonds) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(iii) so long as any of the Registered Global Covered Bonds payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City;

(iv) there will at all times be a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, including, but not limited to, the agreement between the European Union and Switzerland of 26 October 2004, providing for measures equivalent to those laid down in such Directive or any regulation implementing this agreement;

(v) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer or the Guarantor is incorporated; and

(vi) there will at all times be a Delivery Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(e) (*Payments – General provisions applicable to payments*). Notice of any variation, termination, appointment or change shall be given promptly to the Covered Bondholders in accordance with Condition 15 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Covered Bondholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 10 (*Prescription*).

15. NOTICES

All notices regarding the Bearer Covered Bonds will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and, if and for so long as the Covered Bonds are admitted to trading on and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg, it being expected that such publication will be made in the *Luxemburger Wort* or the *Tageblatt* in Luxembourg or on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Covered Bonds are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Covered Bonds will be deemed to be validly given if sent by first class mail or (if posted to an address outside Luxembourg) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Covered Bonds are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a manner required by those rules.

Until such time as any Definitive Covered Bonds are issued, there may, so long as any Global Covered Bonds representing the Covered Bonds are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the Covered Bondholders and, in addition, for so long as any Covered Bonds are listed on a stock exchange or are admitted to trading by another relevant

authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a manner required by those rules. Any such notice shall be deemed to have been given to the Covered Bondholders on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Covered Bondholder shall be in writing and given by lodging the same, together (in the case of any Definitive Covered Bond) with the relative Covered Bond or Covered Bonds, with the Principal Paying Agent (in the case of Bearer Covered Bonds) or the Registrar (in the case of Registered Covered Bonds). Whilst any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any holder of a Covered Bond to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

16. MEETINGS OF COVERED BONDHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Covered Bondholders of any Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Covered Bonds, the Coupons or any of the provisions of the Trust Deed or any other Transaction Document. Such a meeting may be convened at any time by the Issuer, the Guarantor or the Trustee and shall be convened by the Issuer if required in writing by Covered Bondholders holding not less than ten per cent. of the Principal Amount Outstanding of the Covered Bonds of the relevant Series for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons present holding Definitive Bearer Covered Bonds or voting certificates or being proxies or representatives and holding or representing not less than 50 per cent of the aggregate Principal Amount Outstanding of the relevant Series for the time being outstanding, or at any adjourned meeting, one or more persons present holding Definitive Bearer Covered Bonds or voting certificates or being proxies or representatives and holding or representing whatever the aggregate Principal Amount Outstanding of the relevant Series for the time being outstanding, except that at any meeting the business of which includes the modification of certain provisions of the Covered Bonds or the Coupons or the Trust Deed (including modifying the date of maturity of the Covered Bonds or any date for payment of interest on the Covered Bonds, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Covered Bonds or altering the currency of payment of the Covered Bonds or the Coupons, modifying the provisions concerning the quorum required at any meeting of Covered Bondholders or the majority required to pass an Extraordinary Resolution or modifying or cancelling the Guarantee), the quorum shall be one or more persons present holding Definitive Bearer Covered Bonds or voting certificates or being proxies or representatives and holding or representing not less than three-quarters of the aggregate Principal Amount Outstanding of the Covered Bonds for the time being outstanding, or at any adjourned such meeting one or more persons present holding Definitive Bearer Covered Bonds or voting certificates or being proxies or representatives holding or representing not less than one-quarter of the Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Covered Bondholders of a Series shall be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting, and on all Couponholders of such Series.

Notwithstanding the provisions of the immediately preceding paragraph, any Extraordinary Resolution to direct the Trustee to accelerate the Covered Bonds pursuant to Condition 11(a) or to give a Guarantor Acceleration Notice pursuant to Condition 11(b) or to direct the Trustee to take any enforcement action pursuant to Condition 11(c) (each, a **Programme Resolution**) shall be capable of being passed only at a single meeting of the Covered Bondholders of all Series then outstanding. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the

Guarantor or the Trustee or by Covered Bondholders of any Series. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing at least a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding or at any adjourned such meeting one or more persons holding or representing Covered Bonds whatever the Principal Amount Outstanding of the Covered Bonds of any Series so held or represented. A Programme Resolution passed at any meeting of the Covered Bondholders of all Series shall be binding on all the Covered Bondholders of all Series, whether or not they are present at the meeting, and on all related Couponholders.

In connection with any meeting of the holders of Covered Bonds of more than one Series where any such Series of Covered Bonds are not denominated in CHF, the Principal Amount Outstanding of the Covered Bonds of any Series not denominated in CHF shall be converted into CHF at the CHF Equivalent.

Subject to Clause 22 of the Trust Deed, the Trustee may agree, without the consent of the Covered Bondholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Covered Bonds or the Trust Deed or any other Transaction Document to which the Trustee is a party, or determine, without any such consent as aforesaid, that any Issuer Event of Default or Guarantor Event of Default shall not be treated as such, where, in any such case, it is not, in the sole and absolute opinion of the Trustee, materially prejudicial to the interests of the Covered Bondholders of any Series so to do (except such modifications in respect of the proviso to paragraph 7 of Schedule 4 to the Trust Deed or any matters referred to in that proviso) or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven. Any such modification shall be binding on the Covered Bondholders and the Couponholders and any such modification shall be notified by the Issuer or Guarantor (as the case may be) to the Rating Agencies and, unless the Trustee otherwise agrees, to the Covered Bondholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the interests of the Covered Bondholders of any Series as a class (but shall not have regard to any interests arising from circumstances particular to individual Covered Bondholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Covered Bondholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Covered Bondholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Covered Bondholders or Couponholders except to the extent already provided for in Condition 8 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

The Trustee may, without the consent of the Covered Bondholders, agree with the Issuer and the Guarantor to the substitution in place of the Issuer (or of any previous substitute under this Condition) (any such substituted issuer referred to herein as the **New Company**) as the principal debtor under the Covered Bonds, the Coupons and the Trust Deed of another company, subject to (a) the Guarantor guaranteeing the obligations of the New Company in relation to the outstanding Covered Bonds on terms in all material respects similar to the Guarantee; (b) after giving effect to such substitution, no Guarantor Event of Default or Issuer Event of Default shall have occurred and be continuing and (c) certain other conditions set out in the Trust Deed being complied with.

These Conditions may be amended, modified or varied in relation to any Series of Covered Bonds by the terms of the applicable Drawdown Prospectus in relation to such Series.

17. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER AND/OR THE GUARANTOR

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Guarantor and/or any of their respective Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantor and/or any of their respective Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Covered Bondholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee will not be responsible for (i) supervising the performance by the Issuer, the Guarantor or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Trustee will be entitled to assume, until it has received written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer, the Guarantor or any other party to the Transaction Documents under the Transaction Documents; or (iii) monitoring the Cover Pool, including, without limitation, compliance with the Asset Coverage Test, the Interest Coverage Test or the Amortisation Test and/or the occurrence of a Breach of Pre-Maturity Test. The Trustee will have no responsibility in relation to the legality, validity, sufficiency and enforceability of the Transaction Documents.

18. CURRENCY INDEMNITY

The Specified Currency is the sole currency of account and payment for all sums payable by the Issuer or the Guarantor under or in connection with the Covered Bonds and the Coupons, including damages. Any amount received or recovered in a currency other than the Specified Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer or the Guarantor or otherwise) by any Covered Bondholder or Couponholder in respect of any sum expressed to be due to it from the Issuer or Guarantor shall only constitute a discharge to the Issuer and Guarantor to the extent of the amount of the Specified Currency which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that Specified Currency amount is less than the Specified Currency amount expressed to be due to the recipient under any Covered Bond or Coupon, the Issuer (or the Guarantor, as the case may be) shall indemnify it against any loss sustained by it as a result. In any event, the Issuer (or the Guarantor, as the case may be) shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Covered Bondholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Covered Bondholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Covered Bond or Coupon or any other judgment or order.

19. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders or the Couponholders to create and issue further covered bonds having terms and conditions the same as the Covered Bonds or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds.

20. CLAIMS AGAINST THE GUARANTOR

Without prejudice to any rights as against the Issuer, each Relevant Creditor agrees with each other Relevant Creditor and the Guarantor that, notwithstanding any other provision of any Transaction Document (but without prejudice to Condition 11(b) (*Events of Default and Enforcement – Events of Default relating to the Guarantor*)), all payment obligations of the Guarantor to the Relevant Creditor (i) until the GED Guarantee Activation Date, on any Guarantor Payment Date, or (ii) thereafter, on any date on which amounts are paid or payable in accordance with the Post-Insolvency Priority of Payments (each such date a **Relevant Payment Date**) under the terms of the relevant Transaction Document to which it is a party are limited in amount and recourse as follows:

to the amount ("x") corresponding to the *pro rata* share of such obligation in the Available Funds from time to time, which amount shall not be less than zero or greater than the nominal amount of the relevant obligation and shall be calculated in accordance with the following formula:

$$x = NA \times \frac{(Available\ Funds - Higher\ Ranking\ Creditors - Pro\ Rata\ Share\ Other\ Creditors)}{Total\ Liabilities\ to\ Relevant\ Creditor\ and\ Pari\ Passu\ Creditors}$$

where:

NA means the CHF Equivalent of the Nominal Amount of the Accrued Obligations due by the Guarantor to the Relevant Creditor (determined, in respect of Covered Bondholders, on a Covered Bondholder by Covered Bondholder basis) under the relevant Transaction Document as at the Relevant Payment Date;

Available Funds means on any Guarantor Payment Date or Relevant Payment Date (as applicable) (i) prior to the occurrence of a Guarantor Liquidation Event, all cash standing to the credit of the General Bank Account (including funds recorded on the Guarantor Profit Amount Ledger on the General Bank Account) in accordance with the terms of the Intercreditor Deed; and (ii) after the occurrence of a Guarantor Liquidation Event, the aggregate of (A) all cash standing to the credit of the General Bank Account (including funds recorded on the Guarantor Profit Amount Ledger on the General Bank Account) in accordance with the terms of the Intercreditor Deed and (B) all cash standing to the credit of the Cover Pool Bank Account up to the amount of all Secured Obligations not covered pursuant to sub-clause (A) above;

Higher Ranking Creditors means, as of the Relevant Payment Date, the aggregate Nominal Amount of all Accrued Obligations due by the Guarantor to creditors ranking ahead of the Relevant Creditor under the applicable Priority of Payments (excluding amounts owed to creditors not party to or bound by the Intercreditor Deed) (in each case, where not denominated in CHF, converted into CHF, at either the CHF Equivalent Rate or the Spot Rate, as applicable);

Pro Rata Share Other Creditors means, as of the Relevant Payment Date, the aggregate Nominal Amount of all Accrued Obligations due by the Guarantor to creditors not party to or bound by the Intercreditor Deed (in each case, where not denominated in CHF, converted into CHF at the Spot Rate), multiplied by the Available Funds, divided by the aggregate Nominal Amount of the Accrued Obligations due by the Guarantor under the Transaction Documents and due to creditors not party to

or bound by the Intercreditor Deed (in each case converted into CHF, at either the CHF Equivalent Rate or the Spot Rate, as applicable);

Relevant Creditors means each of the Issuer, the Initial Swap Provider, the Assignor, the Initial Cash Manager, the Initial Account Bank, the Initial Corporate Services Provider, the Trustee, the Agents, the Asset Monitor, the Administration Services Provider and each Covered Bondholder and any New Relevant Creditor acceding to the Intercreditor Deed by means of an Accession Undertaking or Intercreditor Deed Supplement, as the case may be; and

Total Liabilities to Relevant Creditor and Pari Passu Creditors means, as of the Relevant Payment Date, the aggregate Nominal Amount of all Accrued Obligations due by the Guarantor to the Relevant Creditor under the Transaction Documents plus the aggregate Nominal Amount of all Accrued Obligations due by the Guarantor to creditors (other than creditors not party to or bound by the Intercreditor Deed) ranking *pari passu* with the Relevant Creditor under the applicable Priority of Payments (in each case where not denominated in CHF, converted into CHF, at either the CHF Equivalent Rate or the Spot Rate, as applicable).

Upon the Cash Manager giving written notice to the Relevant Creditor that:

(i) it has determined in its sole opinion that there is no reasonable likelihood of there being any further realisations in respect of the Available Funds or future realisations from the Cover Pool Assets which would be available to pay amounts owing to the Relevant Creditor; and

(ii) all amounts available to be applied to pay amounts owing to the Relevant Creditor have been so applied in accordance with the Transaction Documents,

the Relevant Creditor shall have no further claim against the Guarantor in respect of any amounts owing to it which remains unpaid and such unpaid amounts shall be deemed to be discharged in full as against the Guarantor.

For the avoidance of doubt, the Covered Bondholders (and the Trustee on behalf of the Covered Bondholders) will continue to have full recourse as against the Issuer in respect of any such amounts owing to them which remain unpaid and such unpaid amounts shall not be discharged as against the Issuer.

21. NO ENFORCEMENT AGAINST THE GUARANTOR

As a condition to subscribing for any Covered Bond, each Covered Bondholder agrees that for so long as the Covered Bonds are outstanding and until the expiry of a period ending 366 days after the date on which all potential liabilities secured by the Guarantee have been discharged or satisfied in full:

(i) it will not take any legal steps nor institute any legal proceedings against the Guarantor or its assets or corporate bodies for the purpose of asserting or enforcing any of its rights or claims against the Guarantor; in particular, it will not:

(A) file a request for payment (*Betreibungsbegehren*) under the DEBA or otherwise initiate any debt collection, attachment or enforcement proceedings against the Guarantor or support any such proceedings; or

(B) initiate any arbitration, court, administrative or other proceedings against the Guarantor, its assets or executive bodies or support any such proceedings, except for any such action (x) solely seeking declaratory relief without requesting the adjudication of damages, or (y) solely seeking specific performance of the

Guarantor's obligations under the Transaction Documents to serve Pre-funding Notices and/or Recourse Notices; or

(C) without prejudice to the netting provisions expressly provided for in any Swap Agreement, exercise any right of set-off; and

(ii) it will not take any steps nor initiate any proceedings to procure the bankruptcy, winding up, liquidation, restructuring, administration or any similar procedure in respect of the Guarantor, and in particular it will not initiate or support any Insolvency Proceedings against the Guarantor; and

(iii) other than by virtue of filing any of its claims in an insolvency of the Guarantor, it will not claim, rank, prove or vote as creditor of the Guarantor or its estate in competition with any prior ranking creditors in the relevant Priority of Payments until all amounts then due and payable to creditors who rank higher in the relevant Priority of Payments have been paid in full,

provided, however, that sub-clauses (i)(A) and (B) as well as sub-clause (ii) shall become inapplicable if the Guarantor is adjudicated bankrupt by a competent Swiss court.

As a condition to subscribing for any Covered Bond, each Covered Bondholder agrees:

(i) that if any amount is received by it (including by way of set-off) in respect of any amount owed to it other than in accordance with the provisions of the Intercreditor Deed, an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of the Intercreditor Deed shall be received and held by it on trust for the Relevant Creditor(s) who should have received that amount in accordance with the terms of the Intercreditor Deed, and such amounts shall be paid over to the Initial Cash Manager, together with any successor cash manager appointed from time to time (the **Cash Manager**) immediately upon receipt so that such amount can be applied in accordance with the relevant provisions of the Intercreditor Deed;

(ii) that it shall not be entitled to, and nor shall any person acting on behalf of such Covered Bondholder be entitled to, permit the Cash Manager or the Guarantor to pay, prepay, repay, redeem, purchase, or otherwise acquire any of the Liabilities owed by the Guarantor (including any obligation under the Swap Agreement), except to the extent, at the times and in the manner permitted by the Transaction Documents (including pursuant to the provisions regulating the termination of any Covered Bond Swap);

(iii) that it shall not be entitled to, and nor shall any person acting on behalf of such Covered Bondholder be entitled to, take, accept or receive from the Guarantor the benefit of any pledge, guarantee, indemnity or other assurance against financial loss in respect of any of the Liabilities owed by the Guarantor except as expressly provided for or permitted pursuant to the terms of the Transaction Documents;

(iv) that it shall not be entitled to, and nor shall any person acting on behalf of such Covered Bondholder be entitled to, do anything inconsistent with the terms the Intercreditor Deed. Each Covered Bondholder acknowledges and agrees to be bound by the Priorities of Payments set out in the Intercreditor Deed (as the same may be amended or restated from time to time); and

(v) that damages as a remedy in the event of a breach by it of any of the provisions of this Condition shall be insufficient and that the Cash Manager shall be permitted to seek specific performance and injunctive relief, to the extent available under Applicable Law, against it.

22. INTERCREDITOR DEED

The Covered Bondholders agree that, notwithstanding any other provision of any Transaction Document, they shall at all times be bound by the terms of the intercreditor deed dated on or about the Programme Closing Date among, *inter alia*, the Guarantor and the Issuer (as the same may be amended or supplemented from time to time, the **Intercreditor Deed**) (including the Priorities of Payments), any Accession Undertaking and any Intercreditor Deed Supplement. In particular, the Covered Bondholders agree that (i) their claims as against the Guarantor (but not, for the avoidance of doubt, against the Issuer) will be limited to their pro rata share of the Available Funds in accordance with Condition 20 (*Claims against the Guarantor*) and (ii) the claims of the Trustee, the Agents, the Custodian, the Account Bank, the Cash Manager, the Replacement Servicer (if applicable), the Asset Monitor, the Corporate Services Provider, the Administration Services Provider, third parties not bound by or subject to the Priorities of Payments and each Swap Provider shall, in the circumstances set out in the Intercreditor Deed (as the same may be amended or supplemented from time to time), rank ahead of or *pari passu* with the claims of the Covered Bondholders in respect of funds available for distribution.

The Covered Bondholders agree that the Trustee shall at the request of the Issuer or the Guarantor enter into any Intercreditor Deed Supplement for itself and on behalf of the Covered Bondholders, without Covered Bondholder consent and without any liability for or consideration of the amendments being effected by such a form of supplement to the Intercreditor Deed substantially in the form set out in the Intercreditor Deed (the **Intercreditor Deed Supplement**).

23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Covered Bond under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

24. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) *Governing law*

The Trust Deed, (including these Conditions) the Agency Agreement, each Supplemental Agency Agreement, the Guarantee Deed, the Intercreditor Deed, the Cash Management Agreement, the Covered Bonds and the Coupons, the Swap Agreement, the Programme Agreement (other than a Purchase Agreement relating to Rule 144A Global Covered Bonds which is governed by the laws of the State of New York), each Subscription Agreement, the Master Definitions Schedule, any Replacement Servicer Agreement (if and when entered into and to the extent it is expressed to be governed by English law), any Calculation Agency Agreement and the Final Terms (together the **English Law Documents**) and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

The Guarantee Mandate Agreement, the Security Assignment Agreement, the Asset Monitor Agreement, the Master Bank Account Agreement, the Safe Custody Agreement, each Account Agreement, the Corporate Services Agreement, the Administration Services Agreement and any Replacement Servicer Agreement (if and when entered into and to the extent it is expressed to be governed by Swiss law) (together the **Swiss Law Documents**) are governed by, and shall be construed in accordance with, Swiss law.

Each Purchase Agreement (if and when entered into and to the extent it is expressed to be governed by the laws of the State of New York) (together the **New York Law Documents** and, together with the English Law Documents, the Swiss Law Documents and each other document, agreement or indenture ancillary or supplemental thereto and made under or pursuant to them as well as any other document from time to time designated as such by the Issuer, the Guarantor and the Trustee, the **Transaction Documents**) is governed by, and shall be construed in accordance with the laws of the State of New York.

(b) *Submission to jurisdiction in respect of English Law Documents*

Each of the Issuer and the Guarantor irrevocably agrees, for the benefit of the Trustee, the Covered Bondholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the English Law Documents, (including a dispute relating to any non-contractual obligations arising out of or in connection with the English Law Documents) and accordingly submits to the exclusive jurisdiction of the English courts.

Each of the Issuer and the Guarantor waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee and (subject to the terms of the Trust Deed), the Covered Bondholders and the Couponholders may take any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the English Law Documents (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the English Law Documents) against the Issuer or the Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

(c) *Submission to jurisdiction – Swiss Law Documents*

Each of the Trustee, the Covered Bondholders and the Couponholders agrees, for the benefit of the Issuer and the Guarantor, that the city of Zurich, Switzerland shall have exclusive jurisdiction to settle any dispute, claim or controversy which may arise under, out of or in connection with the Swiss Law Documents and accordingly submits to such jurisdiction.

Each of the Trustee, the Covered Bondholders and the Couponholders waives any objection to the city of Zurich, Switzerland on the grounds that it is an inconvenient or inappropriate forum.

(d) *Submission to jurisdiction – New York Law Document*

Each of the Trustee, the Covered Bondholders and the Couponholders agrees, for the benefit of the Issuer and the Guarantor, that the courts of the State of New York and the United States District Court sitting in the Borough of Manhattan in the City of New York, and any appellate court thereof shall have jurisdiction to settle any disputes which may arise out of or in connection with the New York Law Documents and accordingly submits to the jurisdiction of such courts.

Each of the Trustee, the Covered Bondholders and the Couponholders waives any objection to the jurisdiction of any such courts of the State of New York or the United States District Court sitting in the Borough of Manhattan in the City of New York, and any appellate courts thereof on the grounds that it is an inconvenient or inappropriate forum.

(e) *Appointment of Process Agent*

Each of the Issuer and the Guarantor has appointed Credit Suisse AG, London Branch at its registered office at One Cabot Square, London EC14 4QJ as its agent for service of process, and undertakes that, in the event of Credit Suisse AG, London Branch ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in

respect of any Proceedings. Each of the Issuer and the Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to it at Credit Suisse AG, London Branch, 1 Cabot Square, London E14 4QR. Nothing herein shall affect the right to serve process in any other manner required by law.

(f) *Other documents and the Guarantor*

The Issuer and, where applicable, the Guarantor have in the Trust Deed, the Agency Agreement and the Guarantee submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

25. DEFINITIONS

In these Conditions, the following expressions have the following meanings:

Account Agreement means any agreement in the form of the "Basic document for account/custody account relationship (firms, corporations and other institutions)" or similar agreement concluded between the Account Bank and the Guarantor as amended by the Master Bank Account Agreement from time to time;

Accrued Obligations means any and all obligations or liabilities of the Guarantor to be recognised as liabilities on the Guarantor's balance sheet in accordance with Swiss GAAP as at the relevant date of calculation;

Additional Originator means any entity other than the Principal Originator which is a CS Group Company and which has acceded to the Security Assignment Agreement in accordance with the terms thereof;

Administration Services Agreement means the administration services agreement entered into on 2 December 2011 between the Guarantor and Treureva AG, Othmarstrasse 8, CH-8008 Zurich, Switzerland together with any successor administration services provider appointed from time to time ;

Administration Services Provider means Treureva AG, Othmarstrasse 8, CH-8008 Zurich, Switzerland together with any successor administration services provider appointed from time to time;

Applicable Law means with respect to a Person, all provisions of any law, treaty, rule or regulation, or a final determination of a Governmental Authority applicable to such Person;

Arranger means Credit Suisse Securities (Europe) Limited;

Asset Monitor means the Initial Asset Monitor, together with any successor asset monitor appointed from time to time;

Asset Monitor Agreement means the asset monitor agreement dated on or about the Programme Closing Date between *inter alios* the Issuer, the Guarantor and the Asset Monitor ;

Assignee means Credit Suisse Hypotheken AG, c/o Credit Suisse AG, Paradeplatz 8, CH-8001, Zurich, Switzerland;

Assignor means Credit Suisse, Paradeplatz 8, CH-8001, Zurich Switzerland;

Bearer Covered Bond means a Definitive Bearer Covered Bond or a Global Covered Bond in bearer form;

BIO-FINMA means the Swiss Federal Ordinance of the Swiss Financial Market Supervisory Authority on the Insolvency of Banks and Securities Dealers of 30 August 2012, as amended from time to time;

Calculation Date means each fifth day of each calendar month and if such day is not a Business Day, the immediately following Business Day;

Cash Management Agreement means the cash management agreement dated on or about the Programme Closing Date between the Guarantor, the Cash Manager, the Corporate Services Provider, the Assignor and the Trustee;

CHF or **Swiss Francs** means the lawful currency of Switzerland;

CHF Equivalent means in relation to a Covered Bond or other obligation which is denominated in (i) a currency other than CHF, the CHF equivalent of the relevant amount converted into CHF at the CHF Equivalent Rate or Spot Rate, as applicable, and (ii) CHF, the applicable amount in CHF;

CHF Equivalent Rate means, in relation to a sum owed under a Series and a particular Tranche (if applicable) of Covered Bonds which is not denominated in CHF, the rate for conversion of amounts from CHF into the relevant currency (or *vice versa*) as specified in the confirmation evidencing the Covered Bond Swap corresponding to such Series and a particular Tranche (if applicable) of Covered Bonds;

Corporate Services Agreement means the corporate services agreement entered into by the Guarantor and the Corporate Services Provider dated the Programme Closing Date;

Corporate Services Provider means the Initial Corporate Services Provider, together with any successor corporate services provider appointed from time to time under the Corporate Services Agreement;

Cover Pool Swap means each swap transaction specified as such on the first page of the confirmation in respect thereof and governed by a Swap Agreement;

Cover Pool Swap Provider means the Initial Swap Provider or any Replacement Cover Pool Swap Provider, in each case in its capacity as cover pool swap provider to the Guarantor under a Swap Agreement;

Covered Bond Swap means each swap transaction specified as such on the first page of the confirmation in respect thereof and governed by a Swap Agreement;

Covered Bond Swap Provider means the Initial Swap Provider or any Replacement Covered Bond Swap Provider, in each case in its capacity as covered bond swap provider to the Guarantor under a Swap Agreement;

CS Group means Credit Suisse Group AG together with its Subsidiaries;

CS Group Company means a company which is part of the CS Group;

Custodian means the Initial Custodian, together with any successor custodian appointed by the Guarantor from time to time;

Dealers means each Initial Dealer and any New Dealer and excludes any entity whose appointment has been terminated pursuant to the Programme Agreement, and references to the **relevant Dealer** shall, in relation to any Covered Bond, be references to the Dealer or Dealers with whom the Issuer has agreed the issue and purchase of such Covered Bond and **Dealer** means any one of them;

DEBA means the Swiss Federal Debt Enforcement and Bankruptcy Act of 11 April 1889, as amended from time to time;

Determination Period means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

euro means the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

Excluded Scheduled Interest Amounts means any additional amounts relating to premiums, default interest or interest upon interest payable in respect of the Covered Bonds in accordance with these Conditions following the occurrence of an Issuer Event of Default or, as applicable, a Guarantor Event of Default;

Excluded Scheduled Principal Amounts means any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest payable in respect of the Covered Bonds in accordance with these Conditions following the occurrence of an Issuer Event of Default or, as applicable, a Guarantor Event of Default;

Excluded Swap Termination Amount means in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable (a) to the relevant Swap Provider as a result of a Swap Provider Default with respect to such Swap Provider, or (b) to the relevant Swap Provider following a Swap Ratings Downgrade Event with respect to such Swap Provider;

Extended Due for Payment Date means, in relation to any Series of Covered Bonds, the date, if any, specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Final Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full by the Extension Determination Date;

Extension Determination Date means, in respect of a Series of Covered Bonds, the date falling two Business Days after the expiry of seven days from (and including) the Final Maturity Date of such Series of Covered Bonds;

FBA means the Swiss Federal Act on Banks and Savings Institutions of 8 November 1934, as amended from time to time;

Final Maturity Date means the Interest Payment Date on which each Series of Covered Bonds will be redeemed at their Principal Amount Outstanding in accordance with these Conditions;

Final Redemption Amount means in relation to any Series of Covered Bonds, the amount due on the Final Maturity Date of such Covered Bonds as set out in the applicable Final Terms;

Final Terms means the final terms document substantially in the form set out in this Base Prospectus which will be completed at the time of the agreement to issue each Series or Tranche and which will constitute final terms for the purposes of Article 5.4 of the Prospectus Directive;

FINMA means the Swiss Financial Market Supervisory Authority FINMA;

Fixed Rate Covered Bonds means Covered Bonds paying a fixed rate of interest on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s);

Floating Rate Covered Bonds means Covered Bonds which bear interest at a rate determined:

(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or

(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

as set out in the applicable Final Terms;

GED Guarantee Activation Date means, following a Guarantor Event of Default, the date on which a Guarantor Acceleration Notice is served on the Guarantor;

General Bank Account means the general bank account, denominated in CHF, established in the name of the Guarantor pursuant to the Account Agreement between the Account Bank and the Guarantor dated 22 November 2010;

General Recourse and Indemnity Obligation means the obligation of the Issuer to reimburse and indemnify the Guarantor for all other expenses, costs, damages and losses paid or incurred by the Guarantor in accordance with the Guarantee Mandate Agreement as a result of non-compliance by the Issuer of any of its representations, warranties or undertakings as set out in the Guarantee Mandate Agreement or as a result of any payment default by the Issuer under the Covered Bonds as set out in the Guarantee Mandate Agreement;

General Recourse and Indemnity Pre-funding Obligation means the obligation of the Issuer to pre-fund any and all amounts covered by the General Recourse and Indemnity Obligation and payable by the Guarantor to a third party from time to time by payment to the General Bank Account of the relevant amount, as specified by the Guarantor in writing in a notice (the **General Indemnity Pre-funding Notice**), in accordance with the Guarantee Mandate Agreement with value no later than (i) one Business Day after receipt or (ii) such other date as specified in the General Indemnity Pre-funding Notice, provided that the relevant amount shall not become due earlier than 30 Business Days prior to the due date of the relevant payment owed by the Guarantor to the respective third party;

Governmental Authority means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

Guarantee Activation Date means the earlier of the IED Guarantee Activation Date or the GED Guarantee Activation Date;

Guarantee Expenses means the Nominal Amount of any and all sums (including Guaranteed Amounts) paid or payable by or on behalf of the Guarantor to (i) the Trustee, any Appointee or the Covered Bondholders under the Guarantee Deed upon receipt of a Notice to Pay in accordance with the Guarantee Deed or (ii) to third parties not party to the Intercreditor Deed in relation to any and all liabilities, claims, costs and expenses (including reasonable attorney's fees) which the Guarantor may suffer, sustain or incur in connection with the Guarantee or the preservation and enforcement of the Guarantor's related rights under the Guarantee Mandate Agreement, including without limitation, legal proceedings relating to (x) any court order, injunction, or other process decree etc. restraining or seeking to restrain the Guarantor from paying any amount under any Guarantee or (y) the enforcement of the Guarantee Pre-funding Obligation and the Guarantee Recourse and Indemnity Obligation;

Guarantee Fee means the fee paid by the Issuer to the Guarantor in accordance with the Guarantee Mandate Agreement as consideration for the issuance by the Guarantor of the Guarantee in respect of the Covered Bonds issued on the first Issue Date and each extension of the Guarantee in respect of each additional Series or Tranche of Covered Bonds;

Guarantee Mandate Agreement means the guarantee mandate agreement entered into between the Issuer and the Guarantor on or about the Programme Closing Date;

Guarantee Mandate Pre-funding Obligation means each of the Guarantee Pre-funding Obligation, the Swap Termination Payment Pre-funding Obligation and the General Recourse and Indemnity Pre-funding Obligation;

Guarantee Pre-funding Notice means the notice served by the Guarantor on the Issuer for the relevant amount of Guarantee Expenses following the receipt of a Guarantee Activation Notice or Guarantor Acceleration Notice (as the case may be) and a Notice to Pay for the relevant amount by the Guarantor;

Guarantee Pre-funding Obligation means the obligation of the Issuer to pre-fund (that is, pay) the relevant amount of Guarantee Expenses, as specified in a Guarantee Pre-funding Notice, in accordance with the Guarantee Mandate Agreement;

Guarantee Priority of Payments means the priority of payments of the Guarantor set out in the Intercreditor Deed relating to amounts standing to the credit of the Guarantor Bank Accounts following the IED Guarantee Activation Date but prior to the GED Guarantee Activation Date on each Guarantor Payment Date;

Guarantee Recourse and Indemnity Obligation means, save to the extent the Guarantor has already been compensated under the Guarantee Pre-funding Obligation, the obligation of the Issuer to reimburse and indemnify the Guarantor for any and all Guarantee Expenses which are paid by the Guarantor, in accordance with the Guarantee Mandate Agreement;

Guaranteed Amounts means prior to the GED Guarantee Activation Date, with respect to any amounts Due for Payment, the sum of Scheduled Interest and Scheduled Principal, in each case, payable on a Scheduled Payment Date under the Guarantee; and following a GED Guarantee Activation Date, an amount equal to the relevant Early Redemption Amount as specified in these Conditions plus all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds, including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all other amounts payable by the Guarantor (under the Guarantee Deed) with respect to a relevant Series of Covered Bonds;

Hard Bullet Covered Bonds means any Covered Bonds issued by the Issuer in respect of which the principal is due to be redeemed in full in one amount on the Final Maturity Date of that Covered Bond and which is identified as such in the applicable Final Terms;

IED Guarantee Activation Date means, following an Issuer Event of Default and service of an Issuer Default Notice on the Issuer, the date on which the Guarantee Activation Notice is served on the Guarantor pursuant to the Guarantee Deed;

Increased Services Provider Expenses means the Nominal Amount of any and all sums paid or payable by or on behalf of the Assignee to (i) any Replacement Servicer and (ii) any Replacement Third Party Services Provider in relation to any and all liabilities, claims, costs and expenses which the Assignee may suffer, sustain or incur as a consequence of the non-compliance by the Assignor with certain of the Assignor's representations, warranties, undertakings or other obligations under the Security Assignment Agreement. Increased Services Provider Expenses in relation to any Third Party Services Provider shall include, but not be limited to, any additional amounts which reflect increased expenses or costs to the Assignee and which are due to a Third Party Services Provider, but exclude (i) any and all amounts which would have been due to a Third Party Services Provider irrespective of the Assignor's non-compliance or default and (ii) any increased costs or losses caused by the Guarantor's own gross negligence or wilful default in complying with its representations, warranties or obligations under the Transaction Documents, unless such gross negligence or wilful default concurrently constitutes non-compliance on the part of the Assignor with its representations, warranties or obligations under the Transaction Documents;

Increased Services Provider Expenses Pre-funding Obligation means the obligation of the Assignor to pre-fund any and all Increased Services Provider Expenses arising from time to time, as specified by the Assignee in a notice for pre-funding (each an **Increased Services Provider Expenses Pre-funding Notice**), in accordance with the Security Assignment Agreement;

Increased Services Provider Expenses Recourse and Indemnity Obligation means, save to the extent the Assignee has already been compensated under the Increased Services Provider Expenses Pre-funding Obligation, the obligation of the Assignor to reimburse and indemnify the Assignee for all Increased Services Provider Expenses in accordance with the Security Assignment Agreement;

Initial Account Bank means Credit Suisse AG, Paradeplatz 8, CH-8001 Zurich, Switzerland in its capacity as account bank under the Master Bank Account Agreement;

Initial Asset Monitor means KPMG AG, Badenerstrasse 172, CH-8004 Zurich, Switzerland in its capacity as Asset Monitor under the Asset Monitor Agreement;

Initial Cash Manager means Credit Suisse, Paradeplatz 8, CH-8001 Zurich, Switzerland in its capacity as Cash Manager under the Cash Management Agreement;

Initial Corporate Services Provider means Credit Suisse, Paradeplatz 8, CH-8001 Zurich Switzerland in its capacity as corporate services provider under the Corporate Services Agreement;

Initial Custodian means Credit Suisse AG, Paradeplatz 8, CH-8001 Zurich, Switzerland in its capacity as custodian under the Safe Custody Agreement;

Initial Dealers means Credit Suisse Securities (Europe) Limited and Credit Suisse Securities (USA) LLC;

Initial Swap Provider means Credit Suisse AG, Paradeplatz 8, CH-8001 Zurich, Switzerland acting through its office at Paradeplatz 8, CH-8001 Zurich, Switzerland;

Insolvency Event means (i) the adjudication of bankruptcy (*Konkurseröffnung*) pursuant to article 171, 189 or 191 DEBA, (ii) an application by the relevant company for, or the granting of, a provisional or definitive stay of execution (*provisorische oder definitive Nachlassstundung*) pursuant to article 293 et seq. DEBA, (iii) the ordering of restructuring proceedings (*Sanierungsverfahren*) pursuant to article 28 to 32 FBA, and/or (iv) the ordering of liquidation proceedings (*Liquidation*) pursuant to article 33 to 37g FBA. It is understood and agreed that any relevant steps under (x) mere debt collection proceedings (*Betreibungsverfahren*) pursuant to article 38 et seq. DEBA, proceedings in connection with a freezing order (*Arrestverfahren*) pursuant to article 271 et seq. DEBA and (z) protective measures (*Schutzmassnahmen*) pursuant to article 26 FBA do not constitute an Insolvency Event;

Issue Price means the price, generally expressed as a percentage of the nominal amount of the Covered Bonds, at which the Covered Bonds will be issued;

Lead Manager means, in relation to any Tranche of Covered Bonds, the person named as the Lead Manager in the applicable Subscription Agreement or Purchase Agreement or, when only one Dealer signs such Subscription Agreement or Purchase Agreement, such Dealer.

Liabilities means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes) and including any irrecoverable VAT in respect thereof and legal fees and expenses on a full indemnity basis;

Master Bank Account Agreement means a master bank account agreement entered into on or about the Programme Closing Date by the Guarantor, Credit Suisse (as Initial Account Bank) and the Cash Manager ;

New Dealer means any entity appointed as an additional Dealer in accordance with the Subscription Agreement, a form of which appointment is attached as a schedule to the Programme Agreement;

Nominal Amount means the nominal amount of the relevant obligation, liability, cost, expense, damage or loss, without recourse or giving effect to any provisions in the Transaction Documents limiting the amount or recourse of a claim or creditor;

Notice to Pay means a notice to pay substantially in the form set out in the Guarantee Deed for the Guaranteed Amounts;

Notification Event means the earlier of (i) an Issuer Event of Default, (ii) a Servicing Termination Event or (iii) a downgrade of Credit Suisse's short-term rating below "F2" from Fitch or "Prime-2" from Moody's;

Original Due for Payment Date means, prior to the occurrence of a Guarantor Event of Default and service of a Guarantor Acceleration Notice on the Guarantor, each Scheduled Payment Date, or, if later, the day which is two Business Days following the IED Guarantee Activation Date in respect of the relevant Guaranteed Amounts or if an Extended Due for Payment Date is specified in the applicable Final Terms, each Interest Payment Date that would have applied if the Final Maturity Date of such Series of Covered Bonds had been the Extended Due for Payment Date;

Originator means the Principal Originator or any Additional Originator;

Person means a reference to any person, individual, corporation, bank, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, governmental entity or other entity of similar nature (whether or not having separate legal personality);

Post-Insolvency Priority of Payments means the priority of payments that applies following the GED Guarantee Activation Date as set out in the Intercreditor Deed;

Pre-Event Tests means the Asset Coverage Test and the Interest Coverage Test;

Premium means any amount payable to or by the Guarantor with a view to inducing the Guarantor or the relevant Replacement Swap Provider to enter into a Swap on commercial terms similar to those of an early terminated Swap;

Principal Amount Outstanding means in respect of a Covered Bond the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant Covered Bondholder in respect thereof;

Principal Originator means Credit Suisse, Paradeplatz 8, CH-8001 Zurich Switzerland;

Programme Agreement means the amended and restated programme agreement dated 22 August 2013 between *inter alios* the Issuer, the Assignor, the Guarantor and the Initial Dealers concerning the purchase of Covered Bonds to be issued pursuant to the Programme together with any accession letters and/or agreements supplemented thereto;

Programme Closing Date means 22 November 2010;

Purchase Agreement means a purchase agreement supplemental to the Programme Agreement in the form set out in the Programme Agreement or in such other form as may be agreed between the Issuer, the Guarantor and the person named as the lead manager or one or more Dealers (as the case may be);

Rate of Interest means the rate of interest payable from time to time in respect of Fixed Rate Covered Bonds and Floating Rate Covered Bonds, as determined in, or as determined in the manner specified in, the applicable Final Terms;

Rating Agency means any one of Moody's and Fitch (together, the **Rating Agencies**) or any other rating agency or agencies appointed by the Issuer to provide ratings in relation to the Covered Bonds;

Recourse and Indemnity Obligations means each of the Guarantee Recourse and Indemnity Obligation, the Swap Termination Payment Recourse and Indemnity Obligation, the General Recourse and Indemnity Obligation and the Increased Services Provider Expenses Recourse and Indemnity Obligation;

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Principal Paying Agent and approved in writing by the Trustee or as specified in the applicable Final Terms;

Reference Rate means the relevant LIBOR, EURIBOR, or CHF LIBOR rate specified in the applicable Final Terms;

Registered Covered Bond means a Definitive Registered Covered Bond or a Global Covered Bond in registered form;

Replacement Account Bank means any party designated in accordance with the Master Bank Account Agreement;

Replacement Asset Monitor means any party designated in accordance with the Asset Monitor Agreement;

Replacement Cash Manager means any party designated in accordance with the terms of the Cash Management Agreement;

Replacement Corporate Services Provider means any party designated in accordance with the terms of the Corporate Services Agreement;

Replacement Covered Bond Swap Provider means any replacement swap provider in respect of the Covered Bond Swaps appointed from time to time, which for the avoidance of doubt shall not be Credit Suisse;

Replacement Cover Pool Swap Provider means any replacement swap provider in respect of the Cover Pool Swaps appointed from time to time, which for the avoidance of doubt shall not be Credit Suisse;

Replacement Servicer means any party designated as such in accordance with the Security Assignment Agreement;

Replacement Swap Provider means any of the Replacement Cover Pool Swap Provider and the Replacement Covered Bond Swap Provider;

Replacement Third Party Services Provider means any of the Replacement Asset Monitor, Replacement Account Bank, Replacement Cash Manager, any successor Administration Services Provider, any successor Custodian and Replacement Corporate Services Provider;

Safe Custody Agreement means the safe custody agreement entered into between the Custodian and the Guarantor on or about the Programme Closing Date;

Scheduled Interest means an amount equal to the amount in respect of interest which would have been due and payable under a relevant Series of Covered Bonds on each Interest Payment Date as specified in Condition 5 (*Interest*) (but excluding any Excluded Scheduled Interest Amounts payable by the Issuer following the occurrence of an Issuer Event of Default):

(i) as if the IED Guarantee Activation Date had not occurred and the relevant Series of Covered Bonds had not immediately become due and repayable prior to their Final Maturity Date by the Issuer; and

(ii) (if the Final Terms specify that an Extended Due for Payment Date is applicable to a relevant Series of Covered Bonds and the Final Maturity Date of such Series of Covered Bonds is so extended) as if the Final Maturity Date of the Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date); and

(iii) less any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 8 (*Taxation*);

Scheduled Payment Date means, in relation to payments under the Guarantee, each Interest Payment Date or the Final Maturity Date or other date in respect of which any principal or interest is payable by the Issuer (other than pursuant to Condition 11 (*Events of Default and Enforcement*)) – as

if an IED Guarantee Activation Date had not occurred and the relevant Series of Covered Bonds had not become immediately due and repayable prior to their Final Maturity Date by the Issuer;

Scheduled Principal means an amount equal to the amount in respect of principal which would have been due and repayable under a relevant Series of Covered Bonds on each Interest Payment Date or the Final Maturity Date or other date in respect of which any principal is payable by the Issuer (as the case may be) as specified in Condition 7(a) (*Redemption and Purchase - Redemption at maturity*) (but excluding any Excluded Scheduled Principal Amounts payable by the Issuer following the occurrence of an Issuer Event of Default) but:

(i) as if the IED Guarantee Activation Date had not occurred and the relevant Series of Covered Bonds had not become immediately due and repayable prior to their Final Maturity Date by the Issuer; and

(ii) (if the Final Terms specifies that an Extended Due for Payment Date is applicable to a relevant Series of Covered Bonds and the Final Maturity Date of such Series of Covered Bonds is so extended), as if the Final Maturity Date of the Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date);

Secured Obligations means (i) any and all Guarantee Fees, (ii) any and all Pre-funding Obligations and (iii) any and all Recourse and Indemnity Obligations;

Security Assignment Agreement means each of the security assignment agreement between the Principal Originator and the Guarantor dated on or about the Programme Closing Date and any security assignment agreement which may be entered into by an Additional Originator and the Guarantor hereafter ;

Servicer means Credit Suisse AG, Paradeplatz 8, CH-8001 Zurich, Switzerland in its function as Assignor under the Security Assignment Agreement to the extent it continues to service and administer the Serviced Mortgage Assets according to the Security Assignment Agreement and any Replacement Servicer or substitute Servicer;

Servicing Standards means the servicing standards set out as a schedule to the Security Assignment Agreement;

Servicing Termination Event means the occurrence of any of the following events:

(a) breach of the representations and warranties made by the assignor under Section 13.1.1(b) of the Security Assignment Agreement;

(b) default is made by the Assignor in the transfer, deposit or payment of any amount due by the Assignor under the Security Assignment Agreement and such default continues unremedied for a period of ten Business Days after the earlier of the Assignor becoming aware of such default and receipt by the Assignor of written notice from the Assignee or the Trustee requiring the same to be remedied;

(c) default is made by the Assignor in the performance or observance of its obligations under Section 11 of the Security Assignment Agreement and such default continues unremedied for a period of ten Business Days after the earlier of the Assignor becoming aware of such default and receipt by the Assignor of written notice from the Assignee or the Trustee requiring the same to be remedied;

(d) default is made by the Assignor in the performance or observance of any of its other covenants and obligations under the Security Assignment Agreement or the other Transaction Documents, which in the opinion of the Assignee is materially prejudicial to the interests of the Covered Bondholders and such default continues unremedied for a period of 30 days after the earlier of the Assignor becoming aware of such default and receipt by the Assignor of written notice from the Assignee requiring the same to be remedied;

(e) an Insolvency Event occurs in respect of the Assignor;

(f) default is made by the Assignor in the obtaining or continued maintenance of any licence, approval, registration, authorisation or consent which is necessary in connection with the performance or observance of any obligation under the Security Assignment Agreement;

(g) the Assignor's long term rating is downgraded below "BBB-" from Fitch or "Baa3" from Moody's; or

(h) an Issuer Event of Default has occurred;

Specified Time means 11.00 am (London time, in the case of determination of LIBOR, or Zurich time, in the case of a determination of EURIBOR);

Spot Rate means, in relation to any sum under any obligation (other than a Covered Bond) which is not denominated in CHF the spot rate of exchange as calculated by the Cash Manager on the relevant Calculation Date in accordance with the terms of the Cash Management Agreement;

Subscription Agreement means a subscription agreement supplemental to the Programme Agreement in the form set out in the Programme Agreement or in such other form as may be agreed between the Issuer, the Guarantor and the person named as the lead manager or one or more Dealers (as the case may be);

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, 0.01;

Swap means a Covered Bond Swap or a Cover Pool Swap;

Swap Agreement means (i) the 1992 ISDA Master Agreement (Multicurrency – Cross Border), along with the Schedule and Credit Support Annex attached thereto, to be entered into between, *inter alios*, the Guarantor and the Initial Swap Provider dated on or prior to the first Issue Date and (ii) any replacement 1992 ISDA Master Agreement (Multicurrency – Cross Border) or 2002 ISDA Master Agreement, along with the Schedule and Credit Support Annex attached thereto, to be entered into between, *inter alios*, the Guarantor and a Replacement Swap Provider, in each case as amended and supplemented from time to time by each of the confirmations evidencing the Cover Pool Swaps and or the Covered Bond Swaps (as the case may be) entered into thereunder;

Swap Early Termination Event means a termination event or event of default (each as defined in the relevant Swap Agreement), including but not limited to the occurrence of a Swap Rating Termination Event;

Swap Provider means the Cover Pool Swap Provider or the Covered Bond Swap Provider, or both of them as the context may require;

Swap Provider Default means the occurrence of an event of default or termination event (each as defined in the relevant Swap Agreement) where the relevant Swap Provider is the defaulting party or

the sole affected party (each as defined in the relevant Swap Agreement), as applicable, including, but not limited to, a Swap Ratings Termination Event;

Swap Ratings Downgrade Event means the downgrade of the relevant rating(s) of a Swap Provider or its guarantor (as applicable) by a Rating Agency below the rating(s) specified in the relevant Swap Agreement;

Swap Ratings Termination Event means upon the occurrence of a Swap Ratings Downgrade Event with respect to a Swap Provider, if the Swap Provider fails to comply with the requirements of the applicable ratings downgrade provisions contained in the Swap Agreement;

Swap Termination Payment means the Nominal Amount of any and all sums paid or payable to or by the Guarantor to or by any incoming or outgoing Swap Provider as Premium or Termination Amount under any Swap Agreement;

Swap Termination Payment Pre-funding Obligation means the obligation of the Issuer to pre-fund any and all Swap Termination Payments (including, for the avoidance of doubt, Excluded Swap Termination Amounts payable by the Guarantor to a Replacement Swap Provider) arising from time to time, as specified by the Guarantor in a relevant notice (the **Swap Termination Payment Pre-funding Notice**), in accordance with the Guarantee Mandate Agreement with value no later than (i) one Business Day after receipt of the Swap Termination Payment Pre-funding Notice or (ii) such other date as specified in the Swap Termination Payment Pre-funding Notice, provided that the relevant amount shall not become due earlier than 30 Business Days prior to the due date of the relevant payment owed by the Guarantor to the corresponding Replacement Swap Provider;

Swap Termination Payment Recourse and Indemnity Obligation means save to the extent the Guarantor has already been compensated by the Issuer under the Swap Termination Payment Pre-funding Obligation, the obligation of the Issuer to reimburse and indemnify the Guarantor for any and all Swap Termination Payments (including, for the avoidance of doubt, Excluded Swap Termination Amounts paid to a Replacement Swap Provider), net of any termination payments or premium payments which the Guarantor receives as a result of the termination of Swaps under the relevant Swap Agreement or the entry into a replacement Swap Agreement in accordance with the Guarantee Mandate Agreement;

Termination Amount means any amount payable by or to the Guarantor under a Swap Agreement following an early termination of the Cover Pool Swaps and/or Covered Bond Swaps entered into under such Swap Agreement;

Test means each of the Amortisation Test, the Asset Coverage Test and the Interest Coverage Test;

Test Date means at least one monthly date on a Business Day on which a Test is performed;

Third Party Services Provider means the Initial Account Bank, the Initial Asset Monitor, the Initial Corporate Services Provider, the Initial Cash Manager, the Administration Services Provider or the Custodian; and

Treaty means the Treaty on the Functioning of the European Union, as amended from time to time.

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the Guarantor believe to be reliable, but none of the Issuer, the Guarantor, the Trustee or any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantor, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Covered Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-entry Systems

DTC

Registered Covered Bonds, whether as part of the initial distribution of the Covered Bonds or in the secondary market are eligible to be held in book-entry form in DTC. DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange LLC, NYSE Amex LLC and the Financial Industry Regulatory Authority, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Registered Covered Bonds among Direct Participants on whose behalf it acts with respect to Covered Bonds accepted into DTC's book-entry settlement system (**DTC Covered Bonds**) as described below and receives and transmits distributions of principal and interest on DTC Covered Bonds. The Rules are on file with the SEC. Direct Participants and Indirect Participants with which beneficial owners of DTC Covered Bonds (**Beneficial Owners**) have accounts with respect to the DTC Covered Bonds similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Beneficial Owners. Accordingly, although Beneficial Owners who hold DTC Covered Bonds through Direct Participants or Indirect Participants will not possess Registered Covered Bonds, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Covered Bonds.

Purchases of DTC Covered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Covered Bonds on DTC's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Covered Bonds are to be accomplished by entries

made on the books of Direct Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Covered Bonds, except in the event that use of the book-entry system for the DTC Covered Bonds is discontinued.

To facilitate subsequent transfers, all DTC Covered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Covered Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Covered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Covered Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Covered Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Covered Bonds. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Covered Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Covered Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by the Direct or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Direct or Indirect Participants and not of DTC, the Guarantor, the Trustee, the Principal Paying Agent, the Registrar or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium (if any) and interest, if any, on the Covered Bonds to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Covered Bonds, DTC will exchange the DTC Covered Bonds for Definitive Registered Covered Bonds, which it will distribute Direct to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under *Transfer Restrictions and Selling Restrictions*.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Covered Bonds to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Covered Bonds, will be required to withdraw its Registered Covered Bonds from DTC.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and

borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

SIX SIS AG

SIX SIS AG (**SIX SIS**) has been part of SIX Group since January 2008. SIX Group was formed at the beginning of 2008 through the merger of SWX Group, SIS Group and Telekurs Group.

As both a central securities depository and an international central securities depository SIX SIS offers banks and other financial market participants the safe custody of securities, a full range of custody services and the settlement of securities transactions. SIX SIS settles securities transactions worldwide, including transactions in uncertificated securities.

In the Swiss market, SIX SIS is part of the so-called Swiss value chain. The links to the SIX Swiss Exchange AG and the payment systems SIC/euroSIC, ensure fully automated settlement in central bank money.

Book-entry Ownership of and Payments in respect of DTC Covered Bonds

The Issuer may apply to DTC in order to have any Tranche of Covered Bonds represented by a Registered Global Covered Bond accepted in its book-entry settlement system. Upon the issue of any such Registered Global Covered Bond, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Covered Bond to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Covered Bond will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Covered Bond, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Covered Bond accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Covered Bond accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Covered Bond. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit to DTC or its nominee for distribution to the relevant beneficial holders of the DTC Covered Bond in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and paid to the U.S. Paying and Transfer Agent for payment to DTC or its nominee for distribution to the relevant beneficial holders of the DTC Covered Bond.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by the Direct or Indirect Participants to beneficial owners of Covered Bonds will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Direct or Indirect Participant and not the responsibility of DTC, the Guarantor, the

Trustee, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Covered Bonds to DTC is the responsibility of the Issuer.

Transfers of Covered Bonds Represented by Registered Global Covered Bonds

Transfers of any interests in Covered Bonds represented by a Registered Global Covered Bond within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Covered Bonds represented by a Registered Global Covered Bond to such persons may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to pledge such Covered Bonds to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Covered Bonds may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. The ability of any holder of Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to resell, pledge or otherwise transfer such Covered Bonds may be impaired if the proposed transferee of such Covered Bonds is not eligible to hold such Covered Bonds through a Direct or Indirect Participant in the DTC system.

Transfers at any time by a holder of a book-entry interest in a Rule 144A Global Covered Bond to a transferee who takes delivery of such book-entry interest through a Regulation S Global Covered Bond for the same Series of Covered Bonds will only be made upon delivery to the Registrar of a certificate setting forth compliance with the provisions of Regulations S. Prior to the expiration of the Distribution Compliance Period, ownership of book-entry interests in a Regulation S Global Covered Bond will be limited to persons that have accounts with Euroclear, Clearstream, Luxembourg and/or DTC or persons who hold such book-entry interest through Euroclear, Clearstream, Luxembourg and/or DTC, and any sale or transfer of such book-entry interest to, or for the account or benefit of, a U.S. person (within the meaning of Regulation S) shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A. Transfers at any time by a holder of a book-entry interest in a Regulation S Global Covered Bond to a transferee who takes delivery of such book-entry interest through a Rule 144A Global Covered Bond for the same Series of Covered Bonds will only be made upon receipt by the Registrar of a written certificate from the transferor of such book-entry interest to the effect that such transfer is being made to a person whom such transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under *Transfer Restrictions and Selling Restrictions* and in accordance with any applicable securities laws of any state of the United States.

Subject to compliance with the transfer restrictions applicable to the Registered Covered Bonds described under *Transfer Restrictions and Selling Restrictions*, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (**Covered Bond Custodian**) with whom the relevant Registered Global Covered Bonds have been deposited.

On or after the Issue Date for any Series, transfers of Covered Bonds of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Covered Bonds of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Covered Bonds will be effected through the Registrar,

the Principal Paying Agent and the Covered Bond Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Covered Bonds among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Trustee, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Covered Bonds represented by Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial interests.

USE OF PROCEEDS

The net proceeds of the issue of each Series or Tranche of Covered Bonds will be used by the Issuer for its general corporate purposes (which include making a profit) or towards meeting the general financing requirements of the CS Group, in each case outside Switzerland unless use in Switzerland is permitted under the Swiss taxation laws in force from time to time without payments in respect of the Covered Bonds becoming subject to withholding or deduction for Swiss withholding tax as a consequence of such use of proceeds in Switzerland.

DESCRIPTION OF CREDIT SUISSE

History and Structure

The history of CS Group dates back to the formation of Schweizerische Kreditanstalt, founded in 1856. The first branch opened in Basel in 1905 and the first branch outside of Switzerland opened in New York in 1940. In 1978, a cooperation with First Boston, Inc. began and, in 1990, CS Group acquired a controlling stake. CS Group purchased a controlling stake in Bank Leu in 1990, Schweizerische Volksbank in 1993, Neue Aargauer Bank in 1994 and Winterthur in 1997. In addition, CS Group acquired Donaldson, Lufkin & Jenrette Inc. in 2000. In 2006, CS Group sold Winterthur, allowing it to focus on its banking operations.

On 13th May 2005, the two Swiss bank legal entities Credit Suisse and Credit Suisse First Boston merged. The merged bank, CS, is a Swiss bank and joint stock corporation established under Swiss law and is a wholly-owned subsidiary of CS Group. The structure of CS Group and CS is described below under "*Business*".

Business

CS Group is a global financial services company domiciled in Switzerland. CS is a wholly-owned subsidiary of CS Group, and its business is substantially the same as that of CS Group, except where specifically stated otherwise.

All references to CS Group in the description of the business set out below are describing the consolidated businesses carried on by CS Group and its subsidiaries and therefore should be read as applying equally to CS Group and CS, except where specifically stated otherwise. For more information on the differences between CS Group and CS, refer to "*II—Operating and Financial review—Credit Suisse—Differences between Group and Bank*" in the Credit Suisse Annual Report 2013.

Private Banking & Wealth Management

Private Banking & Wealth Management offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients. The Private Banking & Wealth Management division comprises the Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses.

In Wealth Management Clients, CS serves ultra-high-net-worth and high-net-worth individuals around the globe in addition to affluent and retail clients in Switzerland. CS's Corporate & Institutional Clients business serves the needs of corporations and institutional clients, mainly in Switzerland. Asset Management offers a wide range of investment products and solutions across diverse asset classes and investment styles, serving governments, institutions, corporations and individuals worldwide.

Investment Banking

Investment Banking provides a broad range of financial products and services, including global securities sales, trading and execution, prime brokerage and capital raising services, corporate advisory and comprehensive investment research, with a focus on businesses that are client-driven, flow-based and capital-efficient. Clients include corporations, governments, institutional investors, including pension funds and hedge funds, and private individuals around the world. Credit Suisse delivers its investment banking capabilities via regional and local teams based in major global financial centers. Strongly anchored in CS Group's integrated model, Investment Banking works closely with Private Banking & Wealth Management to provide clients with customized financial solutions.

Management of CS

Board of Directors of CS

References herein to the "Board" are to the Board of Directors of CS, except as otherwise specified.

Name	Business address	Position held
Urs Rohner	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Full-time Chairman of the Board and of the Chairman's and Governance Committee since 2011. From 2009 until 2011, he was full-time Vice-Chairman of the Board and a member of the Chairman's and Governance Committee and the Risk Committee. Member of the Executive Boards of CS Group from 2004 to 2009 and CS from 2005 to 2009, General Counsel of CS Group from 2004 to 2009, Chief Operating Officer from 2006 to 2009 and General Counsel of CS from 2005 to 2009. Expiration of Term of Office/Re-election for Boards of CS Group and CS: Annual General Meeting (**AGM**) 2015. The Board has determined him to be independent under CS Group's independence standards. Urs Rohner is the chairman and a member of the board of trustees of the Credit Suisse Research Institute and the Credit Suisse Foundation. He serves as a board member or advisory board member for a number of international organisations, including the Institute of International Finance and the Institut International d'Etudes Bancaires, the European Financial Services Round Table, the European Banking Group and the international advisory board of the Moscow International Financial Center and serves on the International Business Leaders Advisory Council of the Mayor of Beijing. Since 2013, Mr. Rohner has also been a member of the Expert Committee of the Swiss Federal Council regarding the further development of the financial market strategy. He is also a member of the board of trustees of Avenir Suisse and the Alfred Escher Foundation, a board member of Economiesuisse and the International Institute for Management Development Foundation, and the chairman of the advisory board of the University of Zurich's Department of Economics, and he serves as a member of the board of trustees of Lucerne Festival.
Jassim Bin Hamad J. J. Al Thani	Credit Suisse AG Paradeplatz 8	Member of the Board since 2010. Expiration of Term of Office/Re-election for Board of CS

	8001 Zurich Switzerland	Group: AGM 2015. Expiration of Term of Office/Re-election for Board of CS: AGM 2016. The Board has determined him to be not independent under CS Group's independence standards. Chairman of the board of directors of Qatar Islamic Bank (QIB) since April 2005. He is also chairman of: QInvest, Qatar, Damaan Islamic Insurance Co (BEEMA) and Q-RE LLC, an insurance and reinsurance company. CEO of Al Mirqab Capital LLC, Qatar, a family enterprise, member of the board of directors of Qatar Navigation Company and Qatar Insurance Company.
Iris Bohnet	Harvard Kennedy School Harvard University Cambridge Massachussetts USA	Member of the Board since the AGM 2012 and thereafter appointed to the Compensation Committee. Expiration of Term of Office/Re-election for Boards of CS Group and CS: AGM 2015. Professor of public policy at the Harvard Kennedy School, Massachussetts, since 2006, Academic Dean of the Harvard Kennedy School since 2011 and director of the Women and Public Policy Program at the Harvard Kennedy School. Ms. Bohnet is currently a member of the board of the University of Lucerne, a member of the advisory board of the Vienna University of Economics and Business Administration and a member of the Global Agenda Council on Women’s Empowerment of the World Economic Forum. Ms. Bohnet is also a member of the advisory board of the Decision Making and Negotiations Journal.
Noreen Doyle	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Member of the Board since 2004 and Vice-Chair of the Board and Lead Independent Director and a member of the Chairman’s and Governance Committee and Audit Committee since the AGM 2014. She previously served on the Risk Committee (2004 to 2007 and 2009 to 2014) and the Audit Committee (2007 to 2009). Since 2012, Ms. Doyle has also served as a non-executive director of, and as of 2013 chairs, the boards of Credit Suisse International and Credit Suisse Securities Europe Limited, two of CS Group’s UK subsidiaries. She also chaired the Audit Committee of these two entities (2011 to 2012). Expiration of Term of Office/Re-election for Boards of CS Group and CS: AGM 2015.

		First vice president and head of banking of the European Bank for Reconstruction and Development (EBRD) from 2001 to 2005. Other board memberships include Newmont Mining Corporation and QinetiQ Group plc. Further, she is a member of the advisory panel of the Macquarie European Infrastructure Fund and the Macquarie Renaissance Infrastructure Fund and a member of the advisory board of Sapphire Partners, a UK based executive search firm. Ms. Doyle also chairs the board of governors of the Marymount International School, London and is a patron of the Women in Banking and Finance in London.
Jean-Daniel Gerber	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Member of the Board since the AGM 2012 and thereafter appointed to the Audit Committee. Expiration of Term of Office/Re-election for Boards of CS Group and CS: AGM 2015. Jean-Daniel Gerber was State Secretary and Head of the Swiss State Secretariat for Economic Affairs between 2004 and 2011. From 1997 until 2004 he served as director of the Swiss Federal Office of Migration and from 1993 to 1997, he served as executive director at the World Bank Group in Washington D.C. He is a member of the board of directors and the audit committee of the Lonza Group AG and since 2013 he has chaired the nomination and compensation committee. Mr. Gerber is chairman of the board and of the investment committee of the Swiss Investment Fund for Emerging Markets (SIFEM) and also president of the Swiss Society for Public Good and a member of the JTI Foundation.
Andreas N. Koopmann	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Member of the Board and the Risk Committee (since 2009). Since the AGM 2013 he is also a member of the Compensation Committee. Expiration of Term of Office/Re-election for Boards of CS Group and CS: AGM 2015. Former CEO of Bobst Group S.A., Lausanne from 1995 to May 2009 and member of the board from 1998 to 2002. Mr. Koopmann is chairman of the board of directors of Georg Fischer AG. Since 2003, Mr. Koopmann has been a member of the board of directors of Nestlé SA, its vice-chairman and a member of its chairman's and corporate governance committee. He is also a member of the board of directors of the CSD Group, an

		engineering consultancy enterprise in Switzerland, a member of the advisory board of Sonceboz SA, a producer of electric motors, and a member of the advisory board of Spencer Stuart, Switzerland, an executive search firm. Since 2013, Mr. Koopmann has been a member of the board of directors of Economiesuisse.
Jean Lanier	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Member of the Board and the Audit Committee since 2005 and a member of the Compensation Committee since 2011. Mr. Lanier has served as the chairman of the Compensation Committee and as a member of the Chairman's and Governance Committee since the AGM 2013. Expiration of Term of Office/Re-election for Boards of CS Group of CS: AGM 2015. Former chairman of the managing board and group Chief Executive Officer of Euler Hermes, Paris, from 1998 to 2004. He is chairman of the boards of directors for Swiss RE Europe SA, Swiss RE International SE and Swiss RE Europe Holdings SA and also serves on their respective audit and risk committees. He chairs the board of the foundation "La Fondation Internationale de l'Arche" and is a member of the board of friends of l'Arche Long Island. Mr. Lanier holds the title of Chevalier de la Légion d'Honneur in France.
Kai S. Nargolwala	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Member of the Board and the Risk Committee since the AGM 2013. Since the AGM 2014 he is also a member of the Compensation Committee. Expiration of Term of Office / Re-election for Board of CS Group: AGM 2015. Expiration of Term of Office/Re-election for Board of CS: AGM 2016. Mr. Nargolwala was determined to be not independent at the time of his election at the AGM 2013 due to his former role on the Executive Board, but was considered independent as of the end of October 2013 after the lapse of the compulsory three-year cooling-off period. Mr. Kai S. Nargolwala is a member since 2006 of the board of directors (Lead Independent Director since 2009) of Singapore Telecommunications Ltd.; and since 2012, a member of the board of directors of Prudential plc, a global financial services company headquartered in the UK; and a member of the board of directors of PSA International Pte. Ltd. in Singapore. He is chairman of the Clifford Capital Pte. Ltd. since 2012, a company supported by the government of Singapore that provides financing of foreign projects for companies in Singapore and chairman

		of the governing board of the Duke-NUS Graduate Medical School of Singapore. Mr. Nargolwala is a member of the board of directors of the Casino Regulatory Authority in Singapore and, since February 2014, a member of the Singapore Capital Markets Committee of the Monetary Authority of Singapore. From 2008 to 2010, Mr. Nargolwala was a member of the Credit Suisse Executive Board and CEO of the Asia-Pacific region; from 2010 to 2011, he was the Non-Executive Chairman of Credit Suisse's Asia-Pacific region.
Anton van Rossum	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Member of the Board since 2005. Member of the Risk Committee since 2008. From 2005 to 2008, he served on the Compensation Committee. Expiration of Term of Office/ Re-election for Boards of CS Group and CS: AGM 2015. Chief Executive Officer of Fortis from 2000 to 2004. Mr. van Rossum is a member of the supervisory board and audit committee of Munich Re AG and chairs the supervisory board and audit committee of Royal Vopak NV, Rotterdam. In addition, he is a member of the board of directors of Solvay SA, Brussels and also chairs the board of trustees of the Netherlands Economics Institute and is a member of the advisory board of the Solvay Business School, Brussels. Mr. van Rossum was chairman of the supervisory board of Erasmus University, Rotterdam from 2005 to 2013.
Severin Schwan	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Member of the Board since the AGM 2014 and thereafter appointed to the Risk Committee. Expiration of Term of Office/Re-election: AGM 2015. CEO since 2008 and a member of the board of directors since 2013 of the Roche Group. Previously he was CEO of the Diagnostics division at Roche from 2006 to 2008. Member of the European Round Table for Industrialists.
Richard E. Thornburgh	Corsair Capital LLC 717 Fifth Avenue New York, NY 10022, USA	Member of the Board since 2006 and Vice-Chair since the AGM 2014. He has served as a member of the Risk Committee since 2006 and chairman of the Risk Committee and a member of the Chairman’s and Governance Committee since 2009. Since 2011, Mr. Thornburgh also serves as a member of Audit Committee and, as of 2013, as a non-executive director of Credit Suisse International and Credit Suisse Securities Europe Limited, two of the CS Group's UK subsidiaries.

		Expiration of Term of Office/Re-election for Boards of CS Group and CS: AGM 2015. Mr Thornburgh has been vice-chairman of Corsair Capital, New York, a private equity investment company since 2006. Member of the Executive Board of Credit Suisse First Boston (from 1995 to 2005). In 2004, he was appointed Executive Vice Chairman of Credit Suisse First Boston. Member of the CS Group Executive Board from 1995 to 2005. Chief Risk Officer of CS Group from 2003 to July 2004. Other board memberships include Reynolds American Inc (and member of the audit committee and strategic committee) and McGraw-Hill Financial, Inc. (and member of the audit committee and financial policy committee), both since 2011. Member of the board and lead director and chair of the risk committee of New Star Financial Inc., Massachusetts. Furthermore, he serves on the executive committee of the University of Cincinnati Foundation and the investment committee of the University of Cincinnati.
Sebastian Thrun	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Member of the Board since the AGM 2014 and thereafter appointed to the Risk Committee. Expiration of Term of Office/Re-election: AGM 2015. CEO of Udacity, an online university, which he co-founded in 2012. At Google he was the founder of Google X, which under his leadership developed the self-driving car and “Google Glass”. He has worked as a research professor in the area of artificial intelligence and robotics at Stanford University since 2003.
John Tiner	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Member of the Board and the Audit Committee since the AGM 2009. He has chaired the Audit Committee and has also been a member of the Chairman’s and Governance and Risk Committees since the AGM 2011. Expiration of Term of Office/ Re-election for Boards of CS Group and CS: AGM 2015. Former CEO of Resolution Operations LLP from 2008 to 2013. Former CEO of the UK Financial Services Authority (FSA) from 2003 to 2007.

		Since 2013, member of the board of Resolution Ltd. and since 2009 he has served as non-executive member of the board of directors of Friends Life Group Plc, UK. He is also a member of the advisory board of Corsair Capital, a private equity investment company. Since 2008, Mr. Tiner has served as a member of the board of trustees of The Urology Foundation.
Honorary Chairman of the Board of CS Group Rainer E. Gut	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Honorary Chairman of the Board since 2000. Chairman of the Board from 1986 to 2000.

The Board consists solely of directors who have no executive functions within the Group. As of the date of this Base Prospectus, all but one member of the Board were independent.

Executive Board of CS

The Executive Board is responsible for the day-to-day operational management of CS. It develops and implements the strategic business plans for CS overall as well as for the principal businesses subject to approval by the Board of Directors. It further reviews and coordinates significant initiatives, projects and business developments in the divisions and regions or in the Shared Services functions and establishes group-wide policies. References herein to the "Executive Board" are to the Executive Board of CS, except as otherwise specified.

As of the date of this Base Prospectus, the members of the Executive Board were:

- Brady W. Dougan (Chief Executive Officer)
- Gaël de Boissard
- Romeo Cerutti
- David R. Mathers
- Hans-Ulrich Meister
- Joachim Oechslin
- Robert S. Shafir
- Pamela A. Thomas-Graham
- Eric M. Varvel

Information concerning each of the members of the Executive Board is set out below:

Name	Business address	Position held
Brady W. Dougan	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Chief Executive Officer of CS Group and CS since May 2007. Prior to this he was Chief Executive Officer Investment Banking at CS and Chief Executive Officer Credit Suisse Americas region. Chief Executive Officer of Credit Suisse First Boston from 2004 to 2005. Co-President, Institutional Securities of Credit Suisse First Boston from 2002 to July 2004. Member of the board of directors of Humacyte Inc, a biotechnology company, since 2005. He has also been a member of the board of trustees of the University of Chicago since January 2013. Member of the Executive Board since 2003.
Gaël de Boissard	Credit Suisse AG One Cabot Square London E14 4QJ United Kingdom	G. de Boissard jointly leads the Investment Banking division together with E. Varvel with responsibility for the Fixed Income business. He is also the Chief Executive Officer of the EMEA region. Prior to his appointment to the Executive Board, Mr. de Boissard spent four years as the Co-Head of Global Securities. From 2009 to 2013, Mr. de Boissard chaired the Association of Financial Markets in Europe, an industry organization that engages with policymakers on financial regulation. Member of the Executive Board since 2013.
Romeo Cerutti	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	General Counsel and a member of the Executive Board of CS Group and CS since April 2009. General Counsel of the Private Banking division from 2006 to 2009. Global Co-Head Compliance Credit Suisse from 2008 to 2009. Mr. Cerutti has represented Credit Suisse on the Board of the Swiss Bankers Association since December 2012.
David R. Mathers	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Chief Financial Officer since October 2010 and also responsible for the CS Group's global IT and global operations function. Prior to this he was Head of Finance and the COO for Investment Banking in New York and London from 2007 to 2010.

		Member of the Executive Board since October 2010. Member of the Council of the British Swiss Chamber of Commerce since 2011.
Hans-Ulrich Meister	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	H.-U. Meister jointly leads the Private Banking & Wealth Management division together with R. Shafir, with responsibility for the Private Banking business. He is also CEO of the Switzerland region. Prior to this he was CEO of Private Banking (2011-2012) and from 2008 onwards the CEO of the Swiss region. Member of the Executive Board since September 2008. Member of the foundation board of the Swiss Finance Institute since 2008 and member of the board of directors of the Zurich Chamber of Commerce since 2010.
Joachim Oechslin	Credit Suisse AG Paradeplatz 8 8001 Zurich Switzerland	Chief Risk Officer since January 2014. Prior to this he was chief risk officer of Munich Re Group in Munich. Member of the Executive Board since January 2014. Member of the International Financial Risk Institute.
Robert S. Shafir	Credit Suisse AG 11 Madison Avenue New York NY 10010 United States	Robert Shafir jointly leads the Private Banking & Wealth Management division together with Hans-Ulrich Meister, with responsibility for Private Banking & Wealth Management Products. He is also Chief Executive Officer of the Americas region. Prior to this he was Chief Executive Officer Asset Management from 2008 to 2012. Member of the Executive Board since 2007. Member of the board of directors of the Cystic Fibrosis Foundation.
Pamela A.Thomas Graham	Credit Suisse AG 11 Madison Avenue New York NY 10010 United States	Chief Marketing and Talent Officer and Head of Private Banking & Wealth Management New Markets. Member of the Executive Board since January 2010.

		Member of the board of directors of the Clorox Company and a member of the board of governors of the Parsons School of Design.
Eric M. Varvel	Credit Suisse AG 11 Madison Avenue New York NY 10010 United States	Eric Varvel jointly leads the Investment Banking division together with Gaël de Boissard, with responsibility for the Equities & Investment Banking business. He is also the Chief Executive Officer of the Asia Pacific region. Prior to this he was CEO of Investment Banking (2010-2012) and served as acting CEO from September 2009 until July 2010. From 2008 to 2010, Mr. Varvel was CEO Credit Suisse Europe, Middle East and Africa Region. He is a member of the board of directors of the Qatar Exchange. Member of the Executive Board since February 2008.

There are no conflicts of interest between the private interests or other duties of the directors and members of the Executive Board listed above and their respective duties to CS.

Audit Committee

The Audit Committee of CS consists of not less than three members, all of whom must be independent pursuant to its charter. As of the date of this Prospectus, the members of the Audit Committee are:

- John Tiner (Chairman)
- Noreen Doyle
- Jean Lanier
- Richard E. Thornburgh
- Jean-Daniel Gerber

The Audit Committee has its own charter, which has been approved by the Board. In accordance with its charter, the members of the Audit Committee are subject to additional independence requirements, exceeding those that apply to other members of the Board. None of the Audit Committee members may be an affiliated person of the Group or may, directly or indirectly, accept any consulting, advisory or other compensatory fees from the Group other than their regular compensation as members of the Board and its committees. The Audit Committee charter stipulates that all Audit Committee members must be financially literate. In addition, they may not serve on the audit committee of more than two other companies, unless the Board deems that such membership would not impair their ability to serve on the CS Audit Committee.

Corporate Governance

CS fully adheres to the principles set out in the Swiss Code of Best Practice, including its appendix stipulating recommendations on the process for setting compensation for the Board and the Executive Board. CS also continuously monitors and adapts its practices to reflect developments in corporate governance

principles and practices in jurisdictions outside Switzerland. As in the past few years, regulators focused their attention on compensation practices at financial institutions in 2013.

For further information, refer to "IV- Corporate Governance – Compensation" in the Credit Suisse Annual Report 2013.

At the AGM on 9th May 2014, the shareholders of CS Group approved amendments to CS Group's Articles of Association to implement the provisions of the Swiss Federal Council's Ordinance against Excessive Compensation with respect to Listed Stock Corporations, which amendments came into effect upon registration with the commercial register on 26th May 2014. See also "*IV – Corporate Governance – Corporate Governance Developments in 2013*" and "*I – Information on the Company – Regulation and Supervision*" in the Credit Suisse Annual Report 2013 for information on the Ordinance Against Excessive Compensation with respect to Listed Stock Corporations, which came into effect on 1st January 2014.

In connection with CS Group's primary listing on the SIX Swiss Exchange (**SIX**), it is subject to the SIX Directive on Information Relating to Corporate Governance. CS Group's shares are also listed on the New York Stock Exchange (NYSE) in the form of American Depositary Shares (**ADS**) and certain of CS's exchange traded notes are listed on the Nasdaq Stock Market (**Nasdaq**). As a result, CS and CS Group are subject to certain U.S. rules and regulations. Moreover, CS and CS Group adhere to the NYSE's and the Nasdaq's Corporate Governance Listing Standards, with a few exceptions where the rules are not applicable to foreign private issuers.

Incorporation, Legislation, Legal Form, Duration, Name, Registered Office, Headquarters

CS was incorporated under Swiss law as a corporation (*Aktiengesellschaft*) under the name Schweizerische Kreditanstalt, with unlimited duration, on 5th July 1856 in Zurich, Switzerland and was registered with the Commercial Registrar of the Canton of Zurich under the number CH-020.3.923.549-1 1 and is now registered under the number CHE-106.831.974. As of 9th November 2009, CS changed its name to "Credit Suisse AG". CS is a wholly-owned subsidiary of CS Group. CS's registered head office is located at Paradeplatz 8, 8001, Zurich, Switzerland; its telephone number is +41 44 333 1111.

In November 2013, CS Group announced key components of its programme to evolve its legal entity structure. The programme addresses developing and future regulatory requirements. Subject to final analysis and approval by the Swiss Financial Market Supervisory Authority FINMA, implementation of the programme is underway, with a number of key components expected to be implemented from mid-2015. For further information, refer to "*II – Operating and financial review – Credit Suisse – Information and developments – Evolution of legal entity structure*" in the Credit Suisse Annual Report 2013.

Business Purpose Article 2 of CS's Articles of Association dated as of 21 March 2014 states:

2.1) The purpose of the Company is to operate a as a bank. Its business covers all associated types of banking, finance, consultancy, service and trading activities in Switzerland and abroad.

2.2) The Company may form banks, finance companies and any other types of companies. It may also hold interests in and assume the management of such companies. It may also enter into joint ventures with such companies to provide business services to third parties.

2.3) The Company may acquire, mortgage and sell real estate in Switzerland and abroad."

Dividends

Dividends paid by CS to CS Group for 2013, 2012, 2011, 2010, and 2009 were CHF 10 million, CHF 10 million, CHF 10 million, CHF 10 million and CHF 3,000 million, respectively.

On a per share basis, dividends paid by CS for the last five years are as follows:

Dividend per ordinary share	CHF[(1)]
2013	**0.00**
2012	**0.23**
2011	**0.23**
2010	**0.23**
2009	**68.19**

(1) Dividends are rounded to the nearest CHF 0.01. Dividends are determined in accordance with Swiss law and CS's Articles of Incorporation. As of 31st December 2013, the number of registered shares issued by CS was 4,399,655,200 compared to 43,996,652registered shares as of 31st December 2012, 2011, 2010 and 2009. The increase in the number of shares in 2013 reflects the split of the par value per share from CHF100 to CHF1 effective 19th November 2013.

For further information relating to dividends, refer to *"III—Treasury, Risk, Balance sheet, and Off-balance sheet—Capital management"* in the Credit Suisse Annual Report 2013.

Auditors

CS's statutory auditor is KPMG AG (**KPMG**), Badenerstrasse 172, 8004 Zurich, Switzerland. CS's consolidated financial statements as of 31st December 2013 and 2012, and for each of the years in the three-year period ended 31st December 2013 were audited by KPMG in accordance with Swiss Law, Swiss Auditing Standards and the standards of the Public Company Accounting Oversight Board (United States). The auditors of CS have no interest in CS. KPMG assumed audit services for CS for the business year 2009 following an internal restructuring of KPMG in Switzerland, pursuant to which KPMG Klynveld Peat Marwick Goerdeler SA, Zurich (**KPMG Klynveld**) ceased to provide audit services to public companies. The audit mandate was first given to KPMG Klynveld for the business year 1989/1990.

The lead engagement partners are Anthony Anzevino, Global Lead Partner (since 2012) and Simon Ryder, Group Engagement Partner (since 2010).

In addition, CS have mandated BDO AG, Zurich, as special auditor for the purposes of issuing the legally required report for capital increases in accordance with Article 652f of the Swiss Code of Obligations. KPMG and BDO AG are both licensed by the Federal Audit Oversight Authority, which is responsible for the licensing and supervision of audit firms and individuals which provide audit services in Switzerland.

Share Capital

Share Capital of CS

As of 30th June 2014, CS had fully paid and issued share capital of CHF 4,399,665,200 comprised of 4,399,665,200 registered shares with a nominal value of CHF 100.00 per share. Each share is entitled to one vote.

Additionally as per 31st December 2013 CS had unlimited conversion capital through the issue of registered shares, to be fully paid in, each with a par value of CHF 1 through the compulsory conversion upon occurrence of the trigger event of claims arising out of contingent convertible bonds of CS. Further as of 31st December 2013 CS had reserve capital in the amount of CHF 4,399,665,200 authorizing the Board of Directors of CS at any time without temporal limitation, to issue up to 4,399,665,200 registered shares, to be fully paid up, with a par value of CHF 1 each. In addition CS had participation capital in the amount of CHF

15,000, divided into 1,500,000 participation securities with a nominal value of CHF 0.01. The participation securities have been subscribed by CS Group and have been sold to Claudius Limited.

The participation capital in the amount of CHF 15,000 has been converted into 7,500 registered shares of CS with effective date 16th January 2014 and 24th March 2014 respectively.

As of 31 July 2014, CS had fully paid and issued share capital of CHF 4,399,680,200 comprised of 4,399,680,200 registered shares with a par value of CHF 1.00 each. Each share is entitled to one vote. Additionally as of 31 July 2014 CS had unlimited conversion capital through the issue of registered shares, to be fully paid in, each with a par value of CHF 1 through the compulsory conversion upon occurrence of the trigger event of claims arising out of contingent convertible bonds of CS. Further as of 31 July 2014 CS had reserve capital in the amount of CHF 4,399,680,200 authorizing the Board of Directors of CS at any time without temporal limitation, to issue up to 4,399,680,200 registered shares, to be fully paid up, with a par value of CHF 1 each.

Legal Proceedings

CS Group and CS are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of their businesses. Some of these proceedings have been brought on behalf of various classes of claimants and seek damages of material and/or indeterminate amounts.

For further information regarding legal proceedings, see "*Note 38 – Litigation*" in "*V – Consolidated Financial Statements*" in the Credit Suisse Annual Report 2013 and "Note 29 – Litigation" in "III – Notes to the Condensed Consolidated Financial Statements – unaudited" in the Credit Suisse Financial Report 1Q14 and the Credit Suisse Financial Report 2Q14. For further information regarding CS Group's litigation provisions as of the end of 2013, see "Note 38 – Litigation" in "V – Consolidated Financial Statements" in the Credit Suisse Annual Report 2013. For further information about CS Group's litigation provisions as of 31 March and 30 June 2014, respectively, see "*Note 29 – Litigation*" in "*III – Notes to the Condensed Consolidated Financial Statements – unaudited*" in the Credit Suisse Financial Report 1Q14 and the Credit Suisse Financial Report 2Q14.

Additional Information about CS

CS prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (**U.S. GAAP**). CS does not prepare its accounts in accordance with International Financial Reporting Standards (**IFRS**).

For further information about CS, refer to the Credit Suisse Annual Report 2013, the Credit Suisse Financial Report 1Q14 and the Credit Suisse Financial Report 2Q14, incorporated by reference in this Base Prospectus.

DESCRIPTION OF THE GUARANTOR

Incorporation, Legislation, Legal Form, Duration, Name, Registered Office, Headquarters

The Guarantor was incorporated under Swiss law as a corporation (*Aktiengesellschaft*) under the name Swiss Covered Bond Company Ltd, with unlimited duration, on 21 June 2007 (date of registration) in Zurich, Switzerland and changed name to Credit Suisse Hypotheken AG on 17 November 2010 (date of registration) was registered in the Commercial Register of the Canton of Zurich under the number CH-020.3.031.151-1 and is now registered under the number CHE-113.694.636. The Guarantor is a subsidiary of Credit Suisse. The Guarantor's registered head office is located at c/o Credit Suisse AG, Paradeplatz 8, 8001 Zurich, Switzerland (telephone number: +41 44 333 1111).

Principal Activities

The Guarantor is an SPE domiciled in Switzerland. Under its constitutional documents, the purpose for which the Guarantor is established includes, among other things, the issuance of guarantees for the benefit of holders of covered bonds issued by Credit Suisse or its affiliates, the acquisition, holding, administration, management and liquidation of mortgage claims and any collateral and claims related to such mortgage claims transferred to it as security for the claims acquired by it in connection therewith, as well as activities and transactions ancillary thereto. Since the date of its incorporation, the Guarantor has not engaged in any activity other than those permitted under its constitutional documents, nor has it traded or paid any dividends.

It is not expected that the Guarantor will carry on any business other than providing the Guarantee in respect of any and all Series of Covered Bonds issued by the Issuer, the acquisition, holding, administration, management and liquidation of the Security Interests in the Cover Pool, as well as well as activities and transactions ancillary thereto.

Business Purpose

Article 2 of the articles of incorporation of the Guarantor (the **Articles of Incorporation**):

The purpose of the Guarantor is (a) to grant, with or without adequate consideration, guarantees for the benefit of holders of bonds issued by its majority shareholder or any of its affiliates pursuant to guarantee mandate agreements with the respective issuer of bonds; (b) to enter, with or without adequate consideration, into other financing, collateralisation or other intercession transactions for the benefit of its majority shareholder or any of its affiliates; (c) to acquire, hold, manage, realise and sell mortgage claims (including mortgage certificates and other collateral granted in relation to such mortgage claims as well as ancillary claims to such mortgage claims and other related claims) which are transferred to the Guarantor as security for claims of the Guarantor in connection with the guarantee mandate agreements and other transaction documents, as well as to hold, manage and apply the corresponding proceeds; (d) to participate in a system and to enter into contracts (including, but not limited to, participant agreements and custody agreements) in order to participate in a system which allows the fiduciary transfer of paperless mortgage certificates to an administrative trustee as well as the holding and transfer of fiduciary entitlements in paperless mortgage certificates among system participants; (e) to fulfil obligations resulting from contracts with its majority shareholder, any of its affiliates or third parties entered into in connection with such transactions pursuant to (a) to (d) and to enter into such contracts with or without adequate consideration; and (f) to provide liquidity for meeting the obligations vis-à-vis the holders of bonds issued by its majority shareholder or affiliates of its majority shareholder, or vis-à-vis third parties in connection with agreements entered into pursuant to (a) to (e) by entering into repurchase transactions with its majority shareholder, affiliates of its majority shareholder or third parties.

The Guarantor shall not engage in any transactions which are not apt to favour directly or indirectly the purpose of the Guarantor. In particular, the Guarantor shall not acquire, hold, use or sell real estate or intellectual property rights in Switzerland or abroad. The Guarantor shall not open branch offices or subsidiaries. It shall not acquire participations in other companies, grant guarantees or other personal securities to third parties except in relation to bonds issued by its majority shareholder or any of its affiliates. It shall not have any employees or premises.

The Articles of Incorporation provide that its principal purposes include providing guarantees to the holders of bonds issued by its affiliates, entering into the related documentation and selling mortgage claims assigned to it by way of security to enable it to meet its guarantee obligations. There are two shareholders independent from Credit Suisse, each holding 1% of the issued share capital (2% in total). The Articles of Incorporation provide that certain key resolutions of the Shareholders can only be passed with the consent of at least one independent shareholder. There are four members of the Board of Directors of the Guarantor, two of whom are Independent Directors. As a matter of Swiss law, the directors of the Guarantor have to ensure that the Guarantor complies with its business purpose. Resolutions of the Board of Directors of the Guarantor can only be passed with the consent of an Independent Director, and representatives of Credit Suisse on the Board of Directors of the Guarantor have signing authority for the Guarantor only together with an Independent Director. Following the occurrence of an Issuer Event of Default, the representatives of Credit Suisse on the Board of Directors of the Guarantor are required to resign, their signing authority shall be removed and, subject to applicable law, Credit Suisse will exercise its voting rights at shareholders' meetings in accordance with the proposals of the Board of Directors of the Guarantor. Third parties (principally the Administration Services Provider) will be appointed to manage the service of notices by the Guarantor. The Corporate Services Provider will be appointed to monitor compliance by the Guarantor with its obligations generally.

Board of Directors

The Articles of Incorporation provide that the Board of Directors shall consist of not more than four members. Two of the Directors must be independent from any majority shareholder (currently: Credit Suisse) within the meaning of the Swiss Code of Best Practice for Corporate Governance. The members of the Board of Directors are elected by a general meeting of the Guarantor's shareholders (the **General Meeting of Shareholders**) for a term of three years. If a Director is replaced during his term, his successor shall continue in office until the end of his predecessor's term. Re-election is allowed without limitation.

The Board of Directors is authorised to pass resolutions concerning all matters which are not reserved or assigned for decision to another corporate body by law, the Articles of Incorporation or by the organisation regulations (*Organisationsreglement*) of the Board of Directors (the **Board Regulations**). The Board of Director's non-delegable and inalienable duties include the ultimate direction of the business of the Guarantor and the issuance of the necessary instructions; the determination of the organisation of the Guarantor; the administration of accounting, the financial control, and, to the extent necessary for the management of the Guarantor, the financial planning; the appointment and removal of the persons entrusted with the management and representation of the Guarantor; the ultimate supervision of the persons entrusted with the management of the Guarantor, namely in view of their compliance with the law, the Articles of Incorporation, regulations and instructions; the preparation of the business report and the General Meetings of Shareholders and the execution of the resolutions adopted by the General Meeting of Shareholders; the notification of the court if liabilities exceed assets; the resolution to waive the occurrence of a Registration Event; and other duties and powers, which are reserved to the authority of the Board of Directors by law or by the Articles of Incorporation.

The Board of Directors determines its own organisation in the Board Regulations. However, certain rules are set forth in the Articles of Incorporation and cannot be altered in the Board Regulations including the following: (i) the Board of Directors appoints its chairman and a vice-chairman, each of whom must be independent from the majority shareholder; (ii) meetings of the Board of Directors shall be called by its chairman or, should the chairman be prevented, by its vice-chairman or any other member of the Board of

Directors whenever the need arises. The chairman shall also call a meeting upon the written request of one Director; such a request shall set forth the reasons for the meeting; (iii) subject to the exemptions set forth in the Board Regulations and explained in the next paragraph, the adoption of resolutions by the Board of Directors requires a majority of votes cast including, in any event, the consent of either the chairman or the vice-chairman. In the event of tie votes, the chairman has no casting vote; (iv) the Board of Directors shall be quorate, if the majority of the members of the Board of Directors is present. No such presence quorum is required for formal resolutions of the Board of Directors in connection with a capital increase that require a public deed; (v) minutes of meetings recapitulating the deliberations and containing the resolutions adopted shall be kept. The minutes shall be signed by the chairman and the secretary; (vi) resolutions may also be passed by written consent to a proposal, unless a member of the Board of Directors requests oral deliberation; (vii) all members of the Board of Directors have joint signatory power by two. Each member other than the chairman or vice-chairman, of the Board of Directors shall have joint signatory power together with either the chairman or the vice-chairman, as the case may be.

The Board Regulations were enacted by the Board of Directors on 15 November 2010 and amended as of 8 May 2011 and on 5 August 2013. Pursuant to these Board Regulations, the following resolutions require the approval of at least three members of the Board of Directors: (i) the conclusion and amendment of contracts; (ii) the delegation of any power of the Board of Directors, including in connection with the exercise and performance of the rights and obligations of the Guarantor under agreements entered into by the Guarantor, to any third party and the granting of powers of attorney; and (iii) the granting or increasing of guarantees and other securities for the benefit and on the account of Credit Suisse or any of its affiliates. The following resolutions can only be adopted unanimously (provided, however, that the members of the Board of Directors shall abstain from exercising their voting rights in matters involving their personal interests or the interests of individuals or entities related to them): (i) Establishment of guidelines regarding the liquidation and sale of Mortgage Assets and other securities (other than the Servicing Standards and other rules relating to the servicing, liquidation and/or sale of Mortgage Assets pursuant the Transaction Documents); (ii) determination of the signatory power (other than in relation to the granting of a power of attorney); (iii) all resolutions to be taken by the Board pursuant to the Merger Act; (iv) all proposals to the meeting of shareholders relating to an amendment of the Articles and resolutions pursuant to the Merger Act; (v) the notification of the court if liabilities exceed assets and the filing of a request for provisional or definitive stay of execution (*provisorische oder definitive Nachlassstundung*); and (vi) any amendment to these Board Regulations. The resolution to waive the occurrence of a Registration Event upon receipt of a notice from the Collateral Holding Agent that an event pursuant to the Collateral Holding Agreement has occurred requires the approval of a majority of the votes cast, subject to the consent of both the Chairman and the Vice-Chairman.

In accordance with article 15 of the Articles of Incorporation, the Guarantor currently has four Directors, two Credit Suisse employees and two Independent Directors.

Messrs. Hofmann and Winkler as the chairman and vice-chairman, respectively, who were elected to the Board of Directors on 10 November 2010, are independent from Credit Suisse as the majority shareholder in accordance with article 16 para 2 of the Articles of Incorporation.

Name	**Position held**
Kaspar Hofmann	Chairman
Franz Winkler	Vice-Chairman
Markus Sunitsch	Member
Theis Wenke	Member

The business address of each Director is c/o Credit Suisse AG, Paradeplatz 8, 8001 Zurich, Switzerland.

There are no conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Guarantor.

Dispositions by the Guarantor on the Cover Pool Assets

The following precautions have been taken to safeguard that the Cover Pool Assets are only disposed on with the consent of at least one Independent Director: (i) joint signatory power is given to the Directors only together with the chairman or the vice-chairman who both are, as set forth in the Articles of Incorporation, Independent Directors; (ii) all the resolutions of the Board of Directors require either the consent of the chairman or vice-chairman. However, the execution of Transfer Deeds, Retransfer Deeds and certain other documents on behalf of the Guarantor has been delegated to the Administration Services Provider (see *Overview of the Principal Transaction Documents – Administration Services Agreement*).

The General Meeting of Shareholders

The **General Meeting of Shareholders** is the supreme body of the Guarantor. It has the following non delegable powers: to adopt and amend the Articles of Incorporation; to elect and remove the members of the Board of Directors and the Auditors; to approve the annual report and, if any, the consolidated financial statements; to approve the annual financial statements and to determine the allocation of profits as shown on the balance sheet, in particular with regard to dividends and profit sharing (*Tantieme*) to members of the Board of Directors; to discharge the members of the Board of Directors; and to pass resolutions concerning all matters which are reserved to the authority of the General Meeting of Shareholders by law or by the Articles of Incorporation.

The **Ordinary General Meeting of Shareholders** shall be held within six months after the close of the fiscal year. Extraordinary General Meetings of Shareholders shall be called, whenever the Board of Directors or the Auditors deem it necessary, or if a General Meeting of Shareholders decides so. Pursuant to the Articles of Incorporation, the Board of Directors shall also call a General Meeting of Shareholders if one or more shareholders demand it in writing and specify the items and the proposals, in the case of elections the names of the proposed candidates, to be submitted to the meeting. The General Meeting of Shareholders shall be called by the Board of Directors or, if necessary, the Auditors, not less than 20 days before the date of the meeting. To call a General Meeting of Shareholders, written notices shall be sent to the addresses of the shareholders and usufructuaries registered in the share register. The notice of a meeting shall state the items and the proposals of the Board of Directors and the shareholders who have requested that the General Meeting of Shareholders be called or that items be included in the agenda, and, in the case of elections, the names of the proposed candidates. Pursuant to the Articles of Incorporation, every Shareholder may request that an item be included in the agenda. Shareholders or their proxies representing all shares issued may hold a General Meeting of Shareholders without observing the formalities required for calling a meeting, unless objection is raised (*Universalversammlung*). At such a meeting, discussions may be held and resolutions passed on all matters within the scope of the powers of a General Meeting of Shareholders for so long as the shareholders or proxies representing all shares issued are present.

Each share entitles to one vote. A resolution of the General Meeting of Shareholders passed by at least 99% of all shares of the Guarantor and the absolute majority of the par value of shares of the Guarantor shall be required for the following matters: (i) the change of the Guarantor purpose; (ii) the creation of shares with privileged voting rights; (iii) the restriction of the transferability of registered shares and the abrogation of such a restriction; (iv) any increase of capital; (v) the limitation or withdrawal of pre-emptive rights; (vi) the change of the domicile of the Guarantor; (vii) the dissolution of the Guarantor; (viii) the amendment of the Articles of Incorporation; (ix) the disposition of all or a substantive part of the assets of the Guarantor, if such disposition entails a factual liquidation of the Guarantor; (x) all resolutions being the General Meeting of Shareholders the competent body pursuant to the Merger Act; (xi) the payment of a dividend; (xii) the removal of Directors or the Auditors; and (xiii) the granting of discharge to directors. For the rest, the quorums set forth by law (absolute majority of the votes represented at a General Meeting of Shareholders) shall apply.

Dividends

The Guarantor was incorporated in June 2007. As of the date of this Base Prospectus, no dividends have been paid.

Auditors

The Guarantor's statutory auditors are KPMG AG, Badenerstrasse 172, CH-8004 Zurich, Switzerland. KPMG AG is licensed by the Federal Audit Oversight Authority, the oversight body responsible for authorisation and approval of public accountants in Switzerland.

Financial Year

The financial year for the Guarantor runs from 1 January through 31 December. The first financial year of the Guarantor ended on 31 December 2008.

Share Capital

As of the date of this Base Prospectus, the Guarantor's share capital amounts to CHF 100,000 and is comprised of 100 registered shares with a nominal value of CHF 1,000 per share, fully paid in.

Upon incorporation in June 2007, the Guarantor's share capital comprised of 1,000 registered shares with a nominal amount of CHF 100 each, which were partly paid up, each in the amount of CHF 50, resulting in a total paid in share capital of CHF 50,000. On 27 October 2010, the outstanding CHF 50 per share were paid (date of registration: 17 November 2010). On 10 November 2010, the shareholders resolved to convert the 1000 shares with a nominal value of CHF 100 into 100 shares with a nominal value of CHF 1,000 (date of registration: 17 November 2010). The Guarantor has no authorised share capital and no conditional share capital.

Ownership of Guarantor

Credit Suisse holds 98% of the shares of the Guarantor. Kaspar Hofmann and Franz Winkler each hold one share corresponding to 2% of the Guarantor's share capital in the aggregate.

In view of Credit Suisse majority ownership of the Guarantor, certain provisions of the Articles of Incorporation and the Shareholders' Agreement seek to ensure that such control is not abused, including:

(a) there are two independent shareholders of the Guarantor, each holding 1% of the issued share capital (2% in total). The Articles of Incorporation of the Guarantor provide that certain key resolutions of the shareholders meeting can only be passed with the consent of at least one independent shareholder;

(b) there are four members of the Board of Directors of the Guarantor, two of whom are Independent Directors. Resolutions of the Board of Directors can only be passed with the consent of an Independent Director, and representatives of Credit Suisse on the Board of Directors of the Guarantor have signing authority for the Guarantor only together with an Independent Director; and

(c) following the occurrence of an Issuer Event of Default, the Credit Suisse directors of the Guarantor are required to resign and their signing authority is removed and Credit Suisse shall exercise its voting rights at shareholders' meetings in accordance with the proposals of the Board of Directors.

Shareholders Agreement

Credit Suisse and the two independent Directors are parties to a shareholders agreement (the **Shareholders Agreement**). This Shareholders Agreements sets forth, *inter alia*, that (i) the parties are obliged to vote at the General Meeting of Shareholders as follows: The independent shareholders shall act and vote independently from Credit Suisse. In case of an Issuer Event of Default, the independent shareholders and Credit Suisse shall exercise their voting rights in the shareholders' meeting in accordance with the proposals of the Board of Directors. Until an Issuer Event of Default, Credit Suisse is obliged not to vote for any resolution in the shareholders' meeting relating to the amendment of the Articles of Incorporation; the disposition of all or a substantive part of the assets of the Guarantor, if such a disposition entails a factual liquidation of the Guarantor; resolutions for which the shareholders' meeting is the competent body pursuant to the Merger Act; and the removal of the auditors and directors, in each case, unless at least one independent shareholder votes in favour of the relevant resolution; (ii) Credit Suisse procures that the Credit Suisse directors immediately resign upon an Issuer Event of Default and that their signatory authority is withdrawn; and (iii) that after the resignation of the Credit Suisse directors in case of an Issuer Event of Default the independent shareholders shall elect without delay an additional member of the Board of Directors who shall be independent from Credit Suisse.

Legal Proceedings

The Guarantor is not involved in any judicial, regulatory nor arbitration proceedings concerning matters arising in connection with the conduct of their business.

Additional Information

The Guarantor prepares its accounts in accordance with Swiss generally accepted accounting principles (**Swiss GAAP**).

Publications

Communications from the Guarantor to the shareholders are sent in written form to the shareholders' address according to the Guarantor's shares register. Unless otherwise required by law, the Board of Directors may also publish such communications in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*).

Articles of Incorporation and Board Regulations

The Articles of Incorporation and the Board Regulations of the Guarantor shall be maintained in print format, for free distribution, at the registered offices of the Issuer and the Guarantor for a period of twelve months after the publication of this Base Prospectus. As of the date of this Base Prospectus, the Articles of Incorporation of the Guarantor are dated 9 July 2013 and the Board Regulations are dated 5 August 2013.

BNP PARIBAS TRUST CORPORATION UK LIMITED

BNP Paribas Trust Corporation UK Limited is incorporated under the Companies Act 1985 having limited liability and is registered with the Companies House of England and Wales with company number 04042668.

It has its registered office at 55 Moorgate, London, EC2R 6PA, United Kingdom. BNP Paribas Trust Corporation UK Limited is authorised and regulated by the Financial Services Authority.

OVERVIEW OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a brief description of the principal Transaction Documents and an overview of the principal provisions of each. These overviews do not purport to be complete, and are qualified in their entirety by reference to the relevant document.

Trust Deed

A trust deed, made between (*inter alios*) the Issuer, the Trustee, the Assignor and the Guarantor on the Programme Closing Date as supplemented on 20 April 2011, 10 May 2012 and 22 August 2013 (the **Trust Deed**), is the principal agreement governing the Covered Bonds and contains provisions relating to, but not limited to:

- the constitution of the Covered Bonds and the terms and conditions of the Covered Bonds (as more fully set out under *Terms and Conditions of the Covered Bonds*, above);
- the covenants of the Issuer, the Guarantor and the Assignor;
- the method of sale of Assigned Mortgage Claims by the Guarantor;
- the enforcement procedures relating to the Covered Bonds and the Guarantee; and
- the appointment, powers and responsibilities of the Trustee and the circumstances in which the Trustee may resign or retire or be removed.

Covenants of the Guarantor

The Trust Deed sets out certain covenants given by the Issuer, the Guarantor and Credit Suisse. In particular, the Guarantor undertakes, *inter alia*, to:

(a) after the IED Guarantee Activation Date and upon the service of each Notice to Pay by the Trustee or the Delivery Agent, as the case may be, serve or procure that there be served upon the Issuer a Guarantee Pre-funding Notice for the amount specified in the Notice to Pay within one Business Day in accordance with the terms of the Guarantee Mandate Agreement;

(b) immediately upon the occurrence of an Enforcement Event, take appropriate action to enforce a corresponding part of the Cover Pool Assets with a view to ensure timely performance of its payment obligations;

(c) upon the occurrence of a Pre-Maturity Liquidation Event, start to take appropriate action to sell a corresponding part of the Cover Pool Assets with a view to ensure timely performance of its obligations under the relevant Series of Hard Bullet Covered Bonds;

(d) not waive any condition precedent set out in the Guarantee Mandate Agreement without the prior written consent of the Trustee; and

(e) not give any directions or exercise any discretion in a way that would likely be adverse to the interests of the Covered Bondholders, except as otherwise provided for in the Transaction Documents or Applicable Law.

The Guarantor further covenants that it will not, *inter alia*:

(i) create or permit to subsist any mortgage, standard security, assignation, pledge, lien, charge or other Security Interest whatsoever (unless arising by operation of mandatory law), upon the whole or any part of its assets (including but not limited to the Cover Pool Assets) or its undertakings, present or future;

(ii) transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets (including the Cover Pool Assets) or undertakings or any interest, estate, right, title or benefit therein or thereto or agree or attempt or purport to do so;

(iii) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any such indebtedness;

(iv) enter into any contracts, agreements or other undertakings other than the Transaction Documents; and

(v) agree to any amendments or modifications to the terms of the Transaction Documents to which the Guarantor is a party without the prior written consent of the Trustee.

Sale of Assigned Mortgage Claims

The Trust Deed also sets out the circumstances when Assigned Mortgage Claims may be sold by the Guarantor in order to meet its obligations. In summary, Assigned Mortgage Claims may be sold by the Guarantor in the following circumstances:

(f) *Pre-Maturity Liquidation Event:* If (i) a Breach of Pre-Maturity Test has occurred in relation to a Series of Hard Bullet Covered Bonds, and (ii) the Pre-Maturity Required Amount in relation to the relevant Series of Hard Bullet Covered Bonds as calculated by the Cash Manager as of the relevant Pre-Maturity Liquidity Test Date (taking into account the Pre-Maturity Required Amount of all other Series of Hard Bullet Covered Bonds which mature prior or on the same date as the relevant Series of Hard Bullet Covered Bonds) is greater than zero, then a Pre-Maturity Liquidation Event will occur (a **Pre-Maturity Liquidation Event**). The Guarantor will be required to offer to sell Assigned Mortgage Claims to Eligible Investors in the amount which is required to achieve a net sale price (after costs) which is as close as possible to the Pre-Maturity Required Amount (as defined below).

A Breach of Pre-Maturity Test will occur in relation to a specific Series of Hard Bullet Covered Bonds if either (i) Credit Suisse's long-term credit ratings fall below "A1" from Moody's and the Final Maturity Date of such Series of Hard Bullet Covered Bonds occurs within 180 calendar days following: (y) the date of the relevant ratings downgrade; or (z) any date thereafter at which the Credit Suisse's long-term credit rating from Moody's is below A1; or (ii) Credit Suisse's short-term credit rating from Fitch falls below "F1+" and the Final Maturity Date of such Series of Hard Bullet Covered Bonds occurs within 270 calendar days following: (y) the date of the relevant ratings downgrade; or (z) any date thereafter at which Credit Suisse's short-term credit rating from Fitch is below F1+; or (iii) Credit Suisse's short-term credit ratings from Moody's falls to "Prime-2" and the Final Maturity Date of such Series of Hard Bullet Covered Bonds occurs within 360 calendar days following: (y) the date of the relevant ratings downgrade; or (z) any date thereafter at which the Credit Suisse's short-term credit rating from Moody's is Prime-2 (the **Breach of Pre-Maturity Test**) (see further *Credit Structure – Pre-Maturity Liquidity* below).

(g) *Service of a Notice to Pay relating to the Guaranteed Amounts:* Following the IED Guarantee Activation Date, and the service of (a) the initial Notice to Pay on the Guarantor by the Trustee for the Guaranteed Amount(s) (i) then due and payable on the Covered Bonds as at such date, and

(ii) falling due and payable in the 65 Business Day period commencing on such date and (b) any subsequent Notices to Pay served by the Delivery Agent in accordance with Condition 11 (*Event of Default and Enforcement*), the Guarantor shall be required to serve a Guarantee Pre-funding Notice for the relevant amount of Guarantee Expenses on the Issuer within the timeframe set out in the Guarantee Mandate Agreement (see *Guarantee Mandate Agreement – Guarantee Pre-funding Obligation and Guarantee Recourse and Indemnity Obligation*). If the Issuer fails to pay the amounts specified in the Guarantee Pre-funding Notice (or, as applicable, the Guarantee Recourse Notice) within the requisite timeframe, then an Enforcement Event will occur, and the Guarantor will be entitled to sell Assigned Mortgage Claims in the amount which is required to achieve a net sale price (after costs) which is as close as possible to the Adjusted Required Sale Amount (as defined below).

(h) *Service of other Pre-funding Notices:* If the Guarantor has incurred or will incur costs which are covered by the Swap Termination Payment Pre-funding Obligation, the General Recourse and Indemnity Pre-funding Obligation or the Increased Services Provider Expenses Pre-funding Obligation (or, in each case, the corresponding Recourse and Indemnity Obligation), then if following the service of the relevant Pre-funding Notice or Recourse Notice on the Issuer or the Assignor for the amount due, an Enforcement Event occurs, then the Guarantor will be entitled to sell Assigned Mortgage Claims in the amount which is required to achieve a net sale price (after costs) which is as close as possible to the amount which is specified as due and payable in the relevant Pre-funding Notice or Recourse Notice.

(i) *Payments to Covered Bond Swap Provider:* Upon the occurrence of an Issuer Event of Default, for liquidity purposes the Guarantor shall be entitled to sell Assigned Mortgaged Claims in an amount which is required to achieve a net sale price (after costs) which is as close as possible to the Adjusted Swap Required Amount.

(j) *Failure to pay the Guarantee Fee:* If the Issuer fails to pay the Guarantee Fee when due, then an Enforcement Event will occur and the Guarantor will be entitled to sell Assigned Mortgage Claims in the amount which is required to achieve a net sale price (after costs) which is as close to possible to the unpaid Guarantee Fee amount.

The Trust Deed sets out the method by which the Guarantor shall sell Assigned Mortgage Claims. In summary, it is required to ensure that the Assigned Mortgage Claims have been selected from the Cover Pool on a random basis, any sale is made in accordance with the applicable provisions of the Security Assignment Agreement and the Guarantee Mandate Agreement, and with a view to obtaining the best price reasonably available in light of prevailing market conditions. The Guarantor shall be required to appoint a portfolio manager through a tender process (which, prior to the occurrence of the Guarantee Activation Date, may be the Assignor) to advise it in relation to the sale of Assigned Mortgage Claims. Any independent portfolio manager so appointed will be entitled to payment of fees in an amount to be agreed at the time of its appointment. Following an Enforcement Event, the Guarantor shall instruct the portfolio manager to sell Assigned Mortgage Claims as quickly as reasonably possible.

The Trust Deed sets out in detail the required sale price to be achieved when Assigned Mortgage Claims are sold in the circumstances described in paragraphs (f), (g) and (i) above. In particular, in respect of the Assigned Mortgage Claims being sold following the service of a Guarantee Pre-funding Notice or a Guarantee Recourse Notice on the Issuer and the occurrence of a corresponding Enforcement Event, the net proceeds of the sale of such Assigned Mortgage Claims shall be in an amount equal to (or approximately equal to) the Required Sale Amount less (where applicable) the sum of any cash amounts standing to the credit of the Cover Pool Bank Account (excluding, other than in the circumstance described in paragraph (f) above, amounts standing to the credit of the Pre-Maturity Liquidity Ledger) and the principal amount of any Authorised Investments (excluding all amounts to be applied from the Cover Pool Bank Account to pay or provide for higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to pay amounts due to each Covered Bond Swap Provider in respect of any Series of Covered

Bonds, in each case which matures or which is due and payable prior to or on the same date as the relevant Series of Covered Bonds) (the **Adjusted Required Sale Amount**), where:

Required Sale Amount means, in respect of a Series of Covered Bonds:

the Guaranteed Amount falling due on a relevant Series of Covered Bonds as specified in the relevant Notice to Pay and corresponding Pre-funding Notice	x	1+ Negative Carry Factor x (days to the Guarantor Payment Date specified in the relevant Notice to Pay/365)

In respect of the Assigned Mortgage Claims being sold upon the occurrence of a Pre-Maturity Liquidation Event in relation to a Series of Hard Bullet Covered Bonds, the net proceeds of the sale of such Assigned Mortgage Claims shall be in an amount equal to (or approximately equal to) the Pre-Maturity Required Amount for such Series, where:

Pre-Maturity Required Amount means, in relation to any specific Series of Hard Bullet Covered Bonds which matures within 180 calendar days, 270 calendar days or 360 calendar days, as applicable, of the relevant Pre-Maturity Liquidity Test Date, an amount equal to:

(i) the Principal Amount Outstanding becoming due on the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds; *minus*

(ii) amounts recorded to the credit of the Pre-Maturity Liquidity Ledger in respect of the relevant Series of Hard Bullet Covered Bonds; *minus*

(iii) the principal amount of the Authorised Investments made from monies standing to the credit of the Cover Pool Bank Account, multiplied by N; *minus*

(iv) the sum of Mortgage Payments resulting from the collection of the principal of Assigned Mortgage Claims reasonably expected by the Cash Manager to accrue until the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds, multiplied by N,

where "**N**" is equal to the ratio between the Principal Amount Outstanding of the relevant Series of Hard Bullet Covered Bonds and the sum of the Principal Amounts Outstanding of all Series of Hard Bullet Covered Bonds becoming due on or before the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds (but if no such other Series of Hard Bullet Covered Bonds falls due on or before that Final Maturity Date, then "N" shall be 1).

In respect of the Assigned Mortgage Claims being sold for liquidity purposes to make payments due to the Covered Bond Swap Providers, the net proceeds of the sale of such Assigned Mortgage Claims shall be in an amount equal to (or approximately equal to) the Adjusted Swap Required Amount as at the date which is one Business Day prior to the date that the Assigned Mortgage Claims would be sold (the **Liquidation Date**). For these purposes:

Swap Required Amount means, in relation all Series of Covered Bonds which are subject to a Covered Bond Swap, an amount equal to:

(i) all scheduled payments in relation to principal or interest to be made by the Guarantor under such Covered Bond Swaps becoming due within one year of the relevant Liquidation Date (where to extent such scheduled payments are set by reference to floating rates of interest, such scheduled payments shall be determined by reference to the then current applicable interest rate in a commercially reasonable manner; *minus*

(ii) as at that Liquidation Date, the sum of all monies standing to the credit of the Cover Pool Bank Account and the current balance of all other Substitute Assets.

Adjusted Swap Required Amount means:

the Swap Required Amount	x	1+ Negative Carry Factor x (days to the date on which payments fall due on the relevant Covered Bond Swap/365)

The Guarantor shall determine the Adjusted Required Sale Amount, the Pre-Maturity Required Amount and the Adjusted Swap Required Amount with the assistance of the Cash Manager. The Guarantor may begin to solicit offers for the sale of Assigned Mortgage Claims from Eligible Investors at any time and enter into conditional sale and purchase arrangements with such Eligible Investors provided, however, that in the case of Assigned Mortgage Claims that are sold in the circumstances set forth in paragraphs (g), (h) and (j) above no sale may be completed until such Enforcement Event has occurred, whereupon the sale may be completed on the terms set out in the Trust Deed. In particular, the sale agreement will require the purchase price to be paid by the Eligible Investor in cash and will not include any representations and warranties from the Guarantor or the relevant Originator in respect of the Assigned Mortgage Claims (unless expressly agreed by the Trustee or otherwise agreed with the Guarantor and the relevant Originator).

Pool Interest Rate Exposure Test

Pursuant to the terms of the Trust Deed, the Guarantor is required to hedge interest rate risk on the Cover Pool by entering into a series of Cover Pool Swaps with the Cover Pool Swap Provider, so that the Cover Pool Assets and Hedging Portfolio (taken together) are compliant with the Pool Interest Rate Exposure Test on each Pool Test Date.

Pursuant to the terms of the Cover Pool Swaps, on a quarterly basis, the Guarantor shall pay to the Cover Pool Swap Provider the Fixed CHF Amounts and the Cover Pool Swap Provider shall pay to the Guarantor CHF amounts at a rate linked to 3-month CHF LIBOR. Payments under the Cover Pool Swaps will not commence until the IED Guarantee Activation Date. See further in *Summary of Principal Transaction Documents – Swap Agreement*.

The **Pool Interest Rate Exposure Test** will be carried out by the Guarantor on each Pool Test Date and shall be satisfied if, as of such Pool Test Date:

(a) the CHF Basis Point Duration, as of such Pool Test Date, for each Term Point comprising the CHF LIBOR Swap Curve (excluding the 3-month Term Point) is less than 0.0001% of the Cover Pool Balance; and

(b) the aggregate of the CHF Basis Point Durations, as of such Pool Test Date, for each Term Point (excluding the 3-month Term Point) comprising the CHF LIBOR Swap Curve is less than 0.001% of the Cover Pool Balance.

In order to determine whether the Cover Pool Assets and the Hedging Portfolio satisfy the Pool Interest Rate Exposure Test on any Pool Test Date, the Guarantor will determine each of the following as of such Pool Test Date:

(a) The future cashflows of the following quantities:

A = the fixed rate component of the Cover Pool Assets;

B = the Individual Margin applicable to the fixed rate component of each Cover Pool Asset; and

C = the Hedging Portfolio (assuming the IED Guarantee Activation Date has occurred);

(b) The result obtained by the formula A - B + C, for each future date in respect of a cash flow determined in (a) (each such resulting amount, a **Portfolio Cashflow**); and

(c) The CHF Net Present Value of the Portfolio Cashflows determined for such Pool Test Date and the CHF Basis Point Duration with respect to each Term Point in the CHF LIBOR Swap Curve for such CHF Net Present Value.

A breach of the Pool Interest Rate Exposure Test will not constitute an Issuer Event of Default, but will prevent the Issuer from issuing any further Covered Bonds until such Pool Test Date on which the Pool Interest Rate Exposure Test is no longer in breach.

Modification

The Trust Deed sets out the basis on which the Trustee can effect or agree to modifications to the Transaction Documents. In particular, the Trustee may, without the consent of the Covered Bondholders, Receiptholders or Couponholders at any time concur with the Issuer, the Guarantor or any other person in making any modification to a Transaction Document which (i) in its opinion may be proper to make, provided that the Trustee is of the opinion (in its sole and absolute opinion) that such modification will not be materially prejudicial to the interests of Covered Bondholders of any Series or (ii) is of a formal, minor or technical nature or (iii) is made to correct a manifest error or an error which is, in the opinion of the Trustee, proven. Any such modification may be made on such terms and subject to such conditions (if any) as the Trustee may determine and will be binding upon the Covered Bondholders and/or Couponholders and shall require notice to be given by the Issuer or the Guarantor (as the case may be) to the Rating Agencies and, unless the Trustee otherwise agrees, to the Covered Bondholders as soon as practicable thereafter.

Proceedings, Action and Indemnification

Subject to the relevant provisions set forth in the Intercreditor Deed and save as described in the following paragraph, the Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action as it may think fit against, or in relation to the Issuer and the Guarantor to enforce their respective Trustee Obligations pursuant to the provisions of the Trust Deed or any other Transaction Document.

Subject to the relevant provisions set forth in the Intercreditor Deed, the Trustee may at any time, after the Guarantee Activation Date at its discretion and without further notice, take such proceedings or other action as it may think fit against or in relation to the Guarantor and the Issuer to enforce its respective Trustee Obligations pursuant to the provisions of the Trust Deed, the Guarantee Deed or any other Transaction Document.

The Trustee shall not be bound to take any steps, actions or proceedings under the Trust Deed or any other Transaction Document unless (a) directed to do so by an Extraordinary Resolution of the Covered Bondholders of the relevant one or more Series (with the Covered Bonds of each such Series (if more than one) taken together as a single Series in the circumstances provided in the Trust Deed) or (b) requested to do so in writing by the holders of not less than 20 per cent. of the Principal Amount Outstanding of the Covered Bonds then outstanding of the relevant one or more Series (with the Covered Bonds of each Series (if more than one) taken together as a single Series in the circumstances provided in the Trust Deed and (if applicable) converted into CHF in accordance with Condition 11(a) (*Events of Default and Enforcement – Events of Default relating to the Issuer*)) and in either case then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing and, for this purpose, the Trustee may demand, prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient to indemnify it.

Only the Trustee may enforce the provisions of the Trust Deed. No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor to enforce the performance of any of the provisions of the Trust Deed or to directly enforce the provisions of any other Transaction Document unless the Trustee having become bound as aforesaid to so proceed fails to do so within a reasonable time and such failure is continuing (in which case each of such Covered Bondholder or Couponholder shall be entitled to take any such steps and proceedings as it shall deem necessary other than the presentation of a petition for the winding up of, or for an administration order in respect of, the Issuer or the Guarantor).

Termination of Appointment

The Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer and the Guarantor without giving any reason and without being responsible for any Liabilities incurred by reason of such retirement. The Covered Bondholders may by Extraordinary Resolutions of all the Covered Bondholders remove any trustee. The Issuer and Guarantor undertake that they will use all reasonable endeavours to procure that a new trustee is appointed as soon as reasonably practicable after any such notice or Extraordinary Resolution. The retirement or removal of any such trustee shall not become effective until a successor trustee – being a Trust Corporation – is appointed. If, in such circumstances, no appointment of such a new trustee has become effective within 60 days of the date of such notice or Extraordinary Resolutions, the Trustee can appoint a Trust Corporation as trustee but no such appointment shall take effect unless previously approved by an Extraordinary Resolution.

Remuneration of Trustee

The Issuer, or failing the Issuer, the Guarantor shall pay to the Trustee such remuneration as may from time to time be agreed between the Issuer and the Trustee or the Guarantor and the Trustee (as the case may be).

Governing Law and Jurisdiction

The Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law, and the courts of England will have exclusive jurisdiction to settle any dispute arising out of the Trust Deed. However, the Trustee may take suit or proceedings in other jurisdictions.

Guarantee Mandate Agreement

Guarantee

Pursuant to the terms of the Guarantee Mandate Agreement, the Issuer appoints and mandates the Guarantor to issue, and the Guarantor accepts the mandate to issue, in its own name but on the account of the Issuer, the Guarantee as described below under *Guarantee Deed*.

The Guarantor is obliged to issue the Guarantee no later than one Business Day prior to the Issue Date of the first Series of Covered Bonds issued under the Programme.

Conditions Precedent

Pursuant to the terms of the Guarantee Mandate Agreement, the Issuer undertakes not to issue any Series or Tranche of Covered Bonds unless certain conditions precedent are fulfilled or otherwise waived by the Guarantor, and the Guarantor is not obliged to agree to an extension of the Guarantee to any proposed Series or Tranche of Covered Bonds if any of the conditions precedent is not fulfilled. The conditions precedent include, *inter alia*, that:

(a) as of the relevant Issue Date, the relevant representations and warranties made by the Issuer in the Guarantee Mandate Agreement (i) shall be true and correct and (ii) will not be breached as a result of the issue of the proposed Series or Tranche of Covered Bonds;

(b) as at the relevant Issue Date, if a Swap Ratings Downgrade Event or a Swap Early Termination Event has occurred in relation to an Initial Swap Provider, one or more Replacement Swap Providers have been appointed and remain in place in accordance with the Trust Deed;

(c) the Issuer shall have duly and timely performed all of its obligations under the Guarantee Mandate Agreement to be performed on or by the relevant Issue Date;

(d) as of three Business Days prior to the relevant Issue Date, (i) based on the most recent Cover Pool Report as adjusted for any additional Cover Pool Assets to be transferred to the Assignee under the Security Assignment Agreement prior to the relevant Issue Date, neither the Asset Coverage Test nor the Interest Coverage Test has been breached or will be breached as a result of the issue of the proposed Series or Tranche of Covered Bonds and (ii) no Breach of Test Notice is outstanding;

(e) as of 00:01 a.m. CET on the relevant Issue Date, (i) no Issuer Event of Default or Guarantor Event of Default has occurred which is continuing and (ii) no Issuer Event of Default or Guarantor Event of Default will occur as a result of the issue of the proposed Series or Tranche of Covered Bonds; and

(f) the Guarantor shall have received from the Issuer an Instruction of the Extension of the Guarantee, legal opinions if and to the extent required under the Programme Agreement and corporate documents in form and substance reasonably acceptable to it.

It is understood and agreed by the Issuer and the Guarantor that once the Guarantee has been issued or extended, all conditions precedent shall be deemed to have been fulfilled or waived, and the Guarantee shall not be open to rescission or challenge by the Guarantor for non-fulfilment of any condition precedent, provided, however, that the Guarantor shall be at liberty to seek indemnification in accordance with the Guarantee Mandate Agreement.

Guarantee Pre-funding Obligation and Guarantee Recourse and Indemnity Obligation

The Issuer is obliged to pre-fund the Guarantee Expenses arising from time to time by payment to the General Bank Account of the amount specified by the Guarantor in a Guarantee Pre-funding Notice with value no later than (i) in relation to Guarantee Expenses already due, within one Business Day (ii) in relation to Guarantee Expenses falling Due for Payment in the 60 Business Day period from and including the date of the Guarantee Pre-funding Notice, within five Business Days and (iii) in relation to all other Guarantee Expenses properly quantified in the Guarantee Pre-funding Notice, 60 Business Days prior to the date when the relevant Guaranteed Amount or other amount shall become Due for Payment, or if this is not practicable such other date within such 60 Business Day period as specified in the Guarantee Pre-funding Notice (the **Guarantee Pre-funding Obligation**). Each Pre-funding Claim under the Guarantee Pre-funding Obligation constitutes a conditional cash coverage claim for release of liabilities incurred which is subject to the conditions precedent (*aufschiebende Bedingungen*) that (x) a Guarantee Activation Notice or Guarantor Acceleration Notice has been served upon the Guarantor, and (y) a Notice to Pay has been served upon the Guarantor for the relevant amount in accordance with the terms of the Guarantee Deed and the Trust Deed. Each Pre-funding Claim under the Guarantee Pre-funding Obligation shall become due and payable (*fällig*) as set out in the relevant Guarantee Pre-funding Notice.

The Issuer shall reimburse and indemnify the Guarantor for any and all Guarantee Expenses which are paid by the Guarantor, to the extent the Guarantor has not already been compensated under the Guarantee Pre-funding Obligation (the Guarantee Recourse and Indemnity Obligation). Each Recourse Claim under the Guarantee Recourse and Indemnity Obligation constitutes a conditional recourse claim which is subject to the conditions precedent that (x) a Guarantee Activation Notice or Guarantor Acceleration Notice has been served upon the Guarantor in accordance with the terms of the Guarantee Deed and the Trust Deed, and (y) payment of the relevant Guaranteed Amount under the Guarantee has been made. Each Recourse Claim under the Guarantee Recourse and Indemnity Obligation shall become due and payable (*fällig*) upon service of a relevant notice (each a Guarantee Recourse Notice).

If the Issuer fails to pay all or part of any amount owed under the Guarantee Pre-funding Obligation or the Guarantee Recourse and Indemnity Obligation on the date specified or indicated in the Guarantee Pre-funding Notice or the Guarantee Recourse Notice, respectively, the Guarantor may enforce a corresponding part of the Cover Pool Assets (including by way of sale of Assigned Mortgage Claims under the terms of the Trust Deed together with the pertaining Related Mortgage Certificates to an Eligible Investor in accordance with the Security Assignment Agreement) and satisfy the relevant claims of the Covered Bondholders under the Guarantee with (i) the proceeds from Cover Pool Assets and (ii) certain other cash or cash equivalents held by the Guarantor subject to and in accordance with the applicable Priority of Payments.

Swap Termination Payment Recourse and Indemnity and Swap Termination Payment Pre-funding Obligation

The Issuer is obliged to pre-fund any and all Swap Termination Payments (including any Excluded Swap Termination Amounts) payable by the Guarantor to a Replacement Swap Provider arising from time to time by payment to the General Bank Account of the amount specified by the Guarantor in a relevant notice (the **Swap Termination Payment Pre-funding Notice**) with value no later than (i) one Business Day after receipt of the Swap Termination Payment Pre-funding Notice or (ii) such other date as specified in the Swap Termination Payment Pre-funding Notice, provided that the relevant amount shall not become due earlier than 30 Business Days prior to the due date of the relevant payment owed by the Guarantor to the respective Replacement Swap Provider (the **Swap Termination Payment Pre-funding Obligation**). Each Pre-funding Claim under the Swap Termination Payment Pre-funding Obligation constitutes a conditional claim which is subject to the conditions precedent that (x) a Swap Ratings Downgrade Event or a Swap Early Termination Event has occurred in relation to relevant Swap Provider and (y) the relevant amount has come into existence and has been ascertained in accordance with the terms of the relevant Swap Agreement. Each Pre-funding Claim under the Swap Termination Payment Pre-funding Obligation shall become due and payable (*fällig*) upon service of a relevant Swap Termination Payment Pre-funding Notice.

Save to the extent the Guarantor has already been compensated by the Issuer under the Swap Termination Payment Pre-funding Obligation, the Issuer shall reimburse and indemnify the Guarantor for any and all Swap Termination Payments (including Excluded Swap Termination Amounts), net of any net termination payments or premium payments which the Guarantor receives as a result of the termination of the relevant Swap Agreement or the entry into a replacement Swap Agreement (the Swap Termination Payment Recourse and Indemnity Obligation) due and payable by the Guarantor. Each Recourse Claim under the Swap Termination Payment Recourse and Indemnity Obligation constitutes a conditional recourse claim which is subject to the conditions precedent that (x) a Swap Ratings Downgrade Event or a Swap Early Termination Event has occurred in relation to the relevant Swap Provider, and (y) payment of the relevant amount to the Replacement Swap Provider has been made. Each Recourse Claim under the Swap Termination Payment Recourse and Indemnity Obligation shall become due and payable (*fällig*) upon service of a relevant notice (each a Swap Termination Payment Recourse Notice).

If the Issuer fails to pay all or part of any amount owed under the Swap Termination Payment Recourse and Indemnity Obligation or the Swap Termination Payment Pre-funding Obligation on the date specified or indicated in the Swap Termination Payment Pre-funding Notice or the Swap Termination Payment Recourse Notice, respectively, the Guarantor may enforce a corresponding part of the Cover Pool Assets (including by way of sale of Assigned Mortgage Claims under the terms of the Trust Deed together with the related Transferred Mortgage Certificates to an Eligible Investor in accordance with the Security Assignment Agreement) and (as described below), satisfy any Swap Termination Payment or the claims of the relevant Replacement Swap Provider from (i) the proceeds from the enforcement of the relevant part of the Cover Pool Assets and (ii) certain other cash or cash equivalent held by the Guarantor subject to and in accordance with the applicable Priority of Payments.

General Recourse and Indemnity Obligations and General Recourse and Indemnity Pre-funding Obligations

The Issuer is obliged to pre-fund any and all amounts covered by the General Recourse and Indemnity Obligation and payable by the Guarantor to a third party from time to time by payment to the General Bank Account of the amount specified by the Guarantor in writing in a notice (the **General Indemnity Pre-funding Notice**) with value no later than (i) one Business Day after receipt of the General Indemnity Pre-funding Notice or (ii) such other date as specified in the General Indemnity Pre-funding Notice, provided that the relevant amount shall not become due earlier than 30 Business Days prior to the due date of the relevant payment owed by the Guarantor to the respective third party (the **General Recourse and Indemnity Pre-funding Obligation**). Any payment under the General Recourse and Indemnity Pre-funding Obligation shall not prejudice the Issuer's right to ask for full or partial reimbursement of the relevant payment upon presentation of conclusive evidence that the Guarantor did not pay, in good faith, the corresponding amount to a third party. The relevant reimbursement claim shall come into existence and become due and payable 366 days after the due date of the amount pre-funded pursuant to relevant General Indemnity Pre-funding Notice.

Each Pre-funding Claim under the General Recourse and Indemnity Pre-funding Obligation constitutes a conditional claim which is subject to the conditions precedent that (x) a Notification Event has occurred and (y) the relevant amount has become due and payable. Each Pre-funding Claim under the General Recourse and Indemnity Pre-funding Obligation shall become due and payable upon service of the relevant General Indemnity Pre-funding Notice.

Save to the extent the Guarantor has already been compensated by the Issuer under any other Pre-funding Obligation or any other Recourse and Indemnity Obligation, the Issuer shall reimburse and indemnify the Guarantor for any and all expenses, costs, damages and losses paid or incurred by the Guarantor as a result of non-compliance by the Issuer of its representations, warranties or undertakings as set out in the Guarantee Mandate Agreement or as a result of any payment default by the Issuer as set out in the Guarantee Mandate Agreement (the **General Recourse and Indemnity Obligation**).

Each Recourse Claim under the General Recourse and Indemnity Obligation shall be due and payable upon service of a relevant notice (the **General Indemnity Recourse Notice**).

In case of a bankruptcy of the Issuer pursuant to article 33 et seq. FBA, no Pre-funding Notices or Recourse Notices are required to be served after the communication by the liquidator to the creditors of the Issuer announcing the upcoming final bankruptcy dividend payment pursuant to article 36 para. 3. BIO-FINMA shall have been received.

Claims Separate and Independent

Except as specifically provided in the Guarantee Mandate Agreement, the Recourse and Indemnity Obligations and the Pre-funding Obligations are separate and independent obligations.

Fees and Collateral Differential

As consideration for the issuance of the Guarantee, the Issuer shall pay to the Guarantor the Guarantee Fee at a rate per annum set by mutual agreement of the Issuer and the Guarantor at arm's length terms, as determined on the basis of market rates, in relation to each relevant Series or Tranche of Covered Bonds as of the Issue Date of the relevant Series or Tranche. The determination of the Guarantee Fee, which will remain applicable and unchanged for the entire duration of the relevant Tranche of Covered Bonds, shall be based on the funding advantage of the corresponding Covered Bonds to the Issuer as a result of the issuance of the Guarantee by the Guarantor, and shall be calculated as the difference between the interest rate the Issuer, in its reasonable belief, would have to pay on senior unsecured bonds of the same amount, currency and maturity and the interest rate the Issuer will have to pay for the relevant Tranche of Covered Bonds, taking into account any premium or discount of the Issue Price of the Covered Bonds. The rate of the

Guarantee Fee will be applied to the nominal amount of the corresponding Tranche of Covered Bonds in the currency of such Covered Bonds and the resulting Guarantee Fee shall be payable in such currency. The Guarantee Fee is calculated on the basis of the weighted average amount of the relevant Tranche of Covered Bonds outstanding on the first Business Day in the relevant month and the actual number of days lapsed in the relevant period, divided by 360 and is due and payable by the Issuer monthly in arrears on the fifth calendar day of each month or, if such day is not a Business Day, on the next following Business Day.

As consideration for providing to the Guarantor the Cover Pool Assets under the Security Assignment Agreement, the Guarantor shall pay over to the Principal Originator and the Principal Originator shall be entitled to receive from the Guarantor (out of any Guarantee Fee received by the Guarantor) an amount corresponding to the difference between the amount of the Guarantee Fee received and the Guarantor Spread Amount (the **Collateral Differential**). The Collateral Differential shall be due and payable to the Principal Originator on the Guarantor Payment Date following the receipt of any Guarantee Fee, free and clear of any taxes, duties or charges.

Upon (i) the service of a Breach of Test Notice or (ii) the occurrence of an Issuer Event of Default, no Collateral Differential shall become due and any obligation of the Guarantor to pay any Collateral Differential to the Principal Originator shall be deferred for as long as a Breach of Test Notice or an Issuer Event of Default is outstanding. Thereafter, any payment of any deferred amount of Collateral Differential to the Principal Originator shall be made in accordance with the applicable Priority of Payments.

Termination

The Guarantee Mandate Agreement shall remain in full force and effect until expiry of a period ending 366 days after the date on which all potential liabilities guaranteed by the Guarantee have been discharged or satisfied in full. The parties to the Guarantee Mandate Agreement shall agree that, subject to Applicable Law, the Guarantee Mandate Agreement may not be terminated for any default, reason or circumstance prior to that date.

Governing Law and Jurisdiction

The Guarantee Mandate Agreement will be governed by and construed in accordance with the substantive laws of Switzerland, and the exclusive place of jurisdiction for any disputes, claims or controversies arising under, out of or in connection with the Guarantee Mandate Agreement, including, without limitation, disputes, claims or controversies regarding its existence, validity, interpretation, performance, breach or termination, shall be the city of Zurich, Switzerland.

Guarantee Deed

Pursuant to the terms of a guarantee deed dated on the Programme Closing Date made between the Guarantor, the Issuer, the Delivery Agent and the Trustee (**Guarantee Deed**), the Guarantor will irrevocably and unconditionally guarantee to the Trustee, for the benefit of the Covered Bondholders and Couponholders, the prompt performance by the Issuer of its obligations to pay, prior to the GED Guarantee Activation Date, Scheduled Interest and Scheduled Principal and, following a GED Guarantee Activation Date, the Early Redemption Amount plus all accrued and unpaid interest and all other amounts payable in respect of the Covered Bonds, in an amount equal to the Guaranteed Amounts.

The Guarantor agrees that its obligations under the Guarantee Deed shall be as if it were principal debtor and not merely as surety or guarantor and shall be absolute and (following the Guarantee Activation Date and service of a Notice to Pay for the relevant amount) unconditional, irrespective of, and unaffected by, any invalidity, irregularity, illegality or unenforceability of, or defect in, any provisions of the Trust Deed or any other Transaction Document (other than the Guarantee Deed), or the absence of any action to enforce the same or the waiver, modification or consent by the Trustee, any of the Covered Bondholders or Couponholders in respect of any provisions of the same, or the obtaining of any judgment or decree against

the Issuer or any action to enforce the Transaction Documents or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of a guarantor.

Payments under the Guarantee

On the IED Guarantee Activation Date, but prior to the GED Guarantee Activation Date, the Trustee shall prepare, sign and serve on the Guarantor (with a copy to the Administration Services Provider) a Notice to Pay for the Guaranteed Amounts (A) then due and payable on the Covered Bonds as at such date, and (B) falling due and payable in the 65 Business Day period commencing on such date. Thereafter, but prior to a Guarantor Event of Default, the Delivery Agent shall, upon the direction of the Corporate Services Provider in writing not later than 67 Business Days prior to each Scheduled Payment Date (provided that, notwithstanding the failure by the Corporate Services Provider to direct the Delivery Agent to serve a Notice to Pay, the Delivery Agent may still deliver such Notice to Pay), serve all subsequent Notices to Pay on the Guarantor not earlier than 65 Business Days and, to the extent practical, not later than 63 Business Days prior to each Scheduled Payment Date for the Guaranteed Amounts falling due for payment on each such Scheduled Payment Date and to the extent that only a part of the Scheduled Interest amounts forming part of such Guaranteed Amounts are quantifiable and notified by the Guarantor (or the Cash Manager on its behalf) as at this date, only the quantifiable part of such Scheduled Interest amounts will be included in such Notice to Pay. If the Delivery Agent (i) delivers a Notice to Pay as directed by the Corporate Services Provider or (ii) fails to deliver a Notice to Pay where the Corporate Services Provider has failed to direct the Delivery Agent to deliver such Notice to Pay in writing not later than 67 Business Days prior to the relevant Scheduled Payment Date, then the Delivery Agent shall not be liable to any person. Any part of such Scheduled Interest amounts which are unquantifiable or which are not notified to the Delivery Agent as at the date falling 65 or 63 (as the case may be) Business Days prior to such Scheduled Payment Date for the relevant Guaranteed Amounts shall not be included in such Notice to Pay and the Guarantor (or Cash Manager on its behalf) will inform the Delivery Agent of the quantum of such Scheduled Interest amounts as soon as it becomes known whereupon the Delivery Agent shall, within one Business Day, serve a Notice to Pay for such Scheduled Interest amounts on the Guarantor.

Following receipt of each Notice to Pay, the Guarantor, or the Administration Services Provider on its behalf, shall serve without delay a Guarantee Pre-funding Notice for the relevant amount of Guarantee Expenses on the Issuer in accordance with the Guarantee Mandate Agreement (as described above), and the Guarantor shall pay the Guaranteed Amounts pursuant to the terms of the Guarantee Deed and the Intercreditor Deed on the date on which the relevant Guaranteed Amount is Due for Payment. Where the Guarantor is required to make a payment of a Guaranteed Amount, to the extent that the Guarantor has insufficient monies available after payment of higher ranking amounts and taking into account amounts ranking *pari passu* therewith in the Guarantee Priority of Payments to pay such Guaranteed Amounts, it shall make partial payment of such Guaranteed Amount in accordance with the Guarantee Priority of Payments.

Following the GED Guarantee Activation Date all Guaranteed Amounts will become immediately due and payable and (i) the Trustee shall immediately serve a Notice to Pay for all Guaranteed Amounts on the Guarantor, upon receipt of which the Guarantor or the Administration Services Provider on its behalf shall serve without delay a Guarantor Pre-funding Notice on the Issuer in accordance with the Guarantee Mandate Agreement, and (ii) subject to Applicable Law, payment by the Guarantor of the Guaranteed Amounts pursuant to the Guarantee shall be made in accordance with the Post-Insolvency Priority of Payments on the date directed by the Trustee.

The Guarantor shall not be obliged to pay any additional amount to the Trustee or any Covered Bondholders and/or Couponholders in respect of: (i) any additional amounts pursuant to Condition 8 (*Taxation*) or (ii) any amounts the Guarantor is required to withhold or deduct for or on account of Taxes from a payment made pursuant to the Guarantee.

The Issuer shall not be discharged from its obligations under the Covered Bonds or Coupons and the Trust Deed by any payment made by the Guarantor under the Guarantee to the extent that such obligations have not been satisfied under the Guarantee.

To the extent that the Guarantor makes a payment under the Guarantee, the Issuer will on such payment being made become indebted to the Guarantor for an amount equal to such payment under the Guarantee Recourse and Indemnity Obligation.

For the avoidance of doubt, should the Trustee or the Delivery Agent (as applicable) serve a Notice to Pay on the Guarantor after the date specified for such service in the Guarantee Deed, such late service will not invalidate the obligations of the Guarantor to make such payment under the Guarantee.

Form of Guarantee

The Guarantee is (a) a continuing guarantee; (b) extends (in the case of the Guarantor) to the ultimate balance of all Guaranteed Amounts when the same become Due for Payment (irrespective of any variation, release or discharge of the equivalent amounts that would have been payable by the Issuer in respect of the Covered Bonds); (c) shall not be discharged except by complete performance of the obligations in the Guarantee and is additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person (whether from the Guarantor or otherwise); (d) will remain in force until all monies payable by the Guarantor pursuant to the terms of the Guarantee have been paid and (e) is a guarantee of payment not collection.

Guarantee Fee

The Issuer will pay to the Guarantor the Guarantee Fee in accordance with the Guarantee Mandate Agreement. The Guarantor's obligations under the Guarantee shall not be deemed to have been discharged if the Issuer fails to pay the Guarantee Fee for any reason. See *Guarantee Mandate Agreement* above.

Governing law

The Guarantee Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law, and the courts of England will have exclusive jurisdiction to settle any dispute arising out of the Guarantee Deed. However, the Trustee may take suit or proceedings in other jurisdictions.

Security Assignment Agreement

Pursuant to the terms of the Security Assignment Agreement, the Assignor shall secure the Secured Obligations (i.e., (i) any and all Guarantee Fees, (ii) any and all Pre-funding Obligations and (iii) any and all Recourse and Indemnity Obligations of the Issuer) under the Guarantee Mandate Agreement and the Security Assignment Agreement by assigning and transferring the Mortgage Assets (in particular Assigned Mortgage Claims and Collected Mortgage Payments) and Substitute Assets to the Assignee (being the Guarantor).

Transfer of Mortgage Assets and Substitute Assets

Pursuant to the Security Assignment Agreement the Assignor undertakes to:

(a) assign, for security purposes from time to time, the Eligible Mortgage Claims and transfer, for security purposes from time to time, Entitlements to the Related Mortgage Certificates to the Assignee; and

(b) transfer for security purposes from time to time the Substitute Assets to the Assignee,

in amount and composition sufficient to ensure that each Pre-Event Test is met as of any Cut-Off Date prior to the occurrence of an Issuer Event of Default and service of the Guarantee Activation Notice, and the Assignee undertakes to accept such assignment and transfer.

In case of the issuance of a Series or Tranche of Covered Bonds, the Assignor undertakes to (i) assign for security purposes Eligible Mortgage Claims and transfer Entitlements to the Related Mortgage Certificates to the Assignee and (ii) transfer for security purposes Substitute Assets to the Assignee in amount and composition sufficient that, based on the most recent Cover Pool Report as adjusted for the additional Cover Pool Assets to be transferred, each Pre-Event Test would have been met on a pro forma basis after giving effect to the issuance of that Series or Tranche of Covered Bonds, as the case may be.

If, as of any Test Date prior to the occurrence of an Issuer Event of Default and service of the Guarantee Activation Notice, either the Asset Coverage Test or the Interest Coverage Test is not met, the Assignor agrees, subject to Applicable Law, before the next Cut-off Date after the relevant Test Date, to (i) assign for security purposes to the Assignee additional Eligible Mortgage Claims and (ii) transfer to the Assignee Entitlements to the Related Mortgage Certificates or transfer for security purposes Substitute Assets in an amount and composition sufficient to ensure that the Pre-Event Tests are met as of the following Cut-Off Date (the **Undertaking to Provide Additional Cover**).

However, following the occurrence of an Issuer Event of Default and service of the Guarantee Activation Notice on the Assignee, the Assignor shall no longer be subject to the Undertaking to Provide Additional Cover, which shall cease to apply.

Unless specifically provided otherwise in the Security Assignment Agreement, any and all Mortgage Claims secured by the same Related Mortgage Certificate at the time of the assignment of the relevant Mortgage Claim must be assigned to the Assignee and to all Related Mortgage Certificates securing the same Mortgage Claim at the time of the assignment of the relevant Mortgage Claim must be transferred Entitlements to the Assignee.

Eligibility Criteria

The Assignor undertakes to assign Mortgage Claims which meet certain eligibility criteria (the **Eligibility Criteria**):

(a) each Mortgage Debtor is one or more private persons (an **Eligible Mortgage Debtor**);

(b) each Mortgage Claim was originated by the Assignor, by any Additional Originator or by any other entity of the CS Group;

(c) each Mortgage Claim is denominated in Swiss Francs;

(d) the aggregate current principal balance of all Mortgage Claims secured by the same Property does not exceed CHF 5,000,000;

(e) at the time of the transfer, the aggregate of all Relevant Mortgage Loans relating to a particular Property has a maximum loan-to-value ratio (LTV) as per the latest valuation (the **Current LTV**) of 100% (on a Property basis);

(f) each Mortgage Claim is secured by one or more Mortgage Certificate(s) encumbering an Eligible Property;

(g) each Mortgage Claim is not past due as of the Cut-off Date prior to its assignment to the Assignee;

(h) each Mortgage Claim loan is not a Construction Loan;

(i) each Mortgage Claim does not permit any further advances or redrawing of any repaid portion of the principal amount of the Mortgage Claim at the sole discretion of the Mortgage Debtor;

(j) each relevant Property is located in Switzerland (an **Eligible Property**);

(k) as per the Cut-off Date, the respective Mortgage Debtor is not in payment default for more than 90 days with respect to any Mortgage Claim owed by such Mortgage Debtor; and

(l) with respect to Mortgage Claims secured by a Paperless Mortgage Certificate, (x) the Assignor and the Assignee, respectively, and the Nominee System Provider have entered into (i) a Nominee Participant Agreement substantially in the form of the standard Nominee Participant Agreement (*Teilnehmervertrag betreffend treuhänderische Verwaltung von Register-Schuldbriefen*) used by SIX SIS, (ii) a Paperless MC Custody Agreement substantially in the form of the standard Paperless MC Custody Agreement (*Depotvertrag betr. treuhänderisch verwaltete Registerschuldbriefe*) used by SIX SIS and (iii) a fee letter pursuant to the Collateral Holding Agreement, and (y)the Nominee System Provider has confirmed to the Assignor and the Assignee in a form reasonably acceptable to the Assignor and the Assignee that all necessary measures for the transfer of Paperless Mortgage Certificates have been put in place.

Security Assignment of Mortgage Claims

The assignment for security purposes of the Mortgage Claims shall be effected by way of a written deed of assignment (each a **Transfer Deed**). Together with the Transfer Deed, the Assignor will provide to the Assignee a list of all Assigned Mortgage Claims and all Transferred Mortgage Certificates (the **List of Transferred Mortgage Certificates**). The sole purpose of the assignment of the Mortgage Claims is to provide security for the Secured Obligations.

Transfer of Related Mortgage Certificates

Concurrently with the assignment of a particular Mortgage Claim, the Assignor will transfer Entitlement to any Related Mortgage Certificate serving as security for that particular Mortgage Claim to the Assignee as a continuing security for that particular Mortgage Claim.

Transfer of Entitlement to Related Physical Mortgage Certificates shall be effected by way of the relevant Transfer Deed (i), in case of Physical Bearer Mortgage Certificates, by way of signing a Transfer Deed, pursuant to which the Assignor passes title to the Physical Bearer Mortgage Certificates specified therein to the Assignee as per the Transfer Date and (ii), in case of Physical Registered Mortgage Certificates, by way of signing a Transfer Deed, pursuant to which the Assignor passes title to the Physical Registered Mortgage Certificates specified therein to the Assignee as per the Transfer Date and a valid endorsement in the name of the Assignee of each of the Physical Registered Mortgage Certificate specified in the Transfer Deed. As from the relevant Transfer Date, the Assignor will, based on the Safe Custody Agreement, continue to store the relevant Transferred Physical Mortgage Certificates in its premises under and in accordance with the Safe Custody Agreement, holding them in direct derivative possession (*unmittelbarer unselbständiger Besitz*) for the Assignee being the indirect original possessor (*mittelbare selbständige Besitzerin*) and owner of title (*Eigentümerin*) of the Transferred Physical Mortgage Certificates.

Transfer of Fiduciary Entitlement to Related Paperless Mortgage Certificates shall be effected by way of (x) execution of a Transfer Deed, in which the Assignor instructs the Nominee System Provider to hold the Related Paperless Mortgage Certificates specified therein and (y) subsequent declaration of acceptance of such instruction. As from the relevant Transfer Date, the Nominee System Provider will (i) book in accordance with the Nominee Participant Agreement and the Assignor Paperless MC Custody Agreement the Transferred Paperless Mortgage Certificates to the Assignee Paperless MC Custody Account and notify the Assignee by an updated account statement (*Depotauszug*) for the Assignee Paperless MC Custody Account or by a booking notice (*Buchungsanzeige*), all in accordance with the Nominee Participant

Agreements and the Paperless MC Custody Agreements and both the account statement and the booking notice shall constitute an irrevocable declaration of acceptance to hold the Transferred Paperless Mortgage Certificates booked therein on behalf of the Assignee.

In this context, in the relevant Transfer Deed the Assignor shall offer to the Assignee that it becomes a secured party under the Related Security Transfer Agreement by way of an accession of contract (*Vertragsbeitritt*), which offer the Assignee shall accept by countersigning such Transfer Deed.

The **Related Security Transfer Agreement** is the agreement based on which the respective Mortgage Certificate(s) has (have) been transferred by a Security Provider to the Principal Originator or an Additional Originator by way of security for a given Assigned Mortgage Claim.

If and to the extent such an accession of contract requires the consent or participation of the relevant Security Provider, Credit Suisse shall be deemed to be acting on its own behalf and on behalf of the relevant Security Provider.

In the context of acceding to the Related Security Transfer Agreement, the Assignee will specifically acknowledge that as a result of becoming a secured party under the Related Security Transfer Agreement it will be bound by the terms of that agreement. In particular, any proceeds resulting from the enforcement of Transferred Mortgage Certificates and any Mortgage Certificate Payments must exclusively be applied towards payment and discharge of the relevant Assigned Mortgage Claim(s).

The relevant Security Provider will not have any increased obligations as a result of the accession of the Assignee to the Referred Security Transfer Agreement. Subject to anything to the contrary provided for in the Transaction Documents, between the Assignor and the Assignee, only the Assignee will be entitled to exercise rights under the Related Security Transfer Agreement up until the relevant Retransfer Date.

Transfer of Substitute Assets

The transfer for security purposes of any and all Substitute Assets shall be effected by transfer and deposit of the Substitute Assets by the Assignor, in the case of securities, by way of security transfer to the Cover Pool Custody Account or, in the case of cash, as cash collateral to the Cover Pool Bank Account as designated by the Assignee from time to time in writing. The sole purpose of the transfer of Substitute Assets is to provide security for the Secured Obligations.

Retransfer of Cover Pool Assets

Prior to the service of the Guarantee Activation Notice on the Assignee, but following the occurrence of a Substitution Event, the Assignor shall request that the Assignee returns, once monthly, the Affected Mortgage Assets by way of a reassignment of the affected Assigned Mortgage Claims together with the retransfer of Entitlements to all related Transferred Mortgage Certificates and the reassignment of all other Assigned Mortgage Claims secured by the related Transferred Mortgage Certificates against the unconditional assignment of randomly selected additional or substitute Eligible Mortgage Claims of equivalent nominal value and transfer of all related Transferred Mortgage Certificates.

Prior to the service of the Guarantee Activation Notice on the Assignee, the Assignor has the right to request from the Assignee at any time the return of any particular Cover Pool Asset, provided that such Cover Pool Assets shall be substituted as described in the paragraph above or, if the Cover Pool Assets to be returned are Substitute Assets, such Substitute Assets shall be returned by way of retransfer of Substitute Assets against the unconditional transfer of Substitute Assets of equivalent nominal value.

Prior to the service of the Guarantee Activation Notice on the Assignee, the Assignor may request the Assignee to return any and all Excess Cover Pool Assets including as a result of a redemption in full or in part of a Series of Covered Bonds, either (i) at any time by way of reassignment of Assigned Mortgage

Claims together with (x) the retransfer of Entitlements to all related Transferred Mortgage Certificates and (y) the reassignment of all other Assigned Mortgage Claims secured by the related Transferred Mortgage Certificates, or (ii) on each Test Date by way of retransfer of Substitute Assets, always provided that the Asset Coverage Test and the Interest Coverage Test would have been met on the relevant Cut-Off Date without including the Excess Cover Pool Assets to be returned.

In addition to any other restriction imposed by the Transaction Documents in relation to the retransfer of cash or other Substitute Assets to the Assignor, the Assignor agrees and acknowledges that following the occurrence of a Breach of Pre-Maturity Test the Assignor shall not have the right to request and shall not request from the Assignee the return of any cash or other Substitute Asset forming part of the Cover Pool Assets which are credited to the Pre-Maturity Liquidity Ledger for as long as the Pre-Maturity Liquidation Event is continuing provided that, three Business Days prior to the occurrence of the Final Maturity Date of a specific Series of Hard Bullet Covered Bonds (the **Repayable Series of Hard Bullet Covered Bonds**) the Assignor has the option either (x) to request from the Assignee the payment of the Excess Post-Maturity Required Amount to the Principal Paying Agent towards redemption of the Repayable Series of Hard Bullet Covered Bonds or (y) to request the Assignee to return any Excess Post-Maturity Required Amount constituting Excess Cover Pool Assets not disposed pursuant to sub-clause (x) on the following Test Date in accordance with the Security Assignment Agreement. Irrespective of the restriction to request the return of any cash or other Substitute Asset forming part of the Cover Pool Assets which are credited to the Pre-Maturity Liquidity Ledger, the Assignor's right to request the retransfer of Assigned Mortgage Claims in accordance with the paragraph above is not restricted by this paragraph.

The Assignor undertakes to ensure that prior to the occurrence of an Issuer Event of Default, the ratio between (A) the aggregate nominal amount of cash and other Substitute Assets within the Cover Pool, excluding amounts standing to the credit of the Pre-Maturity Liquidity Ledger or the Liquidity Reserve Fund Ledger, and (B) the aggregate nominal amount of the Cover Pool (including cash and other substitute Assets and Mortgage Claims) does not, at any time exceed the Prescribed Cash Limit.

Without prejudice to the retransfer of Discharged Mortgage Certificates, following the service of the Guarantee Activation Notice on the Assignee, the Assignor may no longer request that Cover Pool Assets be retransferred or exchanged and the Assignee shall no longer agree to any reassignment or retransfer of Mortgage Assets or Substitute Assets. Irrespective of the occurrence of an Issuer Event of Default, after the occurrence of a Discharge Event with respect to Discharged Mortgage Certificates, the Assignee shall be entitled to retransfer Entitlements to the Discharged Mortgage Certificates in accordance with the Security Assignment Agreement.

Notification to Mortgage Debtor

Prior to the occurrence of a Notification Event, the Assignee shall (i) only notify a Mortgage Debtor or Security Provider of the assignment of Assigned Mortgage Claims or the transfer of Entitlements to Transferred Physical Mortgage Certificates if and to the extent such notification is reasonably necessary for protecting and pursuing the Assignee's rights under the Security Assignment Agreement, and (ii) only apply for (x) registration as a creditor of the relevant Transferred Physical Mortgage Certificates in the relevant creditors' register held with the relevant Land Register (*Gläubigerregister des Grundbuchs*) and (y) registration as a creditor of the Transferred Paperless Mortgage Certificate in the relevant Land Register (*Grundbuch*) in each case if and to the extent such registration is reasonably necessary for protecting and pursuing the Assignee's rights under the Security and Assignment Agreement or its Entitlements to a Transferred Physical Mortgage Certificate. Notwithstanding the above, the Assignor shall notify a Mortgage Debtor or Security Provider of the assignment of Assigned Mortgage Claims or the transfer of Entitlements to Transferred Mortgage Certificates if and to the extent (x) it has been authorized by the Assignee to do so, (y) it is required to do so by mandatory law or (z) based upon a specific request by the relevant Mortgage Debtor or Security Provider.

Upon the occurrence of a Notification Event, the Assignee shall notify the relevant Mortgage Debtor and Security Provider of the assignment of Assigned Mortgage Claims and the transfer of Entitlements to Transferred Mortgage Certificates and instruct such Mortgage Debtor to make all further payments in respect of the relevant Assigned Mortgage Claims to an account held in the name of the Assignee by way of an information letter as set out in the Security Assignment Agreement. Simultaneously, the Assignee may, but is not obliged to, apply for registration as a creditor of (i) the relevant Transferred Physical Mortgage Certificates with the relevant creditors' register held with the relevant Land Register (*Gläubigerregister des Grundbuchs*) or (ii) the relevant Transferred Paperless Mortgage Certificate in the relevant Land Register (*Grundbuch*). The Assignor shall, upon request by the Assignee, confirm the assignment directly to the relevant Mortgage Debtor.

Collected Mortgage Payments Prior to the Occurrence of an Issuer Event of Default

Prior to the occurrence of the earlier of (i) an Issuer Event of Default, (ii) a Servicing Termination Event or (iii) a downgrade of Credit Suisse's short-term rating below "F2" from Fitch or "Prime-2" from Moody's (a **Notification Event**), subject to the liquidation of Assigned Mortgage Claims upon occurrence of a Pre-Maturity Liquidation Event, the Assignor shall continue to be competent and entitled to receive and collect Mortgage Payments for the account of the Assignee. Except as described below, the Assignor shall transfer the Collected Mortgage Payments to the Assignee and any Collected Mortgage Payments shall be held by the Assignee as cash collateral in the Cover Pool Bank Account. The Assignee irrevocably waives any right, title and interest to Collected Mortgage Payments and no transfer of Collected Mortgage Payments to the Assignee shall be made with respect to Collected Mortgage Payments received or collected prior to the relevant Mortgage Payment Transfer Date provided that (i) no Liquidity Reserve Trigger Event has occurred and the short-term unsecured and unsubordinated debt ratings of the Assignor are not rated less than "F1" from Fitch or "Prime-1" from Moody's (ii) no Notification Event or Issuer Event of Default or Guarantor Event of Default has occurred, (iii) no Breach of Test Notice has been served on the Assignor which is still outstanding on that Mortgage Payment Transfer Date and (iv) no Pre-Maturity Liquidation Event has occurred and is continuing.

For so long as a Liquidity Reserve Trigger Event is continuing, the Assignor shall transfer Collected Mortgage Payments received on and from the date of the occurrence of such Liquidity Reserve Trigger Event in such amounts as are sufficient from time to time to fund the Liquidity Reserve Fund Ledger up to the Liquidity Reserve Fund Required Amount in accordance with the Intercreditor Deed within five Business Days of receipt or set-off of the same. Any retransfer of Collected Mortgage Payments so transferred shall be made in accordance with and subject to the provisions of the Intercreditor Deed.

For so long as the short-term unsecured and unsubordinated debt ratings of the Assignor are rated less than "F1" from Fitch or "Prime-1" from Moody's, the Assignor shall transfer all Collected Mortgage Payments received on and from the occurrence of such ratings event to the Cover Pool Bank Account within five Business Days of receipt or set-off of the same. Any retransfer of Collected Mortgage Payments so transferred shall be made in accordance with and subject to the provisions of the Intercreditor Deed.

Upon the service of a Breach of Test Notice (which has not been revoked) or the occurrence of a Pre-Maturity Liquidation Event (which is continuing), a Guarantor Event of Default or a Notification Event (other than a Notification Event triggered by the occurrence of an Issuer Event of Default), the Assignor shall transfer to the Assignee any amounts received by it as Collected Mortgage Payments and the Cash Manager acting on behalf of the Assignee shall be entitled to apply any such Collected Mortgage Payments for the following purposes subject to and in accordance with the applicable Priority of Payments set forth in the Intercreditor Deed:

(a) replenishment of the Liquidity Reserve Fund Ledger up to the Liquidity Reserve Fund Required Amount;

(b) replenishment of the Pre-Maturity Liquidity Ledger up to the Pre-Maturity Required Amount; and

(c) after the occurrence of an Enforcement Event and a transfer to the General Bank Account pursuant to the terms of the Intercreditor Deed, payment of any amounts due by the Guarantor.

Collected Mortgage Payments received by the Assignee shall, to the extent not used to make payments in respect of amounts due by the Guarantor under (c) or to make replenishments under (a) or (b) above, be (i) returned to the Assignor, provided that no Issuer Event of Default or Guarantor Event of Default has occurred and is continuing and no Breach of Test Notice is outstanding, or (ii), for as long as the conditions set out in (i) above are not satisfied, withheld by the Assignee as cash collateral in the Cover Pool Bank Account for any Secured Obligations and, upon the occurrence of an Enforcement Event, applied against the Secured Obligations in accordance with the Security Assignment Agreement.

Upon the occurrence of a Notification Event but prior to the occurrence of an Issuer Event of Default, the Assignee or the Cash Manager acting on its behalf, shall be entitled to apply any Mortgage Payments directly received by the Assignee for the following purposes in accordance with the Intercreditor Deed and the applicable Priority of Payments:

(a) replenishment of the Liquidity Reserve Fund Ledger up to the Liquidity Reserve Fund Required Amount;

(b) replenishment of the Pre-Maturity Liquidity Ledger up to the Pre-Maturity Required Amount; and

(c) after the occurrence of an Enforcement Event and a transfer to the General Bank Account pursuant to the terms of the Intercreditor Deed, payment of any amounts due by the Guarantor.

Mortgage Payments directly received by the Assignee shall, to the extent not used to make payments in respect of amounts due by the Guarantor under (c) or to make replenishments under (a) or (b) above, be (i) transferred to the Assignor, provided that no Issuer Event of Default or Guarantor Event of Default has occurred and is continuing and no Breach of Test Notice is outstanding, or (ii), for as long as the conditions set out in (i) above are not satisfied, withheld by the Assignee as cash collateral in the Cover Pool Bank Account for any Secured Obligations and, upon the occurrence of an Enforcement Event, applied against the Secured Obligations in accordance with the Security Assignment Agreement.

Mortgage Payments Upon the Occurrence of an Issuer Event of Default

Upon and after the occurrence of an Issuer Event of Default, the Assignee shall be entitled to withhold any Mortgage Payments received, directly or indirectly, by it as a cash collateral in the Cover Pool Bank Account for any Secured Obligations and, upon the occurrence of an Enforcement Event, to apply against the Secured Obligations in accordance with the Security Assignment Agreement.

Without prejudice to the above, upon and after the occurrence of an Issuer Event of Default, the Assignor shall transfer to the Assignee any amount, if any, received by it as Collected Mortgage Payments and the Assignee, acting through the Cash Manager, shall be entitled to apply any Mortgage Payments for making payments due under the Swap Agreement subject to and in accordance with the applicable Priority of Payments set forth in the Intercreditor Deed.

Enforcement of Mortgage Certificates outside an Enforcement of the Cover Pool

Prior to the occurrence of a Notification Event, without prejudice to the Assignee's right to liquidate Assigned Mortgage Claims upon occurrence of a Pre-Maturity Liquidation Event the Assignee shall not be entitled to enforce any Transferred Mortgage Certificates and Transferred Mortgage Certificates to be enforced against the relevant Mortgage Debtor and/or Security Provider shall be retransferred to the Assignor. Upon and after the occurrence of a Notification Event, if and to the extent an Assigned Mortgage Claim becomes due and payable, the Assignee or the Assignor on behalf of the Assignee shall be entitled, in case of a Transferred Paperless Mortgage Certificate, to request to the Nominee System Provider that the

Assignee be registered as creditor of the relevant Transferred Paperless Mortgage Certificate in the relevant Land Register (*Grundbuch*), to enforce the related Transferred Mortgage Certificates and to apply the Mortgage Certificate Enforcement Proceeds and any Mortgage Certificate Payments it may receive against the respective Assigned Mortgage Claim and, upon the occurrence of an Enforcement Event, to apply such proceeds and payments against the Secured Obligations.

Liquidation of Mortgage Assets upon the Occurrence of a Pre-Maturity Liquidation Event or an Issuer Event of Default

Upon the occurrence of a Breach of Pre-Maturity Test, the Assignee shall instruct the Assignor to calculate the relevant Pre-Maturity Required Amount as of the most recent Pre-Maturity Liquidity Test Date. If a Pre-Maturity Liquidation Event has occurred, the Assignee shall be entitled to liquidate Mortgage Assets such that the proceeds are equal to the relevant Pre-Maturity Required Amount in accordance with the Security Assignment Agreement. For the avoidance of doubt, (i) during the period of ten Business Days following a Breach of Pre-Maturity Test or each subsequent Test Date, the Assignor is permitted to substitute Mortgage Assets against cash or other Substitute Assets in an amount sufficient to fund the Pre-Maturity Liquidity Ledger up to the Pre-Maturity Required Amount and, during this period of ten Business Days, the Assignee shall not be permitted to liquidate any Mortgage Assets for purposes of funding the Pre-Maturity Liquidity Ledger and (ii) the Assignee's right to liquidate Mortgage Assets upon the occurrence of a Pre-Maturity Liquidation Event shall not be reduced by any subsequent transfer of cash or other Substitute Assets into the Cover Pool by the Assignor occurring after the expiry of the ten Business Day period following a Breach of Pre-Maturity Test.

In case a Breach of Pre-Maturity Test has occurred in relation to more than one Series of Hard Bullet Covered Bonds, the relevant Pre-Maturity Required Amount shall be calculated for each relevant Series of Hard Bullet Covered Bonds separately and, upon the occurrence of a Pre-Maturity Liquidation Event in relation to more than one Series of Hard Bullet Covered Bonds, the Assignee shall be entitled to separately enforce Mortgage Assets such that the proceeds are equal to the amount of each relevant Pre-Maturity Required Amount.

Upon the occurrence of an Issuer Event of Default, the Assignee will calculate the Adjusted Swap Required Amount and will also be entitled to liquidate such Mortgage Assets in accordance with the provisions of the Security Assignment Agreement so that the next proceeds thereof are equal to (or approximately equal to) the Adjusted Swap Required Amount calculated as at the Liquidation Date (see further *Summary of Principal Documents – Trust Deed* above).

Enforcement and/or Liquidation of Cover Pool Assets upon the Occurrence of an Enforcement Event

Upon and after the occurrence of an Enforcement Event and without prejudice to the limitations set forth in the Security Assignment Agreement in respect of (i) enforcement following a Pre-Maturity Liquidation Event (see *Liquidation of Assigned Mortgage Claims upon the Occurrence of a Pre-Maturity Liquidation Event* above) and (ii) liquidation of Assigned Mortgage Claims in order to provide liquidity in respect of the Adjusted Swap Required Amount, the Assignee shall be entitled to enforce and/or liquidate a part of the Cover Pool Assets sufficient to discharge the relevant Secured Obligations in one or more of the following ways:

(a) The Assignee may, subject to the provisions of Lex Koller and any other legal requirements, itself or through a third party retained by it for that purpose, directly assert and enforce an Assigned Mortgage Claim vis-à-vis the respective Mortgage Debtor, and, to the extent the Assigned Mortgage Claim has become due, collect the principal amount and any related interest payments and, in case of non-payment, liquidate, *inter alia*, by way of a private sale (*freihändiger Verkauf*) to an Eligible Investor, of the Transferred Mortgage Certificates relating to the relevant Assigned Mortgage Claim in accordance with Applicable Law. The Assignee may, in its sole discretion, allow a Mortgage Debtor to defer payment, agree on changes to the terms of an Assigned Mortgage Claim (including

partial cancellation (*teilweiser Schulderlass*)) and take any other legal and other steps required or useful to collect and service the Assigned Mortgage Claims and that are customary in the Swiss market in connection with mortgage loans or the related security with the purpose of maximising the enforcement proceeds.

(b) The Assignee may, subject to the provisions of the Lex Koller and any other legal requirements, liquidate any Assigned Mortgage Claim, *inter alia*, by way of private sale (*freihändiger Verkauf*) to an Eligible Investor and, in doing so, pool any of the Assigned Mortgage Claims in portfolios as it deems appropriate, in its sole discretion, provided that the requirements as set out in the Security Assignment Agreement are complied with. Applicable requirements include compliance with certain undertakings entered into by the Assignor with a view to ensure that the Mortgage Debtor's position is not prejudiced as a result of the assignment, compliance with the Servicing Standards and the passing on of the relevant obligations to any subsequent acquirer, which again may only be an Eligible Investor.

(c) If the Assignee reasonably determines that it is necessary in order to enable it to meet its payment obligations under the Guarantee when the same become due, the Assignee may, subject to and in accordance with then prevailing Applicable Law, enter into and perform a sale and repurchase transaction with an Eligible Investor being a Nominee Participant with respect to Assigned Mortgage Claims (each such transaction, a **Repo Transaction**), provided that certain requirements as set out in the Security Assignment Agreement are complied with, including the restriction that only Fixed Rate Mortgage Claims be used for the Repo Transaction.

(d) If the Assignee reasonably determines that it is necessary in order to be in a position to meet its payment obligations under the Guarantee when the same becomes due, the Assignee may, subject to and in accordance with then prevailing Applicable Law, sell Assigned Mortgage Claims to an Eligible SPV being a Nominee Participant and issuing negotiable debt instruments or other negotiable securities in order to finance the acquisition of such Assigned Mortgage Claims (each such sale, a **Securitisation Transaction**), provided that certain requirements as set out in the Security Assignment Agreement are complied with.

(e) The Assignee may freely dispose of any other Cover Pool Assets, including but not limited to (i) any Collected Mortgage Payments received by the Assignee to which it is entitled according to the Security Assignment Agreement, (ii) any Swap Payments received by the Assignee, (iii) any Substitute Assets, (iv) the Liquidity Reserve Fund Required Amount recorded on the Liquidity Reserve Fund Ledger, and (v) any proceeds received by the Assignee for discharge of any and all Secured Obligations existing from time to time in accordance with the Security Assignment Agreement.

The Assignee is at liberty to enforce the Secured Obligations without having to first enforce and/or liquidate the Cover Pool Assets.

Cover Pool Tests

1. *Asset Coverage Test*

The Parties agree to appoint and instruct the Assignor to perform the Asset Coverage Test as of the Test Date prior to the IED Guarantee Activation Date and to appoint the Asset Monitor to periodically verify the calculations. See further *Credit Structure – Asset Coverage Test* below.

2. *Interest Coverage Test*

The Parties agree to appoint and instruct the Assignor to perform the Interest Coverage Test as of each Test Date prior to the IED Guarantee Activation Date and to appoint the Asset Monitor to periodically verify the calculations. See further *Credit Structure – Interest Coverage Test* below.

3. *Amortisation Test*

The Parties agree to appoint and instruct the Assignor or the Replacement Servicer (as the case may be), to perform the Amortisation Test as of each Test Date after the IED Guarantee Activation Date and to appoint the Asset Monitor to periodically verify the calculations. See further *Credit Structure – Amortisation Test* below.

Representation and Warranties regarding the Mortgage Assets

The Assignor shall, *inter alia*, give the following representations and warranties regarding the Mortgage Credit Agreements, the Security Transfer Agreements, the Mortgage Claims, the Mortgage Certificates and the Properties.

1. Mortgage Credit Agreement and Security Transfer Agreement

The Assignor represents and warrants to the Assignee as of the Transfer Reference Date of the Transfer Deed by which the relevant Mortgage Asset has been transferred and on each Cut-off Date during the subsistence of the Security Assignment Agreement in relation to each Mortgage Credit Agreement and the Related Security Transfer Agreement relating to the relevant Mortgage Assets as follows:

(a) the relevant Mortgage Credit Agreement and Related Security Transfer Agreement are legally binding and enforceable and are governed by Swiss law;

(b) the Assignor has fulfilled and will continue to fulfil all its obligations under the relevant Mortgage Credit Agreement and Related Security Transfer Agreement;

(c) the relevant Mortgage Credit Agreement is evidenced by a documentation which includes the Mortgage Debtor's consent to the transfer of all or parts of the relevant loan relationship (*Kreditverhältnis*) with all securities and ancillary rights by the Assignor; (b) the Mortgage Debtor's consent to provide parties to such transfer and other involved person with information relating to the relevant loan relationship (*Kreditverhältnis*), whereby such third parties will undertake a corresponding contractual secrecy obligation; and (c) the Security Provider's consent pursuant to which the Nominee System Provider is entitled to hold the relevant Paperless Mortgage Certificate through the Nominee System;

(d) the Related Security Transfer Agreement is evidenced by documentation which includes (a) the Security Provider's consent to the transfer of all or parts of the Assignor's rights and obligations under the Related Security Transfer Agreement by the Assignor, and (b) the Security Provider's consent to provide parties to such transfer and other involved person with information relating to the relevant loan relationship (*Kreditverhältnis*), whereby such third party will undertake a corresponding contractual secrecy obligation;

(e) the relevant Mortgage Credit Agreement and Related Security Transfer Agreement have been made on the basis of the Originator's Standard Mortgage Documentation applicable at the time of entering into the relevant agreement;

(f) at least one of the relevant Mortgage Debtor(s) is also the Security Provider under the Related Security Transfer Agreement and the debtor of the Mortgage Certificate Claim of the relevant Related Mortgage Certificate(s);

(g) none of the Mortgage Credit Agreements constitutes an agreement regulated or partly regulated by any consumer credit legislation;

(h) none of the Mortgage Credit Agreements has an interest rate which is in breach of any applicable Swiss interest-abuse regulations; and

(i) none of the Mortgage Credit Agreements and Related Security Transfer Agreements have been made in breach of the Swiss Federal Act on Unfair Competition.

2. *Mortgage Claims*

The Assignor represents and warrants to the Assignee as of the respective Transfer Reference Date of the Transfer Deed by which the relevant Mortgage Claim has been assigned and (except for sub-clause (b) below) on each Cut-off Date during the subsistence of the Security Assignment Agreement in relation to each Assigned Mortgage Claim assigned by the relevant Transfer Deed as follows:

(a) the relevant Mortgage Claim is an unconditional, existing, valid, binding and enforceable obligation of the respective Mortgage Debtor;

(b) the relevant Mortgage Claim has been originated in compliance with the Assignor's customary loan origination procedures;

(c) none of the Mortgage Debtors are resident in the United Kingdom;

(d) each Mortgage Debtor is an Eligible Mortgage Debtor and, if more than one person is a Mortgage Debtor in respect of the same Mortgage Claim, each Mortgage Debtor is jointly and severally liable for all payment obligations under such Mortgage Claim;

(e) the relevant Mortgage Claim and the Related Ancillary Rights are (i) governed by Swiss law, (ii) freely assignable and (iii), upon assignment in accordance with the terms hereof, free and unencumbered of any claims, charges, reservations or third party interests of any kind (including, without limitation, any Security Interest);

(f) the Assignor is the sole legal creditor of the relevant Mortgage Claim and has the unrestricted authority to assign it to the Assignee; and

(g) the Assignor has not concluded and will not conclude any assignment agreement in relation to the relevant Mortgage Claim in favour of a third party.

3. *Mortgage Certificates*

The Assignor represents and warrants to the Assignee as of the respective Transfer Reference Date of the Transfer Deed by which Entitlement to the relevant Mortgage Certificate has been transferred to the Assignee and (except for sub-clause (d), (h) and (i)) during the subsistence of the Security Assignment Agreement in relation to each Transferred Mortgage Certificates as follows:

(a) the relevant Transferred Mortgage Certificate is either (i) a Physical Mortgage Certificate certificated in the form of a Physical Bearer Mortgage Certificate (*Inhaberschuldbrief*) or a Physical Registered Mortgage Certificate (*Namensschuldbrief*) or (ii) a Paperless Mortgage

Certificate (*Registerschuldbrief*) held by the Nominee exclusively on behalf of Assignor through the Nominee System;

(b) the relevant Transferred Mortgage Certificate is (i) validly issued and properly entered in the relevant Land Register as Swiss "*Schuldbrief*", (ii) properly registered in the relevant Land Register as economically the first ranking security interest on the relevant Property (with the exception of statutory liens), unless Entitlements to all superior and equal ranking Mortgage Certificates will be transferred to the Assignee together with such lower ranking Mortgage Certificates, and (iii) in case of a Physical Registered Mortgage Certificate (*Namensschuldbrief*), validly endorsed without restriction (*Vollindossament*);

(c) the relevant Transferred Mortgage Certificate is free and unencumbered of any claims, charges, reservations, voidability rights or third party interests of any kind (including, without limitation, any Security Interest) other than under the Related Security Transfer Agreement with the relevant Security Provider and other than the Nominee System Provider may have as fiduciary (*Verwaltungstreuhand*) of Paperless Mortgage Certificates;

(d) the Assignor (i) in case of a Physical Mortgage Certificate, is the sole legal and beneficial owner of the relevant Transferred Physical Mortgage Certificate and is duly authorised to transfer it to the Assignee and (ii) in case of a Paperless Mortgage Certificate, has sole Fiduciary Entitlement to the relevant Paperless Mortgage Certificate and the relevant Paperless Mortgage Certificate is booked to the Assignor Paperless MC Custody Account held with the Nominee System Provider;

(e) Entitlement to the relevant Transferred Mortgage Certificate has been validly transferred to the Assignor or the Nominee System Provider on its behalf, as the case may be, as security for all liabilities under the relevant Mortgage Credit Agreement (and possibly other indebtedness of the Mortgage Debtors, if applicable) by the relevant Security Provider, on the basis of a Related Security Transfer Agreement;

(f) the relevant Physical Mortgage Certificate is stored in the designated premises of the Assignor;

(g) the Nominee System Provider is registered as the sole creditor of the relevant Paperless Mortgage Certificate in the main register (*Hauptbuch*) of the relevant Land Register (*Grundbuch*);

(h) in case of a Physical Mortgage Certificate, the relevant Physical Mortgage Certificate gives the Assignor unencumbered title thereto pursuant to the terms of the Related Security Transfer Agreement;

(i) in case of a Paperless Mortgage Certificate, the Assignor has unencumbered Fiduciary Entitlement to the relevant Paperless Mortgage Certificate pursuant to the terms of the related Security Transfer Agreement and the Guarantor Nominee Participant Agreement; and

(j) the relevant Transferred Mortgage Certificate, together with any other Transferred Mortgage Certificates securing the repayment of the relevant Assigned Mortgage Claim, has a face value equal to or greater than the aggregate amount of the relevant Assigned Mortgage Claim.

4. *Properties*

The Assignor represents and warrants to the Assignee as of the respective Transfer Reference Date of the Transfer Deed by which the relevant Mortgage Asset had been transferred to the Assignee and during the subsistence of the Security Assignment Agreement in relation to each Property encumbered by a Transferred Mortgage Certificate as follows:

(a) so far as the Assignor is aware, the relevant Mortgage Credit Agreement was not made for the purpose of funding the acquisition of a Property that was intended to be used by the inhabitant on a continuous basis for a commercial purpose;

(b) the relevant Property is owned/co-owned by at least one Security Provider who has signed a Related Security Transfer Agreement and transferred the Mortgage Certificates encumbering that Property to the Assignor;

(c) the relevant Property is, pursuant to the relevant Mortgage Credit Agreement, to be insured against damage or destruction in accordance with the Assignor's customary loan origination procedures and applicable cantonal laws; and

(d) the relevant Property is not located in the United Kingdom.

Increased Services Provider Expenses Pre-funding Obligation and Increased Services Provider Expenses Recourse and Indemnity Obligation

The Assignor is obliged to pre-fund any and all Increased Services Provider Expenses arising from time to time by payment to the General Bank Account of the amount specified by the Assignee in a notice for pre-funding (each an **Increased Services Provider Expenses Pre-funding Notice**), with value no later than (i) one Business Day after receipt of the Increased Services Provider Expenses Pre-funding Notice or (ii) at such other date as specified in the Increased Services Provider Expenses Pre-funding Notice, provided that the relevant amount shall not become due earlier than 30 Business Days prior to the due date of the relevant payment owed by the Assignee to the respective Third Party Services Provider (the **Increased Services Provider Expenses Pre-funding Obligation**). Any payment under the Increased Services Provider Expenses Pre-funding Obligation shall not prejudice the Assignor's right to ask for full or partial reimbursement of the relevant payment upon presentation of conclusive evidence that the Assignee did not pay, in good faith, the corresponding amount to a Third Party Services Provider.

Each Pre-funding Claim under the Increased Services Provider Expenses Pre-funding Obligation constitutes a conditional cash coverage claim for release of liabilities incurred which is subject to the conditions precedent that the relevant amount has come into existence and has been ascertained in accordance with the terms of the relevant agreement with a Third Party Services Provider and shall become due and payable upon service of a relevant Increased Services Provider Expenses Pre-funding Notice or upon the Assignor being effectively wound up as a result of Insolvency Proceedings.

Save to the extent the Assignee has already been compensated under the Increased Services Provider Expenses Pre-funding Obligation, the Assignor shall reimburse and indemnify the Assignee for all Increased Services Provider Expenses (the **Increased Services Provider Expenses Recourse and Indemnity Obligation**, and together with the Guarantee Recourse and Indemnity Obligation, the Swap Termination Payment Recourse and Indemnity Obligation, the General Recourse and Indemnity Obligation, the **Recourse and Indemnity Obligations**).

Each Recourse Claim under the Increased Services Provider Expenses Recourse and Indemnity Obligation constitutes a conditional recourse claim which is subject to the conditions precedent that payment of the relevant amount to a Third Party Services Provider has been made by or on behalf of the Assignee and shall

become due and payable upon service of a relevant notice (each an **Increased Services Provider Expenses Recourse Notice**).

In case of a bankruptcy of the Assignor pursuant to article 33 et seq. FBA, no Pre-funding Notices or Recourse Notices are required to be served after the communication by the liquidator to the creditors of the Assignor announcing the upcoming final bankruptcy dividend payment pursuant to article 36 para. 3 BIO-FINMA shall have been received.

Increased Services Provider Expenses means the Nominal Amount of any and all sums paid or payable by or on behalf of the Assignee to (i) any Replacement Servicer and (ii) to any Replacement Third Party Services Provider in relation to any and all liabilities, claims, costs and expenses which the Assignee may suffer, sustain or incur as a consequence of the non-compliance by the Assignor with any of the Assignor's representations, warranties, undertakings or other obligations under the Security Assignment Agreement. Increased Services Provider Expenses in relation to any Replacement Third Party Services Provider shall include, but not be limited to, any additional amounts which reflect increased expenses or costs to the Assignee and which are due to a Third Party Services Provider, but exclude (i) any and all amounts which would have been due to a Third Party Services Provider irrespective of the Assignor's non-compliance or default and (ii) any increased costs or losses caused by the Guarantor's own gross negligence or wilful default in complying with its representations, warranties or obligations under the Transaction Documents, unless such gross negligence or wilful default concurrently constitutes non-compliance on the part of the Assignor with its representations, warranties or obligations under the Transaction Documents.

Additional Originators

Under certain conditions as set out in the Security Assignment Agreement, the Assignor may request that an additional originator shall accede to the Security Assignment Agreement, in whole or in part upon such terms and conditions as may be agreed between the parties thereto and the Additional Originator.

Servicing of Serviced Mortgage Assets

The Assignor shall, as part of the transfer of Mortgage Assets for security purposes, at its own cost and expenses (including Taxes) continue, subject to revocation of the authorisation upon a Servicing Termination Event, to service in accordance with the Security Assignment Agreement, in its reasonable discretion and with the goal of maximising recoveries and minimising losses, subject to and in accordance with (i) its standard operation procedures and servicing and enforcement policies for its mortgage loans and mortgage certificates from time to time, and (ii) the provisions of the Security Assignment Agreement and the servicing standards set out as a schedule to the Security Assignment Agreement (the **Servicing Standards**), to service and administer the Serviced Mortgage Assets.

The servicing and administration of the Serviced Mortgage Assets shall include, but not be limited to, (i) identifying, collecting and posting all payments by a Mortgage Debtor or a Security Provider in respect of the Serviced Mortgage Assets, (ii) collecting all past due amounts owed by a Mortgage Debtor or a Security Provider in accordance with the Assignor's customary arrears and default procedures for the collection of past due amounts in respect of any Serviced Mortgage Assets, (iii) accounting for Collected Mortgage Payments, (iv) monitoring and management of delinquencies and enforcing Defaulted Mortgage Claims, (v) valuation of the Properties, and (vi) preparing and delivering reports and statements, as described below.

The Assignor shall not delegate or entrust a third person with, the servicing and administration of the Serviced Mortgage Assets except for the following services: (i) the services to be performed by the Nominee System Provider in accordance with the Nominee Participant Agreement; (ii) valuation of a Property, (iii) sale of a Property, (iv) enforcement of Assigned Mortgage Claims by professional collection agents or lawyers after debt enforcement procedures have been initiated, and (v) the enforcement of a Certificate of Shortfall according to articles 149 and 265 DEBA by professional collection agents or lawyers; provided, however, that in each case the Assignor shall (x) exercise all due care in the selection of any such delegate or

agent, (y) be liable for any fees, costs, charges or expenses (including Taxes) payable to or incurred by any of its delegates or agents and (z) remain responsible for any acts or omissions of its delegates or agents.

The Assignee shall provide the Assignor with a view access (*Sicht-Zugang*) to the Assignee Paperless MC Custody Account.

In addition to the servicing and the administration of the Serviced Mortgage Assets according to the Security Assignment Agreement, the Assignor in its function as Cash Manager or any Replacement Cash Manager shall continue to service and administer the Substitute Assets in accordance with the Cash Management Agreement.

1. Servicing of Mortgage Assets

Prior to the occurrence of a Notification Event, the Assignor shall be authorised (*ermächtigt*), in order to preserve the value of the Serviced Mortgage Assets in its own interest as provider of such assets, subject to the limitations contained to the Security Assignment Agreement, the Collateral Holding Agreement the relevant Mortgage Credit Agreement and the Related Security Transfer Agreement, as applicable, to exercise all rights under or in connection with the Serviced Mortgage Assets vis-à-vis the Mortgage Debtors and the Security Providers and any third party, in each case unless provided otherwise therein, in its own name, with or without disclosing the agency relationship (*Vertretungsverhältnis*) or the fact that it is acting for the account of or with effect for the Assignee, respectively. Accordingly, the Assignee shall not take any steps to assert any such rights or authorise a third party to do so prior to the occurrence of a Notification Event unless otherwise provided for in the Security Assignment Agreement.

Without limitation to the foregoing, the Assignor shall have the right, in order to preserve the value of the Serviced Mortgage Assets in its own interest, to perform the following legal actions with respect to the Serviced Mortgage Assets in its own name but on behalf of the Assignee until the occurrence of a Notification Event:

(a) collect Assigned Mortgage Claims (including but not limited to service of a reminder notice (*Mahnung*) and service of a default notice (*Inverzugsetzung*), but excluding the initiating of debt collection, attachment and Insolvency Proceedings and the enforcement of Transferred Mortgage Certificates);

(b) agree on modalities of discharge of an Assigned Mortgage Claim, accept fulfilment actions and notices (including but not limited to notices of set-off in cases where the right of set-off has not been contractually excluded) from the Mortgage Debtor in relation to an Assigned Mortgage Claim and perform any legal action resulting in the extinguishment of an Assigned Mortgage Claim (including, but not limited to novation (*Novation*) and cancellation (*Schulderlass*) of an Assigned Mortgage Claim (or any part thereof such as Breakage Costs));

(c) consent to any amendments to the terms and conditions of Assigned Mortgage Claims (including but not limited to deferral of payment of principal and interest (*Stundung*) and changes to contractually agreed interest rates), as it may determine to be appropriate to maximise collections in respect of such Assigned Mortgage Claim;

(d) subject to certain exceptions set out in the Security Assignment Agreement, agree on any amendments to an existing Mortgage Credit Agreement and conclusion of a new Mortgage Credit Agreement with effect for Assigned Mortgage Claims;

(e) agree on any amendments to an existing Security Transfer Agreement and conclusion of a new Security Transfer Agreement with effect for Transferred Mortgage Certificates, except

where such an amendment or new Security Transfer Agreement would result in an alteration, cancellation or rescission of the consent given by the Security Provider in the Related Security Transfer Agreement pursuant to which the Originator is entitled to transfer Entitlements to Transferred Mortgage Certificates as security for the relevant Assigned Mortgage Claims to a third party or the consent given by the Security Provider in the relevant Security Transfer Agreement pursuant to which the Originator is entitled to hold the relevant Paperless Mortgage Certificate through the Nominee System; and

(f) give instructions to the Nominee System Provider in connection with the administration of Transferred Paperless Mortgage Certificates under the Nominee Participant Agreement except that the Assignor shall not request the Nominee System Provider to procure that the Assignee be registered as creditor of the Transferred Paperless Mortgage Certificates in the relevant Land Register(s) (Grundbuch).

Following the occurrence of a Notification Event triggered by (i) Credit Suisse's short term rating having been downgraded below "F2" from Fitch or "Prime-2" from Moody's or (ii) the occurrence of an Issuer Event of Default, the Assignor shall be authorised (*ermächtigt*), in order to preserve the value of the Serviced Mortgage Assets in its own interest as provider of such assets, subject to the limitations pursuant to the Security Assignment Agreement, the Collateral Holding Agreement, the relevant Mortgage Credit Agreement and the Related Security Transfer Agreement, as applicable, to perform the following legal actions with respect to the Serviced Mortgage Assets, such legal actions to be performed in the name and for the account of the Assignee in accordance with the Servicing Standards:

(a) collect Assigned Mortgage Claims (including but not limited to service of a reminder notice (*Mahnung*), service of a default notice (*Inverzugsetzung*), initiating debt collection, attachment and Insolvency Proceedings, enforcement of Transferred Mortgage Certificates), as well as taking all relevant action and steps (including by way of initiation of or response to litigation proceedings) in connection with the foregoing activities;

(b) agree on modalities of discharge of an Assigned Mortgage Claim, accept fulfilment actions and notices (including but not limited to notices of set-off in cases where the right of set-off has not been excluded as a matter of contract or as a matter of law) from the Mortgage Debtor in relation to an Assigned Mortgage Claim and perform any legal action resulting in the cancellation (*Schulderlass*) of an Assigned Mortgage Claim (including but not limited to any Breakage Costs));

(c) consent to any amendments to the terms and conditions of Assigned Mortgage Claims (including but not limited to deferral of payment of principal and interest (*Stundung*)) and changes to contractually agreed interest rates), as it may determine to be appropriate to maximise collections in respect of such Assigned Mortgage Claim;

(d) give instructions to the Nominee System Provider in connection with the administration of Transferred Paperless Mortgage Certificates under the Nominee Participant Agreement, in particular, the Assignor may request the Nominee System Provider to procure that the Assignee be registered as creditor of the Transferred Paperless Mortgage Certificates in the relevant Land Register(s) (*Grundbuch*);

(e) any other legal actions and steps a reasonable, prudent mortgage lender would be expected to take in servicing and administering its mortgage loans and related mortgage certificates, but to the exclusion of any legal actions resulting in novation (*Novation*) of an Assigned Mortgage Claim; and

(f) always provided that the Assignor shall use its reasonable endeavours to cause any Mortgage Payments collected to be paid directly to the account of the Guarantor notified to the relevant Mortgage Debtor.

Notwithstanding anything in the Security Assignment Agreement or any other Transaction Document, following the occurrence of an Issuer Event of Default or a Guarantor Event of Default (whatever is earlier), the Assignor shall not, without the prior authorisation or consent of the Assignee, take any action that would result in the (full or partial) lapse of an Assigned Mortgage Claim, including, without limitation, cancellation (*Schulderlass*), set-off of Assigned Mortgage Claims and termination of Assigned Mortgage Claims or the respective Mortgage Credit Agreements and release of Transferred Mortgage Certificates other than in accordance with the Security Assignment Agreement.

2. *Discharge of Assigned Mortgage Claims*

Subject to the provisions of the relevant Mortgage Credit Agreement and the Servicing Standards set out in the Security Assignment Agreement, the Servicer shall accept repayments and other fulfilment actions (*Erfüllungshandlungen*) and notices (including but not limited to notices of set-off in cases where the right of set-off has not been excluded as matter of contract or as a matter of law) from the Mortgage Debtor in relation to an Assigned Mortgage Claim. Furthermore, the Servicer may consent to an Assigned Mortgage Claim being discharged by way of a payment made or a payment obligation assumed by a third party bank (acting on behalf of the relevant Mortgage Debtor), provided that such a payment obligation by the third party bank is in favour of (i), prior to the occurrence of a Notification Event, the Assignor and (ii), upon or after the occurrence of a Notification Event, the Assignee or the Servicer acting in the name and on behalf of the Assignee.

3. *Enforcement of Defaulted Mortgage Claims and Bankruptcy of Mortgage Debtor*

Prior to the occurrence of a Notification Event, the Servicer shall not be entitled to enforce any Serviced Mortgage Assets and the Serviced Mortgage Assets to be enforced shall be reassigned, retransferred or substituted, as the case may be, by the Assignee to the Assignor in accordance with the Security Assignment Agreement.

Upon and after the occurrence of a Notification Event, if there is a default by a Mortgage Debtor in the performance of any payment obligation owed to the Assignee under an Assigned Mortgage Claim or if the Mortgage Debtor shall have become subject to bankruptcy proceedings, then the Servicer (or any replacement Servicer following a Servicing Termination Event), in the name and for the account of the Assignee, shall collect such Defaulted Mortgage Claim or, in the event of bankruptcy of the relevant Mortgage Debtor, all Assigned Mortgage Claims of such Mortgage Debtor as would be taken by a reasonably prudent person operating in the Swiss mortgage market and consistent with the Servicer's standard operating procedures to enhance the recovery of all amounts owed under such Assigned Mortgage Claim(s) and with the goal of maximising recoveries and minimising losses.

All taxes, reasonable costs and reasonable expenses arising out of or in connection with the enforcement of Mortgage Assets shall be borne by the Assignee.

4. *Setting of Floating Interest Rates*

Irrespective of the occurrence of a Notification Event, each Originator is entitled to periodically determine and set and the Servicer shall inform the relevant Mortgage Debtors about the interest rates applicable to Floating Rate Mortgage Claims in accordance with the terms of the relevant Mortgage Credit Agreement and in line with its standards for non-assigned mortgage claims or, in case no such standards are available, in line with prevailing market rates at the time.

5. *Records and Information*

The Assignor shall keep all records and books of account for the Assignee in respect of the Assignee's interest in the Serviced Mortgage Assets. The Assignor undertakes to ensure that at all times all records, books and documents containing data relating to the Serviced Mortgage Assets can be identified and segregated within reasonable time. In addition, the Assignor shall keep and maintain all documents, books, microfiche, computer records and other information reasonably necessary or advisable for the collection of the Assigned Mortgage Claims and necessary to enable any Replacement Servicer to perform its duties under the relevant Replacement Servicer Agreement.

The Assignor shall submit a Cover Pool Report to the Assignee on each Test Date and the Administration Services Provider on each Transfer Date and to the Asset Monitor on the relevant Test Date in accordance with the Asset Monitor Agreement and, submit the overview of the Cover Pool Report to the Trustee prior to the next Cut-off Date.

The Assignor shall provide the Assignee with a monthly report containing all information pursuant to the form of Investors Report attached as an annex to the Security Assignment Agreement (each an **Investor Report**).

In addition, the Assignor shall provide to the Asset Monitor as soon as reasonably practicable any information on the Cover Pool the Asset Monitor may reasonably request in order to be in a position to duly test the Cover Pool and the arithmetic accuracy of the relevant tests in accordance with the Asset Monitor Agreement.

6. *Appointment of Replacement Servicer*

Upon the occurrence of a Servicer Downgrade Event, the Assignee shall use reasonable endeavours to promptly appoint a Replacement Servicer that satisfies the conditions set forth in the Security Assignment Agreement (but shall have no liability to any person in the event that, having used reasonable endeavours, it is unable to appoint a Replacement Servicer at terms acceptable to the Assignee).

Upon the appointment of a Replacement Servicer by the Assignee, the Assignor undertakes, *inter alia*, to furnish the Replacement Servicer with information and co-operate with and assist such Replacement Servicer in such a way that it is able to comply with its obligations pursuant to the Replacement Servicer Agreement once the appointment of the Assignor is terminated following a Servicing Termination Event.

7. *Termination and Resignation*

Upon the occurrence of a Servicing Termination Event, the Assignee may at once or at any time thereafter while such Servicing Termination Event is continuing by termination notice in writing to the Assignor (with a copy to the Trustee) terminate the authorisation of the Assignor pursuant to the Security Assignment Agreement with effect from a date (not earlier than the date of the notice) specified in the notice. The termination shall not take effect before a Replacement Servicer which meets the criteria set forth in the Security Assignment Agreement has been appointed and has accepted such appointment.

Duration and Termination

The Security Assignment Agreement shall remain in full force and effect until expiry of a period ending 366 days after the date on which all Secured Obligations have been discharged in full and no further Secured Obligations are capable of arising and may not be terminated by any of the Parties prior to that date. The

Parties agree that, subject to Applicable Law, the Security Assignment Agreement may not be terminated for any default, reason or circumstance prior to that date.

Governing Law and Jurisdiction

The Security Assignment Agreement, as well as any assignment and reassignment of Mortgage Claims, Ancillary Rights and Mortgage Payments and any transfer or retransfer title or entitlement to Related Mortgage Certificates under or in connection with the Security Assignment Agreement, will be governed by and construed in accordance with the substantive laws of Switzerland, and the exclusive place of jurisdiction for any disputes, claims or controversies arising under, out of or in connection with the Security Assignment Agreement, including, without limitation, disputes, claims or controversies regarding its existence, validity, interpretation, performance, breach or termination, shall be the city of Zurich, Switzerland.

Intercreditor Deed

Pursuant to the terms of the intercreditor deed dated on the Programme Closing Date among the Guarantor, the Issuer, Credit Suisse, the Agents, the Delivery Agent, the Account Bank, the Trustee and the Administration Services Provider (and any new Relevant Creditors appointed pursuant to a deed of accession or a supplemental deed to the intercreditor deed) (the **Intercreditor Deed**), the Guarantor has appointed the Cash Manager to perform certain cash allocation services on its behalf. The Intercreditor Deed also sets out the priority in which payments will be made to the Covered Bondholders and the other Relevant Creditors.

Payments into and from Bank Accounts

The Guarantor has two main bank accounts: (1) the General Bank Account, broadly where it receives the Guarantee Fee and the proceeds of enforcement of the Cover Pool Assets, and from which it generally makes payments to its creditors and (2) the Cover Pool Bank Account, where it receives collections from the Cover Pool Assets and makes, in particular, periodic payments (other than Swap Termination Payments) to the Swap Providers. The Guarantor also maintains custody accounts (the General Custody Account and the Cover Pool Custody Account) where it holds securities, the proceeds of which will be paid into (as applicable) the General Bank Account or the Cover Pool Bank Account.

More specifically, the Guarantor or the Cash Manager on its behalf will procure that the following amounts are credited to the General Bank Account:

(a) the amount of any Guarantee Fees received by the Guarantor from time to time from the Issuer;

(b) the proceeds received by the Guarantor under any Pre-funding Obligation and any Recourse and Indemnity Obligation;

(c) Authorised Investments made from amounts standing to the credit of the General Bank Account and any proceeds thereof (including proceeds received from the disposal of such Authorised Investments), except that such Authorised Investments which are in the form of securities shall be credited to the General Custody Account;

(d) any other amount directly or indirectly received by the Guarantor (including excess Swap Collateral Available Amounts, but excluding (A) amounts to be paid into the Cover Pool Bank Account in accordance with the Intercreditor Deed, (B) amounts to be paid into any Swap Collateral Bank Account or Swap Collateral Custody Account, (C) Swap Collateral Excluded Amounts and (E) any Tax Credits); and

(e) any amounts transferred from the Cover Pool Bank Account to the General Bank Account in accordance with the Intercreditor Deed.

The Guarantor, or the Cash Manager on its behalf, will procure that the following amounts are credited to the Cover Pool Bank Account:

(a) subject to the terms of the Security Assignment Agreement, Collected Mortgage Payments;

(b) any other amounts received in relation to collection or enforcement of the Cover Pool Assets;

(c) Authorised Investments made from amounts standing to the credit of the Cover Pool Bank Account and any proceeds thereof (including proceeds received from the disposal of such Authorised Investments); except that such Authorised Investments which are in the form of securities shall be credited to the Cover Pool Custody Account;

(d) subject to the terms of the Intercreditor Deed, any Termination Amounts and any excess Premium received from a Swap Provider or a Replacement Swap Provider;

(e) any scheduled payments received from the Cover Pool Swap Provider;

(f) any scheduled payments received from the Covered Bond Swap Provider (to the extent not paid to the Principal Paying Agent as described below);

(g) any excess monies received from the Principal Paying Agent following an overpayment to the Principal Paying Agent by the Covered Bond Swap Provider; and

(h) any amounts received by the Guarantor from the Issuer pursuant to the terms of the Guarantee Deed.

The Guarantor, or the Cash Manager on its behalf, will procure that following the occurrence of an Enforcement Event, any amounts standing to the credit of the Cover Pool Bank Account up to the amount of the Secured Obligations then to be discharged are promptly credited to the General Bank Account. However, following the IED Guarantee Activation Date, the Guarantor shall be entitled to (i) liquidate Assigned Mortgage Claims in an amount up to the Adjusted Required Swap Amount (pursuant to the terms of the Trust Deed) and (ii) apply amounts standing to the credit of the Cover Pool Bank Account (which for the avoidance of doubt will be at any time prior to or following an Enforcement Event) in each case to make periodic scheduled payments to the relevant Covered Bond Swap Provider in accordance with the terms of the Swap Agreement. Following the occurrence of an Enforcement Event, the Covered Bond Swap Provider will be directed to pay all amounts due and payable by the Covered Bond Swap Provider under the Covered Bond Swaps directly to the Principal Paying Agent, for onward payment to the relevant Covered Bondholders and Couponholders, as applicable and the amount of the Secured Obligations then to be discharged shall be reduced by the amount of any such payment by the Covered Bond Swap Provider directly to the Principal Paying Agent in accordance with the applicable Priority of Payments.

The Guarantor, or the Cash Manager on its behalf, will procure the return of any monies standing to the credit of the Cover Pool Bank Account, to the extent that these represent Mortgage Certificate Excess Enforcement Proceeds or, prior to the Guarantee Activation Date, to the extent that these represent Excess Cover Pool Assets or other amounts due to the Assignor in accordance with the terms of the Security Assignment Agreement.

Moreover, prior to the Guarantee Activation Date (notwithstanding that a Notification Event may have already occurred), after applying monies standing to the credit of the Cover Pool Bank Account to provide for higher ranking amounts in accordance with the Pre-Guarantee Priority of Payments (including any required credit to the Pre-Maturity Liquidity Ledger if there has been a Breach of the Pre-Maturity Test), all remaining monies standing to the credit of the Cover Pool Bank Account will be paid back to the Assignor on each Test Date, provided that no Breach of Test Notice has been served which is outstanding.

The Guarantor, or the Cash Manager on its behalf, will procure that any Swap Collateral will be credited to or debited from, the Swap Collateral Bank Account or the Swap Collateral Custody Account, as the case may be, in accordance with the relevant Swap Agreement.

Priorities of Payments

The allocation and distribution of available funds and all other amounts received by the Guarantor is described in the section Cashflows below.

Pre-Maturity Liquidity Ledger

Following the IED Guarantee Activation Date but prior to the GED Guarantee Activation Date, funds credited to the Pre-Maturity Liquidity Ledger shall be applied solely to repay the Final Redemption Amount in respect of outstanding Series of Hard Bullet Covered Bonds. Funds will be applied first to redeem the earliest maturing Series of Hard Bullet Covered Bonds and then the next earliest maturing Series of Hard Bullet Covered Bonds, and so on until the sum credited to the Pre-Maturity Liquidity Ledger is zero.

Limited Recourse as against the Guarantor

Pursuant to the terms of the Intercreditor Deed and the Conditions of the Covered Bonds, each Relevant Creditor agrees that its claims against the Guarantor are limited in amount and that its recourse against the Guarantor is limited solely to seeking declaratory relief without requesting the adjudication of damages or specific performance of the Guarantor's obligations to serve Pre-funding Notices and/or Recourse Notices (see further Condition 20 (*Claims against the Guarantor*) and Condition 21 (*No Enforcement*)). There is no guarantee that a court would grant any such relief (the award of specific performance in particular being subject to the court's discretion and generally only given if it determines that other remedies are not available) or that receipt of a declaratory judgment would procure enforcement of the relevant obligation by the Guarantor.

Swap Termination Payments

If the Guarantor receives any Termination Amount from a Swap Provider in respect of a Swap Agreement with such Swap Provider, such Termination Amount will first be used (prior to the GED Guarantee Activation Date) to pay any Premium due to an incoming Replacement Swap Provider to enter into a similar replacement Swap(s) with the Guarantor, unless replacement Swap(s) have already been entered into on behalf of the Guarantor.

If the Guarantor receives any Premium from a Replacement Swap Provider in respect of one or more replacement Swaps, such Premium will first be used to pay any Termination Amount due and payable by the Guarantor with respect to the previous Swap Agreement(s) (including any Excluded Swap Termination Amounts), unless such Swap Termination Payment has already been made on behalf of the Guarantor.

If the Guarantor receives any excess Swap Collateral, such excess Swap Collateral will be transferred to the relevant Swap Provider.

Any Termination Amounts or Premiums received by the Guarantor which are not applied to pay Premium or Termination Amounts to an outgoing, or as applicable, incoming Swap Provider as described above, will be transferred to the Cover Pool Bank Account.

Other than as permitted pursuant to the terms of the relevant Priority of Payments, the Initial Swap Provider shall only be entitled to receive any Termination Amount to the extent the Guarantor has received payments of Premium from a Replacement Swap Provider. Such amounts received from a Replacement Swap Provider will be paid to the Initial Swap Provider outside of the terms of the Priorities of Payments.

Any Tax Credits will be paid to the relevant Swap Provider directly and not via the Priority of Payments.

Authorised Investments

The Cash Manager's duties under the Transaction Documents are solely mechanical in nature, except with respect to the Cash Manager's obligation to invest in Authorised Investments.

Remuneration of Cash Manager

The Guarantor will pay to the Cash Manager for its cash allocation services provided under the Intercreditor Deed and the Cash Management Agreement a fee pursuant to the Cash Management Agreement.

Liability of Cash Manager

Save as otherwise provided in the Intercreditor Deed the Cash Manager will have no liability for the obligations of the Guarantor, the Issuer and/or any other person under any of the other Transaction Documents or otherwise and nothing in the Intercreditor Deed will constitute a guarantee, indemnity or similar obligation by or of the Cash Manager of or in relation to the obligations of either the Guarantor or the Issuer and/or any other person under the other Transaction Documents.

The Cash Manager will not be liable in respect of any loss, liability, claim, expense or damage suffered or incurred by any person as a result of the proper performance of the services described in the Intercreditor Deed by the Cash Manager (including, without limitation, the exercise or non-exercise of any discretions conferred upon it under the Intercreditor Deed) save to the extent that such loss, liability, claim, expense or damage is suffered or incurred as a result of any gross negligence, bad faith or wilful default of the Cash Manager or as a result of a breach by the Cash Manager of the terms and provisions of the Intercreditor Deed or any of the other Transaction Documents to which the Cash Manager is a party (in its capacity as such) in relation to the performance of such function.

Governing Law and Jurisdiction

The Intercreditor Deed, each Intercreditor Deed Supplement and any non-contractual obligations arising out of or in connection with it will be governed by English law, and the courts of England will have exclusive jurisdiction to settle any dispute arising out of the Intercreditor Deed. However, the Trustee may take any suit or proceedings in any other jurisdiction.

Cash Management Agreement

Pursuant to the terms of the Cash Management Agreement, the Cash Manager will provide certain cash management services to the Guarantor.

Services

The Cash Manager's services include, but are not limited to:

- maintenance of all approvals, authorisations, consents and licences required in connection with the business of the Guarantor, if any;
- establishing and operating the Guarantor Bank Accounts pursuant to the Master Bank Account Agreement and the Intercreditor Deed;
- procuring the maintenance of the ledgers on behalf of the Guarantor;

- calculating the funds available for distribution in accordance with the relevant Priority of Payments set out in the Intercreditor Deed;

- preparation of the Account Bank Report, Investment Manager Report and Payment Report for the Guarantor, the Trustee, the Assignor or the Replacement Servicer (as the case may be) and the Rating Agencies;

- at its discretion, investing funds standing to the credit of the Guarantor Bank Accounts in Authorised Investments, provided that such funds are not required for application in accordance with the terms of the Intercreditor Deed;

- on each Business Day, determining if a Breach of Pre-Maturity Test has occurred;

- upon becoming aware thereof, delivering notice of the occurrence of any Cash Manager Termination Event, Issuer Event of Default or Guarantor Event of Default;

- acting as calculation and valuation agent and making certain determinations under each Swap Agreement; and

- assisting the Corporate Services Provider to procure compliance by the Guarantor with its obligations under the Transaction Documents (although it shall have no liability to make any payments on behalf of the Guarantor).

If the Cash Manager elects to make Authorised Investments as described above, it shall not be responsible (save where any loss results from the Cash Manager's own fraud, wilful default or negligence or that of its employees) for any loss occasioned by reason of any such Authorised Investments whether by depreciation in value, fluctuations in exchange rates or otherwise.

As to the manner in which any of the Cash Management Services are to be performed, the Cash Manager will comply with any directions which the Guarantor or, following the earlier of the IED Guarantee Activation Date or an Enforcement Event, but prior to the commencement of Insolvency Proceedings against the Guarantor, the Trustee, may from time to time give to the Cash Manager as to the manner in which any of the Cash Management Services are to be performed. In particular, in relation to the operation of the Guarantor Bank Accounts, the Cash Manager shall comply with the instructions of the Guarantor or, following the earlier of the IED Guarantee Activation Date or an Enforcement Event, but prior to the commencement of Insolvency Proceedings against the Guarantor, the Trustee. In the case of a conflict between the directions of the Guarantor and the Trustee, the directions of the Guarantor shall prevail, provided that the Guarantor is obliged not to give any direction to the Cash Manager that would reasonably likely be adverse to the interests of the Covered Bondholders.

Delegation and Subcontracting of Cash Management Services

The Cash Manager may sub-contract or delegate the performance of all or any of the Cash Management Services to any party whom it reasonably believes is capable of, and experienced in, performing the functions to be given to it. However, any delegation by the Cash Manager of its obligations (or any of them) under the Cash Management Agreement shall not release or discharge the Cash Manager from any of its obligations under the Cash Management Agreement. Neither the Guarantor nor the Trustee shall have any liability for any costs, charges or expenses payable or incurred by such sub-contractor or delegate or arising from the entering into, the continuance or the termination of any such arrangement.

Fees and Expenses

The Guarantor shall pay to the Cash Manager an annual fee of CHF 10,000 plus VAT for its services and shall reimburse the Cash Manager for all out-of-pocket costs, expenses and charges properly incurred in the

course of its performance of such services, under the Cash Management Agreement and the Intercreditor Deed.

Cash Manager Downgrade Event

Upon the occurrence of a Cash Manager Downgrade Event, the Cash Manager agrees to use its reasonable efforts to enter into a back-up Cash Management Agreement with a suitably experienced third party acceptable to the Guarantor and the Trustee within 30 days. The back-up Cash Management Agreement will provide for the third party to undertake the services of the Cash Manager within 20 days after the Cash Manager Termination Event.

Termination of Appointment

Upon the occurrence of a Cash Manager Termination Event, the Guarantor will have the right to terminate the appointment of the Cash Manager and will appoint a Replacement Cash Manager (the identity of which will be subject to the Trustee's written approval). The Guarantor will use its reasonable endeavours to promptly appoint a Replacement Cash Manager but will bear no liability in the event that it is unable to do so. It is expected that any Replacement Cash Manager will have substantially the same rights and obligations as the Cash Manager, provided that the Replacement Cash Manager shall in addition prepare Recourse Notices and Pre-funding Notices (other than Guarantee Pre-funding Notices) or shall instruct the Administration Services Provider to prepare such notices in accordance with the Guarantee Mandate Agreement when it becomes aware of any respective obligations of the Issuer.

Governing Law and Jurisdiction

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law, and the courts of England will have exclusive jurisdiction to settle any dispute which arises out of the Cash Management Agreement. However, the Trustee may take suit or proceedings in other jurisdictions.

Corporate Services Agreement

Pursuant to the terms of the Corporate Services Agreement, the Corporate Services Provider has agreed to provide certain corporate administration services to the Guarantor.

The Corporate Services

The Corporate Services Provider will provide, *inter alia*, the following corporate administration services to the Guarantor:

(a) make available in its offices in Zurich a domicile address and a business address for the operations of the Guarantor and take all necessary steps to register the domicile address in the commercial register and to provide each person which is a party to a Transaction Document and all other relevant contracting parties of the Guarantor with such domicile address and business address;

(b) provide administrative services for the management of the operations and day-to-day business of the Guarantor as instructed by the Board of Directors;

(c) accept services of process and any other documents or notices served on the Guarantor;

(d) assess and review any incoming invoices and other requests for payment and, if found to be justified and correct, give approval to the Cash Manager to effect the relevant payment;

(e) upon the occurrence of an Issuer Event of Default, independently of any of the other corporate services to be provided:

(i) establish and update an overview of all outstanding Covered Bonds and the respective due dates for any and all interest payments and payments of principal;

(ii) establish and update an overview of (x) all agreements to which the Guarantor is party, (y) all material undertakings of the Guarantor or owed by third parties to the Guarantor arising from such agreements, and (z) all payment obligations of the Guarantor or owed by third parties to the Guarantor (including, but not limited to the due dates of such payment obligations);

(iii) monitor the fulfilment of the obligations of any third parties obliged to deliver notices pursuant to the Transaction Documents;

(iv) inform the Delivery Agent of the date on which a Notice to Pay must be served, pursuant to the Agency Agreement, 67 Business Days prior to the Scheduled Payment Date specified in such Notice to Pay, provided that this requirement will only apply to a Notice to Pay initially required to be served for Scheduled Principal amounts and quantifiable Scheduled Interest amounts in respect of each such Scheduled Payment Date;

(v) monitor the fulfilment of the obligations of any third parties obliged to render services to the Guarantor pursuant to the Transaction Documents;

(vi) coordinate the interaction between the Guarantor and third parties and the instructions to be given by the Guarantor to third parties according to the Transaction Documents; and

(vii) furnish all relevant information in order to enable the Board of Directors to diligently render its decisions on a timely basis;

(f) at the request of the Board of Directors, prepare and forward to the shareholders of the Guarantor all reports, statements and notices which the Board of Directors is required to issue;

(g) prepare and maintain in accordance with Swiss GAAP all reasonable and necessary books, ledgers and records as may be required;

(h) upon instruction of the Cash Manager, open and maintain in the books of the Guarantor the ledgers provided in the Cash Management Agreement;

(i) take all reasonable steps to ensure that it receives a monthly bank statement from the Account Bank in relation to each of the Guarantor Bank Accounts and the Guarantor Share Capital Bank Account;

(j) ensure the preparation of the annual financial statements of the Guarantor within 120 days after the end of the relevant fiscal year;

(k) inform and report to the Board of Directors quarterly on the financial situation of the Guarantor and prepare (i) any financial statement as of the end of the preceding month as any member of the Board of Directors may reasonably require or (ii) in urgent cases and exceptional circumstances an intra-month financial statement;

(l) provide the Board of Directors with such information and regular reports as required by Applicable Law or as reasonably requested by any member of the Board of Directors;

(m) nominate a person willing to serve in the capacity of secretary of the Board of Directors without fee or remuneration from the Guarantor;

(n) prepare and file tax declarations for and on behalf of the Guarantor and maintain all tax records;

(o) keep the register of the shareholders of the Guarantor and issue share certificates each time as instructed by the Board of Directors;

(p) assist the Board of Directors in organising and convening the meetings of the shareholders of the Guarantor and the meetings of the Board of Directors and preparing any requisite documents and providing facilities for holding such meetings and keeping minutes of such meetings;

(q) provide to the auditors of the Guarantor such information in connection with the Guarantor as may be in the possession of the Corporate Services Provider which is necessary for the performance of the auditors' duties;

(r) if and to the extent required under the terms of any Transaction Document, deliver to any person entitled to it such information or documents which are provided for in the Transaction Documents and are in the possession of the Corporate Services Provider or reasonably obtainable by it;

(s) upon request by the Board of Directors, give any directions to any providers of services or other agents appointed by the Guarantor; and

(t) provide such other administrative services as may be required by the Guarantor from time to time and agreed by the Corporate Services Provider and the Guarantor.

The Corporate Services Provider will not be required to carry out any duties which have been delegated specifically to other persons pursuant to the Transaction Documents. Unless otherwise provided in the Corporate Services Agreement the Corporate Services Provider may not, without the prior written consent of the Guarantor, delegate any of its obligations to any third party.

Fees

The Corporate Services Provider will be entitled to receive from the Guarantor an annual fee of CHF 40,000 (plus VAT, if applicable), due and payable on the last Guarantor Payment Date of each calendar year, which fee shall be paid in accordance with the provisions of the Intercreditor Deed (subject to the limited recourse provisions set out therein).

Termination

The Corporate Services Provider will upon the earlier of (i) a downgrade in its long-term ratings below "BBB" from Fitch or "Baa2" from Moody's or (ii) a termination of the Corporate Services Agreement pursuant to the paragraphs below, use its reasonable endeavours to procure the services of a replacement provider willing to provide the corporate services to the Guarantor.

The Guarantor may terminate the appointment of the Corporate Services Provider in certain circumstances, such as, *inter alia*, a breach of a material obligation which is not remedied, insolvency of the Corporate Services Provider, a downgrade in the Corporate Services Provider's long-term ratings below "BBB-" from Fitch or "Baa3" from Moody's.

The Corporate Services Provider may terminate the Corporate Services Agreement by not less than six months' prior written notice to the Guarantor with a copy to the Trustee. Such termination shall take effect on the date of expiry of the notice or such longer period as the parties may agree.

Governing Law and Jurisdiction

The Corporate Services Agreement will be governed by and construed in accordance with the substantive laws of Switzerland, and the exclusive place of jurisdiction for any disputes, claims or controversies arising under, out of or in connection with or related to the Corporate Services Agreement, including, without limitation, disputes, claims or controversies regarding its existence, validity, interpretation, performance, breach or termination, shall be the city of Zurich, Switzerland.

Administration Services Agreement

Pursuant to the terms of the Administration Services Agreement, the Administration Services Provider has agreed to provide certain administration services to the Guarantor.

The Administration Services

The Administration Services Provider will provide, *inter alia*, the following administration services to the Guarantor:

(a) execution of Transfer Deeds and Retransfer Deeds together with Lists of Transferred Mortgage Assets if certain conditions will be met on the date of such execution;

(b) execution of Retransfer Deeds and delivery of the List of Transferred Mortgage Assets upon instruction of the chairman or the vice-chairman of the Guarantor;

(c) service and execution of Guarantee Pre-funding Notices following the receipt of a Notice to Pay by or on behalf of the Trustee or the Delivery Agent, as applicable;

(d) service and execution of other Pre-funding Notices upon instruction of the chairman or vice-chairman of the Guarantor;

(e) deliver to the Board of Directors and the relevant Director any information as reasonably requested; and

(f) after being duly authorized, give any instructions to the Nominee System Provider relating to Transferred Paperless Mortgage Certificates and request any information relating to the Assignee Paperless MC Custody Account.

Fees

The Administration Services Provider will be entitled to receive from the Guarantor a fee as stated in a separate fee letter between the Guarantor and the Administration Services Provider, which fee shall be paid in accordance with the provisions of the Intercreditor Deed (including the limited recourse provisions set out therein).

Termination

The Administration Services Agreement may only be terminated in one of the following circumstances:

(a) joint termination by both the Guarantor and the Administration Services Provider;

(b) through termination by either party with not less than six months' prior written notice to the other party with a copy to the Assignor, the Issuer, the Collateral Holding Agent and the Trustee;

(c) termination by the Guarantor, by delivering a notice to the Administration Services Provider with a copy to the Authorised Employees, the Assignor, the Issuer, the Collateral Holding Agent and the

Trustee, if (i) the Administration Services Provider shall have breached or failed to perform any undertaking or material obligation applicable to it under the Administration Services Agreement or (ii) any representation or warranty made by the Administration Services Provider in the Administration Services Agreement, proves to be incorrect in any material respect; or

(d) termination by any party for cause (*wichtiger Grund*).

Governing Law and Jurisdiction

The Administration Services Agreement will be governed by and construed in accordance with the substantive laws of Switzerland, and the exclusive place of jurisdiction for any disputes, claims or controversies arising under, out of or in connection with or related to the Administration Services Agreement, including, without limitation, disputes, claims or controversies regarding its existence, validity, interpretation, performance, breach or termination, shall be the city of Zurich, Switzerland.

Asset Monitor Agreement

Pursuant to the terms of the Asset Monitor Agreement, the Asset Monitor will carry out various testing and notification duties in relation to the calculations performed by the Assignor or the Replacement Servicer, as applicable, in relation to the Asset Coverage Test, the Interest Coverage Test and the Amortisation Test. For the avoidance of doubt, the Asset Monitor's obligations under the Asset Monitor Agreement are entirely separate from its role as auditor of the Assignor. Nothing in the Asset Monitor Agreement or said or done in connection with the services carried out by the Asset Monitor pursuant to the Asset Monitor Agreement shall be taken to extend or vary any duty of care or any responsibility that the Asset Monitor may have in its capacity as auditor of any financial statements.

Services

The Asset Monitor has agreed, subject to due receipt by it of the information to be provided by Assignor or the Replacement Servicer, as applicable, to conduct tests in respect of the arithmetical accuracy of the calculations performed by the Assignor or the Replacement Servicer, as applicable, prior to the occurrence of an Issuer Event of Default, on the first Issue Date and the Test Date immediately prior to each anniversary of the Programme Closing Date with a view to confirmation of compliance with each Pre-Event Test on the First Issue Date or on that Test Date. If and for so long as the long-term unsecured, unguaranteed and unsubordinated debt obligation ratings of the Assignor, or the Replacement Servicer, or Credit Suisse are below "Baa3" by Moody's and "BBB-" by Fitch or following the service of a Breach of Test Notice (which has not been revoked), the Asset Monitor will, subject to receipt of the relevant information from the Assignor or the Replacement Servicer, as applicable, be required to conduct such tests on the first Issue Date and each subsequent Test Date. Following the occurrence of an Issuer Event of Default which is continuing and service of an Issuer Default Notice on the Issuer (but prior to a Guarantor Event of Default and service of a Guarantor Acceleration Notice on the Guarantor), the Asset Monitor will also be required to test the arithmetical accuracy of the calculations performed by the Assignor or the Replacement Servicer, as applicable, on its behalf, in respect of the Amortisation Test.

Following a determination by the Asset Monitor of any errors in the arithmetical accuracy of the calculations performed by the Assignor or the Replacement Servicer, as applicable, such that the Asset Coverage Test, Interest Coverage Test or the Amortisation Test has been failed on the applicable Test Date (where the Assignor or the Replacement Servicer, as applicable, had recorded it as being satisfied) or the Adjusted Aggregate Relevant Mortgage Loan Amount or the Amortisation Test Aggregate Relevant Mortgage Loan Amount is misstated by an amount exceeding 1% of the Adjusted Aggregate Relevant Mortgage Loan Amount or the Amortisation Test Aggregate Relevant Mortgage Loan Amount, as applicable (as at the date of the relevant Asset Coverage Test or the relevant Amortisation Test), the Asset Monitor will be required to conduct such tests on each subsequent Test Date for a period of six months thereafter.

The Asset Monitor is entitled, provided that it has received all required information and in the absence of manifest error, to assume that all information provided to it by the Assignor or the Replacement Servicer, as applicable, for the purpose of conducting such tests is true and correct and is complete and not misleading, and is not required to conduct an audit or other similar examination in respect of, or otherwise take steps to verify the accuracy or completeness of, any such information. The Asset Monitor Report will be delivered to the Assignor or the Replacement Servicer, as applicable, the Guarantor, the Issuer and the Trustee.

Each Asset Monitor Report and any advice that the Asset Monitor provides to the Assignor or the Replacement Servicer, as applicable, the Issuer, the Guarantor, and the Trustee (in each case, in their respective capacities and collectively referred to as the **Asset Monitor Report Recipients**) in connection with the Asset Monitor Agreement is for the exclusive use of the Asset Monitor Report Recipients (in each case, in their respective capacities) in the context of the Programme and should not be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any person other than the Asset Monitor Report Recipients, without the Asset Monitor's prior written express consent. Save as expressly provided by the Asset Monitor Agreement, no person other than the Asset Monitor Report Recipients may rely on the Asset Monitor Report, or any advice and/or information derived there from. The Asset Monitor has no responsibility or liability to any other party who is shown or gains access to any Asset Monitor Report or advice.

Fees

The Guarantor shall pay to the Asset Monitor for its services pursuant to the Asset Monitor Agreement a fee (the **Asset Monitor Fee**) (exclusive of VAT and reasonable expenses) in an amount equal to CHF 8,000 – 8,500 for each time that the Asset Monitor is required to perform the tests set out in the Asset Monitor Agreement (such amount to be reviewed annually). The Asset Monitor Fee shall be payable half-yearly on a Guarantor Payment Date falling into the months of January and July and subject to the applicable Priority of Payments.

Termination and Resignation

The Guarantor and the Issuer may jointly, at any time, but subject to the prior written consent of the Trustee, terminate the appointment of the Asset Monitor under the Asset Monitor Agreement upon providing the Asset Monitor with 60 days' prior written notice, provided that such termination may not be effected unless and until a replacement has been found by the Guarantor and the Issuer (such replacement to be approved by the Trustee, such approval to be given if the replacement is an accountancy firm of national standing) which agrees to perform the duties (or substantially similar duties) of the Asset Monitor set out in the Asset Monitor Agreement.

The Asset Monitor may, at any time, resign by giving at least 60 days' prior written notice to the Guarantor, the Issuer and the Trustee (copied by the Guarantor to the Rating Agencies).

Upon the Asset Monitor giving notice of resignation, the Guarantor and the Issuer shall immediately use all reasonable endeavours to appoint a substitute asset monitor to provide the services set out in the Asset Monitor Agreement (such replacement to be approved by the Trustee, such approval to be given if the replacement is an accountancy firm of national standing). If a substitute asset monitor is not appointed by the date which is 30 days prior to the date when tests are to be carried out in accordance with the terms of the Asset Monitor Agreement, then the Guarantor and the Issuer shall use all reasonable endeavours to appoint an accountancy firm of national standing to carry out the relevant tests on a one-off basis, provided that such appointment is approved by the Trustee.

The Trustee will not be obliged to act as Asset Monitor in any circumstances.

Governing Law and Jurisdiction

The Asset Monitor Agreement will be governed by and construed in accordance with the substantive laws of Switzerland, and the exclusive place of jurisdiction for any disputes, claims or controversies arising under, out of or in connection with or related to the Asset Monitor Agreement, including, without limitation, disputes, claims or controversies regarding its existence, validity, interpretation, performance, breach or termination, shall be the city of Zurich, Switzerland.

Swap Agreement

On the first Issue Date, all Swaps entered into by the Guarantor will be governed by the Swap Agreement with the Initial Swap Provider. Replacement swaps may not be with the Initial Swap Provider and such swaps (each also a **Swap**) will be governed by a Swap Agreement expected to be in substantially the same form as the ISDA Master Agreement entered into between the Initial Swap Provider and the Guarantor.

Cover Pool Swaps

The Guarantor will hedge interest rate risk on the Cover Pool by entering into a series of Cover Pool Swaps with the Cover Pool Swap Provider so that the Cover Pool Assets and Hedging Portfolio (taken together) are compliant with the Pool Interest Rate Exposure Test as measured on a quarterly basis and on any other date selected by the Guarantor in its sole and absolute discretion.

The Pool Interest Rate Exposure Test will be satisfied on a measurement date if (i) the CHF Basis Point Duration and (ii) the aggregate of the CHF Basis Point Durations of the present value of net future cashflows in respect of the Cover Pool Assets and the Cover Pool Swaps is less than certain specified percentages of the aggregate principal of the Cover Pool Assets as of such measurement date, for each Term Point on the then-current CHF LIBOR Swap Curve (excluding the 3 month Term Point).

To provide a hedge against the possible variance between:

- the rates of interest receivable on the Assigned Mortgage Claims in the Cover Pool; and
- LIBOR for three month CHF deposits,

the Guarantor and the Initial Swap Provider will enter into one or more Cover Pool Swaps on or before the first Issue Date and may enter into further Cover Pool Swaps from time to time thereafter. Each Cover Pool Swap will be governed by a Swap Agreement.

Pursuant to the terms of the Cover Pool Swaps, following the IED Guarantee Activation Date (if any) and delivery of a Notice to Pay and Guarantee Activation Notice to the Guarantor, the Guarantor shall pay to the Cover Pool Swap Provider fixed amounts of interest, denominated in CHF on a periodic basis, and the Swap Provider shall pay to the Guarantor an interest rate linked to LIBOR for three month CHF deposits on a periodic basis.

Covered Bond Swaps

The Guarantor and the Initial Swap Provider or any replacement Swap Provider will enter into one or more Covered Bond Swaps in respect of each Series or Tranche, as applicable, of Covered Bonds, each of which will be governed by a Swap Agreement.

Each Covered Bond Swap will provide a hedge against certain interest rate and currency risks in respect of amounts received by the Guarantor under the Assigned Mortgage Claims in the Cover Pool and the Cover Pool Swaps, and the amounts payable by the by the Guarantor under the Guarantee in respect of the related Series of Covered Bonds.

Where the Guarantor is required to hedge such risks, there will be one or more Covered Bond Swaps in relation to each Series or Tranche, as applicable, of Covered Bonds. Under the Covered Bond Swaps, following the IED Guarantee Activation Date (if any) and delivery of a Notice to Pay and Guarantee Activation Notice to the Guarantor, the Swap Provider will pay to the Guarantor on each Interest Payment Date amounts equivalent to the amounts that are eventually payable by the Guarantor under the Guarantee in respect of interest and principal payable under the corresponding Series or Tranche of Covered Bonds. In return, the Guarantor will pay to the Swap Provider an amount in CHF calculated by reference to LIBOR for three month CHF deposits for the corresponding Interest Period plus a spread and the CHF Equivalent of any principal due under the Guarantee in respect of the relevant Series or Tranche of Covered Bonds.

If, prior to the Final Maturity Date in respect of a Series or Tranche of Covered Bonds for which an Extended Due for Payment Date is specified as applicable in the Final Terms, the payment by the Guarantor under the Guarantee of the amount corresponding to the Final Redemption Amount or any part of it in respect of such Series or Tranche is deferred until the specified Extended Due for Payment Date pursuant to Condition 7(a) (Redemption and Purchase – Redemption at maturity), the relevant Swap Provider will pay to the Guarantor on the Final Maturity Date, on each Interest Payment Date thereafter and on the Extended Due for Payment Date, an amount equal to the portion (if any) of the Final Redemption Amount of such Series or Tranche scheduled to be paid on each such date, in each case in exchange for payment by the Guarantor to the relevant Swap Provider of the CHF equivalent of such amount on each such date. Each Covered Bond Swap will terminate (i) (if such Covered Bond Swaps have not terminated earlier due to a Swap Early Termination Event or a Swap Ratings Termination Event) on the Final Maturity Date or (ii) (if Extended Due for Payment Date is specified as applicable in the applicable Final Terms and if the Guarantor notifies the Covered Bond Swap Provider, prior to the Final Maturity Date, of the inability of the Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount) on the Extended Due for Payment Date.

Rating Triggers and Early Termination of the Cover Pool Swaps and Covered Bond Swaps.

Under the Swap Agreement, in the event that the relevant rating(s) of a Swap Provider or its guarantor (as applicable) is or are downgraded by a Rating Agency below the rating(s) specified in the relevant Swap Agreement (such event a **Swap Ratings Downgrade Event**), the Swap Provider will be required to take certain remedial measures which may include providing collateral for its obligations under the Swap Agreement, arranging for its obligations under the Swap Agreement to be transferred to an entity with the rating(s) required by the relevant Rating Agency, procuring another entity with the rating(s) required by the relevant Rating Agency to become co-obligor or guarantor in respect of the Swap Provider's obligations under the Swap Agreement or taking such other action as it may agree with the relevant Rating Agency. If the Swap Provider fails to take any of these remedial measures, the Cover Pool and Covered Bond Swaps may be terminated as described below.

The Cover Pool Swaps and the Covered Bonds Swaps may be terminated in certain circumstances (each referred to as a **Swap Early Termination Event**), including:

- at the option of any party to the Swap Agreement, if there is a failure by the other party to pay any amounts due under the Swap Agreement (after the expiry of any applicable grace period) (for the avoidance of doubt, no such failure to pay by the Guarantor will entitle the Swap Provider to terminate any Cover Pool Swap or Covered Bond Swap, if such failure is due to the Available Funds at such time to the Guarantor being insufficient to make the required payment in full);

- upon the occurrence of the insolvency of the Swap Provider, or any guarantor of the Swap Provider, certain insolvency-related events in respect of the Guarantor, or the merger of the Swap Provider without an assumption by the successor entity of the obligations under the Swap Agreement;

- at the option of the Swap Provider and with the consent of the Trustee, if it becomes obliged to receive payments net of any withholding tax or is obliged to gross up, on account of tax, any payments it makes under the Swap Agreement;

- upon a change in law which results in the illegality of the obligations to be performed by either party under the Swap Agreement;

- upon the occurrence of a Swap Ratings Downgrade Event with respect to a Swap Provider, if the Swap Provider fails to comply with the requirements of the applicable ratings downgrade provisions contained in the Swap Agreement (such event, a **Swap Ratings Termination Event**);

- if any of the Transaction Documents are amended without the prior written consent of the Swap Provider where the Swap Provider is of the reasonable opinion that it is materially adversely affected as a result of such amendment;

- upon the early redemption or purchase and cancellation of any series of Covered Bonds in whole or part in accordance with the Conditions where, if some but not all Covered Bonds are so redeemed or purchased and cancelled, the related Cover Pool Swaps and Covered Bond Swaps will be terminated in an amount corresponding to the principal amount of Covered Bonds so redeemed or purchased and cancelled;

- if any of the Priorities of Payment or certain other relevant provisions of the Intercreditor Deed are amended (other than in accordance with the Intercreditor Deed) such that the Guarantor's obligations to the Swap Provider become further contractually subordinated to the Guarantor's obligations to any other Relevant Creditor; and

- upon delivery by the Trustee of a Guarantor Acceleration Notice and a Notice to Pay on the Guarantor.

Upon the termination of one or more Swaps as a consequence of a Swap Early Termination Event, the Guarantor or the Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the Swap Agreement.

Any termination payment made by the Swap Provider under the Swap Agreement will first be used to the extent necessary (prior to the GED Guarantee Activation Date) to pay any premium due to an incoming replacement Swap Provider (or replacement Swap Providers) to enter into a replacement Covered Bond Swap(s) and/or a replacement Cover Pool Swap with the Guarantor, unless such replacement Swaps have already been entered into on behalf of the Guarantor. Any premium received by the Guarantor from a replacement Swap Provider in respect of a replacement Swap will first be used to make any termination payment due and payable by the Guarantor with respect to the relevant Swap, unless such termination payment has already been made on behalf of the Guarantor.

Tax Credits and Withholding Tax on the Swaps

Any Swap Collateral Excluded Amounts and any amount to be paid by the Guarantor to the Swap Provider pursuant to Section 2(d)(iii) of the Swap Agreement (as amended by Part 5(l)(iii) of the Schedule to the Swap Agreement) in relation to a payment made by the Swap Provider pursuant to Section 2(d)(i)(4) or Section 2(d)(ii) of the Swap Agreement (a **Tax Credit**) will be paid to the Swap Provider directly and not via the Priorities of Payments.

If withholding taxes are imposed on payments made by the Swap Provider under the Swap Agreement, the Swap Provider shall always be obliged to gross up these payments. If withholding taxes are imposed on payments made by the Guarantor to the Swap Provider under the Swap Agreement, the Guarantor shall not be obliged to gross up those payments.

Limited Recourse

The Guarantor's obligations under the Swap Agreement are limited in recourse in accordance with the provisions of the Intercreditor Deed and the Priorities of Payment.

Governing Law and Jurisdiction

The Swap Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law, and the courts of England will have jurisdiction to settle any dispute which arises out of the Swap Agreement. However, any party to the Swap Agreement may take suit or proceedings in other jurisdictions.

Agency Agreement

Pursuant to the terms of an amended and restated agency agreement dated 22 August 2013 among (*inter alios*) the Issuer, the Guarantor, the Paying Agents, the Registrar, the Transfer Agent, the U.S. Paying and Transfer Agent, the Exchange Agent, the Delivery Agent and the Trustee (the **Agency Agreement**), each of the Issuer and the Guarantor have appointed the Delivery Agent, the Paying Agents, the Registrar, the Transfer Agent, the U.S. Paying and Transfer Agent, the U.K. Paying Agent and the Exchange Agent as its agent for the purpose, *inter alia*, of making payments at its specified office in respect of the Covered Bonds and, following the Guarantee Activation Date, the delivery of the Notices to Pay in accordance with the Agency Agreement, the Conditions and the Trust Deed, and for performing such other duties as are reasonably incidental thereto as may be requested by the Issuer or the Trustee. The Agency Agreement outlines the duties of each of the above.

Payments by Agents

The Issuer or, failing the Issuer, the Guarantor will before 10.00 a.m. (local time in the relevant financial centre of the payment or, in the case of a payment in euro, Luxembourg time) on each date on which any payment in respect of any of the Covered Bonds becomes due and payable under the Conditions, transfer to an account specified by the Principal Paying Agent such amount in the relevant currency as shall be sufficient for the purposes of the payment of principal, premium and/or interest settled through TARGET 2 (in the case of a payment in euro) or such payment system as the Principal Paying Agent and the Issuer or, failing the Issuer, the Guarantor may agree. In turn, the Principal Paying Agent shall pay or cause to be paid on behalf of the Issuer and/or the Guarantor the amounts of principal, premium and interest payable in respect of each Covered Bond under the Conditions. Unless and until the full amount of any such payments has been made to the Principal Paying Agent, no Paying Agent shall be bound to make such payments.

Delivery of Notices to Pay by the Delivery Agent

Following the IED Guarantee Activation Date and after the first Notice to Pay has been served on the Guarantor by the Trustee, and prior to a Guarantor Event of Default, the Delivery Agent will:

(a) prepare and sign all Notices to Pay and promptly deliver the same to the Guarantor (except that the Trustee shall prepare, sign and deliver the initial Notice to Pay to be served on the Guarantor in the circumstances set out in the Guarantee Deed):

    (i) (upon the direction in writing of the Corporate Services Provider, such direction to be received not later than the date which falls 67 Business Days prior to each Scheduled Payment Date) not earlier than 65 Business Days and, to the extent practical, not later than 63 Business Days prior to each Scheduled Payment Date for the Guaranteed Amounts falling Due for Payment on each such Scheduled Payment Date and to the extent that only part of the Scheduled Interest amounts forming part of such Guaranteed Amounts are quantifiable and notified by the Guarantor (or the Cash Manager on its behalf) as at this date

only the quantifiable part of such Scheduled Interest amounts will be included in such Notice to Pay; and

(ii) in respect of such Scheduled Interest amounts which are unquantifiable or which are not notified to the Delivery Agent as at the date falling 65 or 63 (as the case may be) Business Days prior to such Scheduled Payment Date for the relevant Guaranteed Amounts, on the Business Day following the date on which the Guarantor (or the Cash Manager on its behalf) informs the Delivery Agent of the quantum of such Scheduled Interest amount; and

(b) in any such Notice to Pay direct the Guarantor to pay (or to procure the payment of) all sums payable under the Guarantee to the Principal Paying Agent subject always to the provisions of the Agency Agreement and the terms of the Intercreditor Deed.

Termination of Appointments

Each of the Principal Paying Agent and the Registrar may (subject to the paragraphs below) at any time resign by giving at least 90 days' written notice to the Issuer, the Guarantor and the Trustee specifying the date on which its resignation shall become effective.

Each of the Principal Paying Agent and the Registrar may (subject to the paragraphs below) be removed at any time by the Issuer and the Guarantor with the prior written approval of the Trustee on at least 45 days' notice in writing from the Issuer and the Guarantor specifying the date when the removal shall become effective.

The Issuer and the Guarantor may, with the prior written approval of the Trustee, terminate the appointment of any of the Agents (other than the Principal Paying Agent and the Registrar) at any time and/or appoint one or more further or other Agents by giving to the Principal Paying Agent and to the relevant other Agent at least 45 days' notice in writing to that effect (other than in the case of insolvency).

Except as described above, all or any of the Agents (other than the Principal Paying Agent) may resign their respective appointments under the Agency Agreement at any time by giving the Issuer, the Guarantor, the Trustee and the Principal Paying Agent at least 45 days' written notice to that effect. However, the termination of the appointment of an Agent (whether by the Issuer and the Guarantor or by the resignation of the Agent) shall only take effect upon the appointment by the Issuer and the Guarantor of a successor Agent approved in writing by the Trustee and (other than in cases of insolvency of the Principal Paying Agent or the Registrar, as the case may be) on the expiry of the notice given under the Agency Agreement. If on the day falling 10 days before the expiry of the notice of resignation or removal, the Issuer and the Guarantor have not appointed a successor Agent approved in writing by the Trustee, the Agent will be entitled to appoint as a successor a reputable financial institution of good standing which the Issuer, the Guarantor and the Trustee shall approve.

Commissions and Expenses

The Issuer or, failing the Issuer, the Guarantor shall pay to each Agent such commissions, fees and expenses in respect of their respective services as shall be agreed between the Issuer and the respective Agent. An amount equal to any value added tax which may be payable in respect of such commissions, fees and expenses, together with all reasonable out-of-pocket expenses incurred by the Agents in connection with their services, will also be paid.

Governing Law and Jurisdiction

The Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law, and the courts of England will have exclusive jurisdiction to settle any dispute which arises out of the Agency Agreement.

Safe Custody Agreement

Under the Safe Custody Agreement, the Guarantor in its role as depositor (the **Depositor**) entrusts the Transferred Mortgage Certificates to Credit Suisse in its role as Custodian and the Custodian takes the Transferred Mortgage Certificates (the **Stored Mortgage Certificates**) into its custody and safekeeping in accordance with articles 472 et seq. CO.

The Custodian keeps the Stored Mortgage Certificates in its vault. Without the Depositor's prior written consent, the Stored Mortgage Certificates cannot be kept or stored at any other place or with any other party. The Custodian agrees that it will at all times be in a position to identify and locate the Stored Mortgage Certificates.

The Custodian will deliver any and all Stored Mortgage Certificates to the Depositor immediately upon its written request at any time. Further, upon the earlier to occur of (i) a Notification Event or (ii) a Breach of Pre-Maturity Test and failure of the Custodian to fund the Liquidity Reserve Fund Ledger up to the Liquidity Reserve Fund Required Amount within 10 Business Days after the occurrence of a Liquidity Reserve Trigger Event, the Custodian will immediately deliver all Stored Mortgage Certificates to the Depositor or, if instructed by the Depositor to do so, to a successor of the Custodian (which may also be the Replacement Servicer), in each case whether or not a written request has been made by the Depositor.

The Custodian shall be liable to the Depositor for the damage caused to the Depositor by any breach of the Safe Custody Agreement, unless the Custodian proves that the damage occurred through no fault of his own. The Custodian shall in performing its obligations under the Safe Custody Agreement apply the same care which the Custodian observes with regard to the safekeeping and administration of its own securities (*diligentia quam in suis*). The Custodian shall not be liable to the Depositor for any damage caused by events or circumstances which are beyond its control, such events or circumstances to include, but not be limited to, war, civil insurrection, vis major and government action. Further, the Custodian shall not be liable for any damage caused by power shortage, the break-down or interruption of electronic and technical systems which the Custodian is not responsible for. Further, the Custodian shall not be liable to the Depositor for any indirect or consequential damage (*mittelbarer Schaden oder Folgeschaden*) or unrealized gain (*entgangener Gewinn*).

Fees and Expenses

The Custodian shall be entitled to receive from the Depositor a fee in the amount of 0.001% per annum of the aggregate amount of the Assigned Mortgage Claims (plus VAT, if applicable) (the **Custody Fee**), due and payable on the last Guarantor Payment Date of each calendar year, which shall be subject to applicable limited recourse provisions and paid in the manner contemplated by and in accordance with the provisions of the Intercreditor Deed. The Custody Fee shall be calculated on the basis of the aggregate amount of the Assigned Mortgage Claims held on the Cut-off Date immediately prior to the relevant Guarantor Payment Date or, if such day is not a Business Day, on the next following Business Day. The Custodian is not entitled to any other compensation or reimbursement of expenses.

Governing Law and Jurisdiction

The Safe Custody Agreement will be governed by and construed in accordance with the substantive laws of Switzerland, and the exclusive place of jurisdiction for any disputes, claims or controversies arising under, out of or in connection with or related to the Safe Custody Agreement, including, without limitation, disputes, claims or controversies regarding its existence, validity, interpretation, performance, breach or termination, shall be the city of Zurich, Switzerland.

Master Bank Account Agreement

All Guarantor Bank Accounts and the Guarantor Share Capital Bank Account shall be governed by the Master Bank Account Agreement.

Account Agreements

The Account Bank confirms that all Guarantor Bank Accounts or the Guarantor Share Capital Bank Account have been established. The Master Bank Account Agreement shall override any conflicting provisions of any account agreement including any terms and conditions relating to a Guarantor Bank Account or the Guarantor Share Capital Bank Account and the parties agree that certain clauses of the related terms and conditions shall not apply.

Instructions from Cash Manager

The Account Bank shall comply with any payment instruction given in relation to a Guarantor Bank Account provided that such instruction (i) is given by the Guarantor or any Authorised Signatory, (ii) is given on a Business Day to effect a payment by debiting the relevant Guarantor Bank Account (iii) is in writing, or is given by the internet banking service provided by the Account Bank, and (iv) is made in compliance with the relevant account agreement. However, amounts may only be withdrawn from any Guarantor Bank Account or the Guarantor Share Capital Bank Account to the extent that such withdrawal does not cause the relevant account to have a negative balance.

The Account Bank is not under any obligation to enquire as to the purpose of any direction given by any Authorised Signatory.

Account Statements

As soon as reasonably practicable after receipt of a request from the Guarantor or from the Cash Manager or any other person designated by the Guarantor to make such requests, the Account Bank shall provide each of the Cash Manager, the Guarantor and any other person designated by the Guarantor with a written statement in respect of each Guarantor Bank Account and the Guarantor Share Capital Bank Account.

Interest

Interest on the Guarantor Bank Accounts and the Guarantor Share Capital Bank Account will be paid at the same rates as are generally applicable to similar accounts maintained by the Account Bank for business customers. The Guarantor instructs the Account Bank to credit all interest accrued or accruing on the Guarantor Share Capital Bank Account to the General Bank Account.

Security Interest and Set-off

The Account Bank unconditionally and irrevocably waives any and all Security Interest in relation to all Guarantor Bank Accounts, the Guarantor Share Capital Bank Account and any other account and custody accounts held in the name of the Guarantor and any asset held therein. The Account Bank agrees that it will not set-off or purport to set-off any amount which the Guarantor is or will become required to pay to it against any amount which is or will become required to pay to the Guarantor. The Guarantor shall at all times be entitled to set off any of its claims against the Account Bank against any and all claims that the Account Bank may have against the Guarantor.

Account Bank Downgrade Event

Upon the occurrence of an Account Bank Downgrade Event, the Guarantor may within 30 days, either: (i) transfer amounts standing to the credit of, and any other assets held in, the Guarantor Bank Accounts and the

Guarantor Share Capital Bank Account to accounts to be established by the Guarantor with a replacement account bank having at least a short-term, unsecured, unsubordinated and unguaranteed debt obligation rating equal to the Minimum Account Bank Rating under a master bank account agreement with terms substantially similar to the terms of the Master Bank Account Agreement and acceptable to the Guarantor and the Cash Manager, or (ii) obtain a guarantee in respect of the Guarantor Bank Accounts and the Guarantor Share Capital Bank Account from a financial institution whose short term ratings are at least equal to the Minimum Account Bank Ratings, or (iii) take any alternative remedial action, provided that the Rating Agencies have confirmed that the then current ratings of the Covered Bonds issued under the Programme would not be reduced, qualified or withdrawn as a result of such alternative remedial action.

Termination and Resignation

The Master Bank Account Agreement shall remain in full force and effect until expiry of a period ending 366 days after the date on which all Secured Obligations have been discharged in full and no further Secured Obligations are capable of arising and may, subject to certain exceptions, not be terminated by any of the parties to the Master Bank Account Agreement prior to that date.

Subject to compliance with certain conditions, including but not limited to the prior consent of the Guarantor and the appointment of a replacement account bank which meets certain criteria, the Account Bank may terminate the Master Bank Account Agreement upon the expiry of not less than 3 months' notice of termination given to the Cash Manager and the Guarantor with a copy to the Trustee.

Governing Law and Jurisdiction

The Master Bank Account Agreement will be governed by and construed in accordance with the substantive laws of Switzerland, and the exclusive place of jurisdiction for any disputes, claims or controversies arising under, out of or in connection with or related to the Master Bank Account Agreement, including, without limitation, disputes, claims or controversies regarding its existence, validity, interpretation, performance, breach or termination, shall be the city of Zurich, Switzerland.

Collateral Holding Agreement

Pursuant to the terms of a collateral holding agreement dated 22 August 2013 among the Guarantor, the Collateral Holding Agent, the Originator and the Assignor (the **Collateral Holding Agreement**), the Collateral Holding Agent shall act as collateral holding agent on behalf of the Guarantor.

Custody of Collateral Mortgage Certificates

The Cover Pool Assets to be provided by the Originator to the Guarantor as collateral under the Security Assignment Agreement shall comprise, *inter alia*, (i) Eligible Mortgage Claims which shall be transferred to the Guarantor by way of a security assignment and (ii) Fiduciary Entitlements to the related Paperless Mortgage Certificates which shall be transferred to the Guarantor with a view to continuously secure the Assigned Mortgage Claims. The Collateral Holding Agent has entered or will enter, as the case may be, into a Nominee Participant Agreement and a Paperless MC Custody Agreement with each of the Originator and the Guarantor pursuant to which the Collateral Holding Agent in its capacity as Nominee System Provider shall be registered, with the Relevant Land Register, as the creditor of Paperless Mortgage Certificates on behalf of the Originator or the Guarantor, respectively.

Under the Security Assignment Agreement, the Originator undertakes to transfer Fiduciary Entitlements to the Paperless Mortgage Certificates to the Guarantor and, in order to effectuate transfer of Fiduciary Entitlement in such Paperless Mortgage Certificates to the Guarantor, to instruct the Collateral Holding Agent in its capacity as Nominee System Provider to hold the Collateral Paperless Mortgage Certificates henceforth on behalf of the Guarantor. Upon receipt by the Collateral Holding Agent of a duly signed Transfer Deed or a physical or electronic copy thereof from the Originator, pursuant to which Fiduciary

Entitlements to the Paperless Mortgage Certificates so specified and held by the Nominee System Provider under the Originator Paperless MC Custody Agreement shall be transferred to the Guarantor,

(a) the relevant Collateral Paperless Mortgage Certificates shall no longer be subject to the Originator Paperless MC Custody Agreement but the custody and release of the relevant Collateral Paperless Mortgage Certificates shall be exclusively governed by this Collateral Holding Agreement, the Guarantor Nominee Participant Agreement and the Guarantor Paperless MC Custody Agreement; and

(b) the Collateral Holding Agent shall as from the relevant Transfer Date (i) hold as fiduciary (*Verwaltungstreuhand*) the relevant Collateral Paperless Mortgage Certificates specified in the relevant Transfer Deed exclusively on behalf of the Guarantor in accordance with the Nominee Participant Agreement and the Guarantor Paperless MC Custody Agreement, (ii) book the relevant Collateral Paperless Mortgage Certificates to the Guarantor Paperless MC Custody Account in accordance with the Nominee Participant Agreement and the Guarantor Paperless MC Custody Agreement, (iii) notify the Guarantor in accordance with the Nominee Participant Agreements and the Paperless MC Custody Agreements by way of an account statement and a booking notice, and both the account statement and the booking notice shall constitute an irrevocable declaration of acceptance to hold the relevant Collateral Paperless Mortgage Certificates booked therein on behalf of the Guarantor, (iv) clearly identify the relevant Paperless Mortgage Certificates in all of its relevant books, records and IT-systems (including, but not limited to the Systems) in accordance with the Collateral Holding Agreement, (v) administer the relevant Collateral Paperless Mortgage Certificates for the Guarantor, and (vi) only release the relevant Collateral Paperless Mortgage Certificates as provided in the Collateral Holding Agreement or in the Nominee Participant Agreement.

The Collateral Holding Agent waives with effect *erga omnes* (*echter Vertrag zugunsten Dritter*) to the fullest extent legally permissible all statutory and contractual, current and future pledges, liens, encumbrances, retention rights (*Retentionsrechte*), rights to refuse performance (*Leistungsverweigerungsrechte*) and similar rights, whether these are obligatory rights or rights *in rem*, in relation to (i) the Collateral Paperless Mortgage, (ii) the Guarantor Paperless MC Custody Account, (iii) certain confidential customer details relating to the such Collateral Paperless Mortgage Certificates and the Guarantor Paperless MC Custody Account and/or (iv) any other asset which the Collateral Holding Agent may receive on behalf of the Guarantor.

The effectiveness of the Collateral Holding Agreement is subject to the condition that the Originator and the Guarantor, respectively, and the Nominee System Provider have entered into (i) a Nominee Participant Agreement substantially in the form of the standard Nominee Participant Agreement (*Teilnehmervertrag betreffend treuhänderische Verwaltung von Register-Schuldbriefen*) used by SIX SIS AG and (ii) a Paperless MC Custody Agreement substantially in the form of the standard Paperless MC Custody Agreement (*Depotvertrag betr. treuhänderisch verwaltete Registerschuldbriefe*) used by SIX SIS AG and (iii) a fee letter pursuant to the Collateral Holding Agreement.

Release of Collateral Paperless Mortgage Certificates

The Collateral Holding Agent shall only release the Collateral Paperless Mortgage Certificates: (i) upon specific written instruction by the Guarantor, or (ii) upon the occurrence of a release event in connection with the substitution of Mortgage Assets, the retransfer of excess Cover Pool Assets or the release of discharged Paperless Mortgage Certificates. In addition, upon termination of the Collateral Holding Agreement, the Collateral Holding Agent shall release and transfer the Collateral Paperless Mortgage Certificates as instructed by the Guarantor in writing.

Records and Reporting

The Collateral Holding Agent shall, without prejudice to any rights of the Guarantor under or in connection with the Guarantor Nominee Participant Agreement, make available upon request by the Guarantor on an item-by-item basis the following up-to-date data:

(c) each Collateral Paperless Mortgage Certificate;

(d) the face value of each Collateral Paperless Mortgage Certificate;

(e) date of the Transfer Deed pursuant to which Fiduciary Entitlement to a Collateral Paperless Mortgage Certificate has been transferred to the Guarantor;

(f) the date on which a Collateral Paperless Mortgage Certificate has been released, if at all; and

(g) if released, the person to whom the Collateral Paperless Mortgage Certificate has been released and the reason for any such release.

Further, the Collateral Holding Agent shall make available and provide the Guarantor for the following up-to-date data in accordance with the Guarantor Nominee Participant Agreement and the Guarantor Paperless MC Custody Agreement:

(a) within one Business Day as from each Transfer Date an account statement (*Depotauszug*) for the Guarantor Paperless MC Custody Account; and

(b) on the same Business Day as of which they are effected booking notices (*Buchungasanzeigen*) of all credits and debits of Paperless Mortgage Certificates or from the Guarantor Paperless MC Custody Account.

In addition, the Collateral Holding Agent shall deliver to the Guarantor, the Originator and the Servicer after receipt of an electronic file of transferred Mortgage Assets, an error report and a balance sheet containing detailed information with regard to the Paperless Mortgage Certificates and the Collateral Paperless Mortgage Certificates as per the relevant Transfer Date.

Termination, Registration and Resignation

Upon the occurrence of a Collateral Holding Termination Event, the Guarantor may at once or at any time thereafter while such default or event continues by termination notice in writing to the Collateral Holding Agent (with a copy to the Trustee) terminate the Collateral Holding Agreement with effect from a date (not earlier than the date of the notice) specified in the notice. The termination shall not take effect before a Replacement Collateral Holding Agent has been appointed and has accepted such appointment, provided that unless and until a Replacement Collateral Holding Agent is appointed which meets certain criteria, then the Guarantor shall be allowed to appoint a third party (other than Credit Suisse AG or any of its affiliates, representatives or employees) to perform the duties of a collateral holding agent. The Guarantor shall, nonetheless, continue to search for a Replacement Collateral Holding Agent.

Upon the occurrence of a Registration Event, such as, subject to all Independent Directors waiving the occurrence of such event, (i) the Collateral Holding Agent failing to maintain status as a licensed bank under the FBA or (ii) the occurrence of an Insolvency Event in relation to the Collateral Holding Agent or SIX SIS AG ceasing to operate the Nominee System, the Collateral Holding Agreement is deemed terminated.

Subject to compliance with certain conditions, including but not limited to the prior appointment of a Replacement Collateral Holding Agent, which meets certain criteria by the Guarantor, the Collateral Holding Agent may terminate the Collateral Holding Agreement upon the expiry of not less than 12 months' notice of

termination given by the Collateral Holding Agent to the Guarantor, the Originator (with a copy to the Trustee) without providing any reason therefore.

Governing law

The Collateral Holding Agreement as well as any transfer of Collateral Paperless Mortgage Certificates will be governed by and construed in accordance with the substantive laws of Switzerland, and the exclusive place of jurisdiction for any disputes, claims or controversies arising under, out of or in connection with the Collateral Holding Agreement, including, without limitation, disputes, claims or controversies regarding its existence, validity, interpretation, performance, breach or termination, shall be the city of Zurich, Switzerland.

CREDIT STRUCTURE

The Covered Bonds will be direct, unsubordinated, unsecured, unconditional obligations of the Issuer which shall have the benefit of the Guarantee. The obligations of the Guarantor under the Guarantee will be direct, unsecured, unsubordinated and (following the Guarantee Activation Date and subject to the service of a Notice to Pay for the relevant amount on the Guarantor) unconditional. The Guarantor has no obligation to pay any Guaranteed Amounts under the Guarantee until the Guarantee Activation Date and the service of the relevant Notice to Pay for the relevant amount on the Guarantor.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Covered Bondholders, as follows:

- the Guarantee provides credit support for the Issuer's payment obligations under the Covered Bonds;
- in certain circumstances (as set forth below) prior to the occurrence of a Notification Event Collected Mortgage Payments shall be transferred by the Assignor to the Guarantor and credited to the Cover Pool Bank Account in accordance with the provisions of the Intercreditor Deed and the Security Assignment Agreement;
- following the occurrence of a Pre-Maturity Liquidation Event, the Guarantor is entitled to liquidate Assigned Mortgage Claims for purposes of creating liquidity in the Cover Pool in respect of principal due on the Final Maturity Date of Hard Bullet Covered Bonds;
- the maintenance of a Liquidity Reserve Fund if a Liquidity Reserve Trigger Event occurs and is continuing to provide liquidity for some expenses and interests;
- the Asset Coverage Test is intended to test the asset coverage of the Cover Pool Assets in respect of outstanding Covered Bonds prior to an Issuer Event of Default;
- the Interest Coverage Test is intended to test the interest coverage of the Cover Pool Assets in respect of outstanding Covered Bonds prior to an Issuer Event of Default; and
- the Amortisation Test is intended to test the asset coverage of the Cover Pool Assets in respect of outstanding Covered Bonds following an Issuer Event of Default.

These factors are considered more fully in the remainder of this section.

Guarantee

Under the terms of the Guarantee Mandate Agreement, the Issuer will instruct the Guarantor to issue in the Guarantor's own name but on the account of the Issuer, the Guarantee for the benefit of the Covered Bondholders represented by the Trustee. Subject to the security assignment of sufficient Cover Pool Assets by the Principal Originator allowing the Guarantor to meet each Pre-Event Test after the issuance of each new Series or Tranche and the fulfilment of certain other conditions, the Guarantee is intended to cover Guaranteed Amounts falling due on each Series of Covered Bonds from time to time.

The Guarantee Mandate Agreement further provides for a Guarantee Pre-funding Obligation, a Swap Termination Payment Pre-funding Obligation and a General Recourse and Indemnity Pre-funding Obligation of the Issuer, as well as corresponding Recourse Claims of the Guarantor. Furthermore, the Security Assignment Agreement provides for an Increased Services Provider Expenses Pre-funding Obligation of the Issuer as well as corresponding Recourse Claims of the Guarantor. See further *Overview of the Principal Transaction Documents – Guarantee Mandate Agreement* and *Overview of the Principal Transaction*

Documents – Security Assignment Agreement for further discussions regarding the Pre-funding Obligations of the Issuer and the corresponding Recourse Claims of the Guarantor.

Under the terms of the Guarantee Deed, the Guarantor has provided a guarantee as to payments of principal and interest under the Covered Bonds (the **Guarantee**). Subject to the limited recourse provisions as against the Guarantor as described in this Base Prospectus, the Guarantor has agreed to pay an amount equal to the Guaranteed Amounts payable on the Covered Bonds as and when the same shall become Due for Payment but which would otherwise be unpaid by the Issuer.

See further *Overview of the Principal Transaction Documents – Following the IED Guarantee Activation Date – Guarantee Deed* as regards the terms of the Guarantee. See further *Cashflows – Guarantee Priority of Payments* as regards the payment of amounts payable by the Guarantor to Covered Bondholders and other creditors following the IED Guarantee Activation Date.

Liquidity Reserve Fund

Prior to the occurrence of a Notification Event and for so long as a Liquidity Reserve Trigger Event has occurred and is continuing, the Assignor will be required to transfer Collected Mortgage Payments in sufficient amounts to fund the Liquidity Reserve Fund Ledger of the Cover Pool Bank Account up to the Liquidity Reserve Fund Required Amount within five Business Days of receipt or set-off the same.

For so long as a Liquidity Reserve Trigger Event is continuing, amounts standing to the credit of the Liquidity Reserve Fund Ledger shall form part of the Cover Pool Assets.

Should the Liquidity Reserve Trigger Event cease to exist, the Guarantor or the Cash Manager on its behalf will be required, upon request by the Assignor, to procure that the relevant amount of Collected Mortgage Payments standing to the credit of the Liquidity Reserve Fund Ledger in an amount not exceeding the value of Excess Cover Pool Assets in accordance with the Security Assignment Agreement is transferred back to the Assignor on the following Test Date, provided that there is no Breach of Test Notice then outstanding.

Pre-Maturity Liquidity

Certain Series of Covered Bonds are scheduled to be redeemed in full on the Final Maturity Date without any provision for scheduled redemption other than on the Final Maturity Date (such Series of Covered Bonds, the **Hard Bullet Covered Bonds**). The applicable Final Terms will identify whether any Series of Covered Bonds is a Series of Hard Bullet Covered Bonds. The occurrence of a Pre-Maturity Liquidation Event triggers the provisions allowing the liquidation of the Cover Pool Assets which provides liquidity for the Hard Bullet Covered Bonds when Credit Suisse's credit ratings fall below a certain level. If on any Business Day a Breach of Pre-Maturity Test has occurred in respect of any Series of Hard Bullet Covered Bonds prior to the occurrence of an Issuer Event of Default or the occurrence of a Guarantor Event of Default, the Issuer will immediately notify the Trustee and the Guarantor thereof in writing.

A **Breach of Pre-Maturity Test** will occur if, in respect of a specific Series of Hard Bullet Covered Bonds:

(a) Credit Suisse's long-term credit rating from Moody's falls below A1 and the Final Maturity Date of such Series of Hard Bullet Covered Bonds occurs within 180 calendar days following: (y) the date of the relevant ratings downgrade; or (z) any date thereafter at which Credit Suisse's long-term credit rating from Moody's is below A1; or

(b) Credit Suisse's short-term credit rating from Fitch falls below F1+ and the Final Maturity Date of such Series of Hard Bullet Covered Bonds occurs within 270 calendar days following: (y) the date of the relevant ratings downgrade; or (z) any date thereafter at which Credit Suisse's short-term credit rating from Fitch is below F1+; or

(c) Credit Suisse's short-term credit rating from Moody's falls to Prime-2 and the Final Maturity Date of such Series of Hard Bullet Covered Bonds occurs within 360 calendar days following: (y) the date of the relevant ratings downgrade; or (z) any date thereafter at which Credit Suisse's short-term credit rating from Moody's is Prime-2.

Following the occurrence of a Pre-Maturity Liquidation Event in respect of any Series of Hard Bullet Covered Bonds, the Guarantor shall be entitled to sell (after taking into account the application of available monies in accordance with the Trust Deed) Assigned Mortgage Claims to Eligible Investors in accordance with the Trust Deed and the Security Assignment Agreement, in order that, following such sale, there will be an amount standing to the credit of the Pre-Maturity Liquidity Ledger at least equal to the Pre-Maturity Required Amount of any such Series of Hard Bullet Covered Bonds.

Failure by the Issuer to pay the full amount due in respect of a Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof will constitute an Issuer Event of Default. Following the IED Guarantee Activation Date, the Guarantor shall apply available funds (including amounts standing to the credit of the Pre-Maturity Liquidity Ledger of the Cover Pool Bank Account) to repay the relevant Series of Hard Bullet Covered Bonds in accordance with the relevant Priority of Payments.

Given that CS did not have the required short term ratings as at 270 days before the Final Maturity Date of the Series 5 USD2,000,000,000 Covered Bonds due 6 March 2015, Credit Suisse deposited the Pre-Maturity Required Amount in the Guarantor's Cover Pool Bank Account and will continue to post the required amounts 270 days before the final maturity date of each series so long as CS's short term ratings are below the required ratings.

Collected Mortgage Payments

Prior to the occurrence of a Notification Event, the Assignor will generally be entitled to keep all Collected Mortgage Payments rather than paying over the same to the Guarantor. However, for liquidity purposes, the Assignor will be obliged to pay over the Collected Mortgage Payments to the Guarantor (which will be credited to the Cover Pool Bank Account) in the following circumstances:

(a) for so long as a Breach of Test Notice is outstanding and has not been revoked;

(b) for so long as a Liquidity Reserve Trigger Event has occurred and is continuing up to the Liquidity Reserve Fund Required Amount;

(c) for so long as a Breach of Pre-Maturity Test has occurred and is continuing up to the relevant Pre-Maturity Required Amount; and

(d) for so long as the short-term unsecured and unsubordinated debt ratings of the Assignor are rated lower than "F1" by Fitch or "Prime-1" by Moody's (but provided that if no Breach of Test Notice is outstanding, the Collected Mortgage Payments may be returned to the relevant Originator subject to the terms of the Pre-Guarantee Priority of Payments).

Prior to the Guarantee Activation Date (notwithstanding that a Notification Event may have already occurred), after applying monies standing to the credit of the Cover Pool Bank Account to pay higher ranking amounts in accordance with the Pre-Guarantee Priority of Payments, upon request by the Assignor, the monies standing to the credit of the Cover Pool Bank Account in an amount not exceeding the value of Excess Cover Pool Assets in accordance with the Security Assignment Agreement will be paid back to the Assignor on each Test Date, provided that no Breach of Test Notice has occurred which is outstanding.

Asset Coverage Test

The Asset Coverage Test is intended to ensure that the Guarantor can meet its obligations under the Guarantee and in respect of senior ranking expenses which will include costs relating to the maintenance, administration and winding-up of the Cover Pool whilst the Covered Bonds are outstanding.

The Servicer will be appointed to calculate the Asset Coverage Test as of each Test Date prior to the IED Guarantee Activation Date. The Asset Monitor will be appointed to periodically verify the calculations.

The Asset Coverage Test is met on a specific Test Date with reference to the immediately previous Cut-off Date. The Adjusted Aggregate Relevant Mortgage Loan Amount (as defined below) is in an amount at least equal to the CHF Equivalent of the aggregate Principal Amount Outstanding of all Series and Transfers of Covered Bonds.

If the Asset Coverage Test is not met on the two consecutive Test Dates, the Asset Coverage Test will be breached and the Assignee will serve a notice (a **Breach of Test Notice**) on the Assignor. A Breach of Test Notice in respect of the Asset Coverage Test will be deemed revoked if, on the Test Date immediately following the service of the Breach of Test Notice, the Asset Coverage Test is satisfied.

For so long as a Breach of Test Notice is outstanding (i) no Collateral Differential shall become due and (ii) the Assignor will transfer to the Assignee any amounts received by it as Collected Mortgage Payments.

If a Breach of Test Notice has not been revoked on or before the date which is two Business Days after the Test Date immediately following the date of service of such notice, then an Issuer Event of Default will occur.

Adjusted Aggregate Relevant Mortgage Loan Amount means the amount calculated on each Test Date as of the previous Cut-off Date as follows:

where,

A = the lower of (i) and (ii), where:

(i) = the sum of the **Adjusted Current Balance** of each Relevant Mortgage Loan, which, in relation to each Relevant Mortgage Loan, shall be the lower of (1) the actual Current Balance of each Relevant Mortgage Loan as calculated on the Test Date as of the previous Cut-off Date and (2) the related Pro Rata Property Value multiplied by M (where for each Relevant Mortgage Loan that is less than three months in arrears or not in arrears, M = 0.70; for each Relevant Mortgage Loan that is three months or more in arrears and has a related LTV of less than or equal to 70%, M = 0.40 and for each Relevant Mortgage Loan that is three months or more in arrears and has a related LTV of more than 70%, M = 0.25).

For the purpose of this calculation the following shall be disregarded:

1. Each Relevant Mortgage Loan affected by an increase in accordance with the Servicing Standards;

2. Each Relevant Mortgage Loan affected by a change of Mortgage Product according to the Servicing Standards;

3. Each Relevant Mortgage Loan affected by a change of Mortgage Debtor according to the Servicing Standards;

4. If a Substitution Event occurred in respect of an Relevant Mortgage Loan since the Cut-off Date preceding the previous Cut-off Date (excluding any obligation to replace a Relevant Mortgage Loan which has an LTV of greater than 100% or mortgage claims that are three months or more in arrears), and the Affected Mortgage Assets were not retransferred to the Assignor in accordance with the Security Assignment Agreement before the previous Cut-off Date, an amount equal to the Current Balance of the affected Relevant Mortgage Loan (as calculated on the Test Date as of the previous Cut-off Date);

minus

an amount equal to the resulting financial loss incurred by the Guarantor since the Cut-off Date preceding the previous Cut-off Date (such financial loss to be calculated by the Cash Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the Guarantor by the Assignor or the Replacement Servicer to indemnify the Guarantor for such financial loss), if the Assignor, since the Cut-off Date preceding the previous Cut-off Date, was in breach of any other material warranty under the Security Assignment Agreement and/or the Replacement Servicer was, since the Cut-off Date preceding the previous Cut-off Date, in breach of any material term of the Servicing Standards;

AND

(ii) = the sum of the **Arrears Adjusted Current Balance** of each Relevant Mortgage Loan, which, in relation to each Relevant Mortgage Loan, shall be the lower of (1) the actual Current Balance of each Relevant Mortgage Loan as calculated on the Test Date as of the previous Cut-off Date and (2) the related Pro Rata Property Value multiplied by N (where for each Relevant Mortgage Loan that is less than three months in arrears or not in arrears, N = 1; for each Relevant Mortgage Loan that is three months or more in arrears N = 0.40 and for each Relevant Mortgage Loan that is three months or more in arrears and has a related LTV of more than 70%, N = 0.25),

For the purpose of this calculation the following shall be disregarded:

1. Each Relevant Mortgage Loan affected by an increase in accordance to the Servicing Standards;

2. Each Relevant Mortgage Loan affected by a change of Mortgage Product according to the Servicing Standards;

3. Each Relevant Mortgage Loan affected by a change of Mortgage Debtor according to the Servicing Standards;

4. If a Substitution Event occurred in respect of a Relevant Mortgage Loan since the Cut-off Date preceding the previous Cut-off Date (excluding any obligation to replace a Relevant Mortgage Loan which has an LTV of greater than 100% or mortgage claims that are three months or more in arrears), and the Affected Mortgage Assets were not retransferred to the Assignor in accordance with the Security Assignment Agreement before the previous Cut-off Date, an amount equal to the Current Balance of the affected Relevant Mortgage Loan (as calculated on the Test Date as of the previous Cut-off Date);

minus

an amount equal to the resulting financial loss incurred by the Guarantor since the Cut-off Date preceding the previous Cut-off Date (such financial loss to be calculated by the Cash Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the Guarantor

by the Assignor or the Replacement Servicer to indemnify the Guarantor for such financial loss), if the Assignor, since the Cut-off Date preceding the previous Cut-off Date, was in breach of any other material warranty under the Security Assignment Agreement and/or the Replacement Servicer was, since the Cut-off Date preceding the previous Cut-off Date, in breach of any material term of the Servicing Standards;

the result of the calculation in this paragraph (ii) above being multiplied by the Asset Percentage (as defined below);

B = the CHF Equivalent of the aggregate cash amount standing to the credit of the General Bank Account and the Cover Pool Bank Account as of the previous Cut-off Date but excluding monies which have been applied from those Guarantor Bank Accounts on the Guarantor Payment Date immediately following the relevant Cut-Off Date (to the extent these monies exceed the amounts credited to the General Bank Account and the Cover Pool Bank Account between this Cut-Off-Date and the immediately following Calculation Date);

C = the CHF Equivalent of the aggregate outstanding principal balance of any Substitute Assets (excluding cash already accounted for under item "B" above);

X = for as long as the Issuer's senior, unsecured ratings are equal or higher than "A3" by Moody's "A-" by Fitch, zero; otherwise an amount equal to the Deposit Set-Off Amount;

Z = the weighted average remaining maturity of all Covered Bonds then outstanding ***multiplied by*** the CHF Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds ***multiplied by*** the Negative Carry Factor where the **Negative Carry Factor** means 0.5% (provided that if the weighted average remaining maturity of all Covered Bonds then outstanding is less than one, the weighted average remaining maturity shall be deemed, for the purposes of this calculation, to be one).

The **Asset Percentage** means, on any Test Date, the higher of 65 per cent. and N, where N is the lowest of:

(i) the percentage figure most recently notified to the Guarantor (or the Cash Manager acting on its behalf) by Fitch, being the percentage figure that is necessary to ensure that the Covered Bonds maintain the then current ratings assigned to them by Fitch; and

(ii) the percentage figure either:

(A) selected by the Guarantor (or the Cash Manager acting on its behalf) and notified to Moody's and the Trustee as described below on such Test Date; or

(B) where sub-paragraph (A) does not apply, the percentage figure last notified by the Guarantor to Moody's and the Trustee,

in each case being the percentage figure that would be necessary to ensure the Covered Bonds achieve an "Aaa" rating by Moody's using Moody's expected loss methodology (regardless of the actual Moody's rating of the Covered Bonds at the time).

The Asset Percentage may not, at any time, be greater than 85 per cent.

On any Zurich Business Day (including, but not limited to any Test Date) as may be selected from time to time by and at the option of the Guarantor (or the Cash Manager acting on its behalf) the Guarantor (or the Cash Manager acting on its behalf) will send written notice to the Trustee and Moody's of the percentage figure that has been selected by the Guarantor (or the Cash Manager acting on its behalf) in accordance with the Security Assignment Agreement and that will be applied on the immediately following Test Date (or,

where the Guarantor (or the Cash Manager acting on its behalf) has sent notice on a Test Date, the percentage figure that will be applied on that Test Date), being the difference between 100 per cent. and the amount of credit enhancement required for the Covered Bonds to achieve an "Aaa" rating by Moody's using Moody's expected loss methodology regardless of the actual Moody's rating of the Covered Bonds at the time).

However, it should be noted that the Guarantor is not obliged to ensure that the Covered Bonds maintain an "Aaa" rating by Moody's, and the Guarantor is not obliged to change the percentage figure selected by it and notified to Moody's and the Trustee in order to maintain the level of credit enhancement required to ensure that the Covered Bonds maintain an "Aaa" rating by Moody's using Moody's expected loss methodology.

Interest Coverage Test

The Interest Coverage Test is intended to ensure that the Guarantor can meet its obligations under the Guarantee in respect of interest payments and its obligations in respect of senior ranking expenses which will include costs relating to the maintenance, administration and enforcement or liquidation of the Cover Pool Assets whilst the Covered Bonds are outstanding. The Assignor will be appointed to calculate the Interest Coverage Test as of each Test Date prior to the IED Guarantee Activation Date and such calculation shall be periodically verified by the Asset Monitor in accordance with and pursuant to the Asset Monitor Agreement. If the Interest Coverage Test is not met on two consecutive Test Dates, the Interest Coverage Test will be breached and the Assignee will serve a Breach of Test Notice on the Assignor.

A Breach of Test Notice in respect of the Interest Coverage Test will be deemed revoked if, on the Test Date immediately following the service of the Breach of Test Notice, the Interest Coverage Test is satisfied.

For so long as a Breach of Test Notice is outstanding (i) no Collateral Differential shall become due and (ii) the Assignor will transfer to the Assignee any amounts received by it as Collected Mortgage Payments.

If a Breach of Test Notice has not been revoked on or before the date which is two Business Days after the Test Date immediately following the date of service of such notice, then an Issuer Event of Default will occur.

The Interest Coverage Test is met on a specific Test Date if:

where,

A = the aggregate amount of Income Receipts expected to be received in respect of the Relevant Mortgage Loans and interest expected to be received in respect of any Substitute Assets in the Cover Pool (together the **Revenue Receipts**), in the period from and including the previous Cut-off Date to the date which is the Final Redemption Date in respect of the last maturing Series of Covered Bonds, net of the costs and expenses expected to be paid by the Guarantor during that same period; and

B = the interest amount due by the Issuer under the Covered Bonds then outstanding, taking into account the relevant Final Redemption Date of each Series of Covered Bonds and any hedging arrangements entered into in relation to the transaction.

For purposes of the Interest Coverage Test the following is assumed:

(a) in determining the expected Revenue Receipts, the Servicer shall be entitled to assume

(i) that there is no loss, non-payment, or payments in arrears in respect of the Relevant Mortgage Loans or the Substitute Assets;

(ii) no change to the interest rates and interest amounts then applying to the Relevant Mortgage Loans or the Substitute Assets as at the previous Cut-off Date;

(iii) any Relevant Mortgage Loan maturing prior to the date which is the Final Redemption Date in respect of the last maturing Series of Covered Bonds will be replaced with a Mortgage Claim of the same Current Balance (as at the previous Cut-off Date) and bearing the same rate of interest;

(iv) any Substitute Asset maturing prior to the date which is the Final Redemption Date in respect of the last maturing Series of Covered Bonds will be replaced with a Substitute Asset of the same nominal amount (as at the previous Cut-off Date) and bearing or earning the same rate of interest; and

(b) the expected costs and expenses of the Guarantor shall be calculated on the weighted average costs and expenses incurred by the Guarantor over the immediately preceding six full months.

Amortisation Test

The Amortisation Test is intended to ensure that if, following an Issuer Event of Default (but prior to a Guarantor Event of Default and service on the Guarantor of a Guarantor Acceleration Notice), the Cover Pool Assets available to the Guarantor to meet its obligations under the Guarantee and in respect of senior ranking expenses which will include costs relating to the maintenance, administration and enforcement or liquidation of the Cover Pool Assets whilst the Covered Bonds are outstanding, fall to a level where Covered Bondholders may not be repaid, a Guarantor Event of Default will occur and all amounts owing under the Covered Bonds may be accelerated. The Amortisation Test is a formula which adjusts the Current Balance of each Relevant Mortgage Loan in the Cover Pool and has further adjustments to take account of Relevant Mortgage Loans in arrears.

The Replacement Servicer will be appointed to perform the Amortisation Test as at each Test Date after the IED Guarantee Activation Date.

The Amortisation Test is met on a specific Test Date, if the Amortisation Test Aggregate Relevant Mortgage Loan Amount (as defined below) will be in an amount at least equal to the Aggregate Principal Amount Outstanding of all series of the Covered Bonds as calculated by the Assignor or the Replacement Servicer, as the case may be, and such calculation shall be periodically verified by the Asset Monitor in accordance with the Asset Monitor Agreement.

Upon a breach of the Amortisation Test by the Guarantor, a Guarantor Event of Default will occur which will (subject to the Conditions) lead to the service of a Guarantor Acceleration Notice on the Guarantor and the acceleration of the obligations under the Guarantee in relation to all Covered Bonds then outstanding.

Amortisation Test Aggregate Relevant Mortgage Loan Amount will be calculated on each Test Date as of the previous Cut-off Date as follows:

where,

A = the aggregate Amortisation Test Current Balance of each Relevant Mortgage Loan, which shall be the lower of (1) the Current Balance of each Relevant Mortgage Loan as of the previous Cut-off Date multiplied by M and (2) the related Pro Rata Property Value multiplied by M,

where for each Relevant Mortgage Loan that is less than three months in arrears or not in arrears M = 1 and for each Relevant Mortgage Loan that is three months or more in arrears M = 0.7;

B = the CHF Equivalent of the aggregate cash amount standing to the credit of the General Bank Account and the Cover Pool Bank Account as of the previous Cut-off Date but excluding monies which have been applied from those Guarantor Bank Accounts on the Guarantor Payment Date immediately following the relevant Cut-Off Date (to the extent these monies exceed the amounts credited to the General Bank Account and the Cover Pool Bank Account between this Cut-Off-Date and the immediately following Calculation Date);

C = the CHF Equivalent of the aggregate outstanding principal balance of any Substitute Assets (excluding cash already accounted for under item "B" above); and

Z = the weighted average remaining maturity of all Covered Bonds then outstanding ***multiplied by*** the CHF Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds ***multiplied by*** the Negative Carry Factor.

CASHFLOWS

As described above under *Credit Structure*, the Covered Bonds will be direct, unsubordinated, unsecured, unconditional obligations of the Issuer which shall have the benefit of the Guarantee. The obligations of the Guarantor under the Guarantee will constitute direct, unsecured, unsubordinated and (following the Guarantee Activation Date and subject to the service of a Notice to Pay for the relevant amount on the Guarantor) unconditional obligations of the Guarantor. The Guarantor is liable to make payments when due on the Covered Bonds, whether or not it has received any corresponding payment from the Issuer. For the avoidance of doubt, following the Guarantee Activation Date, any amounts owing to Covered Bondholders which remain unpaid under the Guarantee will continue to be direct, unsubordinated, unsecured, unconditional obligations of the Issuer.

Prior to the Guarantee Activation Date, the Issuer is liable to make all payments of interest and principal on the Covered Bonds.

Following the IED Guarantee Activation Date (but prior to the GED Guarantee Activation Date) and subject to the service of a Notice to Pay for the relevant amount on the Guarantor, the Guarantor will be obliged under the Guarantee to pay the relevant Guaranteed Amount due and payable under all outstanding Series of Covered Bonds subject to and in accordance with the Guarantee Priority of Payments on the Original Due for Payment Date.

Following a GED Guarantee Activation Date, all Guaranteed Amounts will become immediately due and payable and following the service of a Notice to Pay for due relevant amount(s) the Trustee on behalf of the Covered Bondholders will have a claim against the Guarantor under the Guarantee for an amount equal to the Early Redemption Amount in respect of each Covered Bond together with accrued interest and any other amounts due under the Covered Bonds other than additional amounts payable under Condition 8 (*Taxation*). Any monies received or recovered by the Cash Manager will be distributed according to the Post-Insolvency Priority of Payments.

This section summarises the priorities of payments of the Guarantor, as to the allocation and distribution of amounts standing to the credit of the Guarantor Bank Accounts and their order of priority:

(a) before the IED Guarantee Activation Date (the **Pre-Guarantee Priority of Payments**);

(b) following the IED Guarantee Activation Date but prior to the GED Guarantee Activation Date (the **Guarantee Priority of Payments**); and

(c) following the GED Guarantee Activation Date (the **Post-Insolvency Priority of Payments**),

together, the **Priorities of Payments**, and each a **Priority of Payments**.

Allocation and distribution of amounts prior to the Guarantee Activation Date

The priority of payments set out in paragraphs (a) and (b) below is the Pre-Guarantee Priority of Payments.

Pre-Guarantee Priority of Payments

(a) On each Guarantor Payment Date, the Guarantor and the Relevant Creditors will direct the Cash Manager to apply amounts standing to the credit of the General Bank Account (including funds recorded on the Guarantor Profit Amount Ledger on the General Bank Account), as calculated on the immediately preceding Calculation Date (but taking into account amounts received or receivable from the Swap Providers on such Guarantor Payment Date), to make the following payments and

provisions in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(i) *first*, in or towards satisfaction of any amounts then properly due and payable, or to become due and payable in the Guarantor Payment Period commencing on such Guarantor Payment Date, by the Guarantor or the Issuer to the Trustee or any appointee of the Trustee pursuant to the terms of the Trust Deed (excluding amounts due on the Covered Bonds), together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(ii) *second*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of any amounts then properly due and payable, or to become due and payable, in the Guarantor Payment Period commencing on such Guarantor Payment Date, together with applicable VAT (or other similar taxes) thereon to the extent agreed, by the Guarantor to creditors not party to or bound by the Intercreditor Deed or for which the Guarantor has Joint Liability with the Issuer (other than pursuant to sub-paragraph (i) above) and only to the extent the Issuer has failed to pay such creditors and for which payment has not been provided for elsewhere in this Pre-Guarantee Priority of Payments;

(iii) *third*, in or towards satisfaction *pro rata* and *pari passu* of any amounts (other than pursuant to sub-paragraph (ii) above and excluding amounts due on the Covered Bonds) then due and payable, or to become due and payable on the Guarantor Payment Period commencing on such Guarantor Payment Date, by the Guarantor or the Issuer to the Agents under the provisions of the Agency Agreement together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(iv) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any amounts due and payable, or to become due and payable in the Guarantor Payment Period commencing on such Guarantor Payment Date, to (A) the Cash Manager pursuant to the terms of the Cash Management Agreement, (B) the Account Bank (including costs) pursuant to the terms of the Master Bank Account Agreement, (C) the Corporate Services Provider pursuant to the terms of the Corporate Services Agreement, (D) a Replacement Servicer pursuant to the terms of a Replacement Servicer Agreement, (E) the Asset Monitor pursuant to the terms of the Asset Monitor Agreement, (F) the Administration Services Provider pursuant to the terms of the Administration Services Agreement and (G) the Custodian pursuant to the terms of the Safe Custody Agreement, each together with applicable VAT (or other similar taxes) thereon to the extent provided in the relevant agreement;

(v) *fifth*, (after taking into account any Swap Termination Payment received by the Guarantor from the corresponding incoming or outgoing Swap Provider) in or towards payment *pro rata* and *pari passu* of any Swap Termination Payment due and payable to any outgoing Replacement Cover Pool Swap Provider or outgoing Replacement Covered Bond Swap Provider (excluding any Excluded Swap Termination Amount) or any incoming Replacement Cover Pool Swap Provider or incoming Replacement Covered Bond Swap Provider, in each case subject to and in accordance with the terms of the relevant Swap Agreement and the Intercreditor Deed;

(vi) *sixth*, in or towards payment, *pro rata* and *pari passu*, of any Excluded Swap Termination Amount due to any outgoing Replacement Cover Pool Swap Provider or outgoing Replacement Covered Bond Swap Provider (in each case to the extent not satisfied through any Premium received by the Guarantor);

(vii) *seventh*, in or towards satisfaction of any amounts then properly due and payable to be reimbursed by the Guarantor to the Issuer or the Assignor pursuant to the Guarantee Mandate Agreement or the Security Assignment Agreement;

(viii) *eighth*, provided that no Breach of Test Notice has been served on the Assignor under the Security Assignment Agreement which is outstanding, in or towards payment of the Collateral Differential (and any Deferred Collateral Differential) to the Principal Originator;

(ix) *ninth*, in or towards payment *pro rata* and *pari passu* of any other amounts (including indemnity amounts and Termination Amounts due to the Initial Swap Provider) owed by the Guarantor to the Assignor and any other Relevant Creditor (to the extent not otherwise provided for in this Pre-Guarantee Priority of Payments);

(x) *tenth*, but only on the Guarantor Payment Date following the date of the Guarantor's annual general shareholders meeting, subject to and in accordance with Swiss law, to (x) credit an amount equal to the Guarantor's distributable profit for the last fiscal year according to Swiss GAAP, net of any amounts carried forward from previous years, to the Guarantor Profit Amount Ledger or (y) pay a dividend in an amount up to the Guarantor Profit Ledger Balance on that date, provided that (A) a relevant resolution of the shareholders meeting of the Guarantor has been passed to enable payment of any such dividend and (B) no Breach of Test Notice has been served on the Assignor under the Security Assignment Agreement which is outstanding;

(xi) *eleventh*, to maintain an amount equal to the Guarantor Profit Ledger Balance in the General Bank Account; and

(xii) *twelfth*, the remainder for the Guarantor to retain in the General Bank Account.

For the avoidance of doubt, it is understood and agreed that in case amounts are paid to:

(A) the Trustee pursuant to sub-clause (i) above which have been, pursuant to the terms of the Trust Deed, the obligations of the Issuer only, payment of such amounts shall not be deemed the assumption of, or payment under, a corresponding obligation of the Guarantor and accordingly, such payment shall not increase the overall payment obligations of the Guarantor, but shall constitute a redistribution among Relevant Creditors, and the amounts payable to the Relevant Creditors pursuant to sub-clauses (ii) to (xii) above shall be reduced by the amount of such payment in discharge of such obligation(s) of the Issuer pro tanto in reverse order, so that payments or provisions of a lower priority are reduced first; and

(B) the Agents pursuant to sub-clause (iii) above which have been, pursuant to the terms of the Agency Agreement, the obligations of the Issuer only, payment of such amounts shall not be deemed the assumption of, or payment under, a corresponding obligation of the Guarantor and accordingly, such payment shall not increase the overall payment obligations of the Guarantor, but shall constitute a redistribution among Relevant Creditors, and the amounts payable to the Relevant Creditors pursuant to sub-clauses (iv) to (xii) above shall be reduced by the amount of such payment in discharge of such obligation(s) of the Issuer pro tanto in reverse order, so that payments or provisions of a lower priority are reduced first.

(b) On each Guarantor Payment Date (except as described in sub-paragraph (iii) below), the Guarantor and the Relevant Creditors will direct the Cash Manager to apply amounts (if any) standing to the credit of the Cover Pool Bank Account, as calculated on the immediately preceding Calculation Date, to make the following payments and provisions in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(i) *first*, for so long as a Liquidity Reserve Trigger Event has occurred and is continuing, to maintaining a credit to the Cover Pool Bank Account (with a corresponding credit to Liquidity Reserve Fund Ledger) of an aggregate amount up to but not exceeding the difference between:

(A) the Liquidity Reserve Fund Required Amount; and

(B) all amounts standing to the credit of the Liquidity Reserve Fund Ledger on the immediately preceding Calculation Date;

(ii) *second*, if a Breach of Pre-Maturity Test has occurred and is continuing in respect of any Series of Hard Bullet Covered Bonds, in or towards maintaining a credit to the Cover Pool Bank Account (with a corresponding credit to the Pre-Maturity Liquidity Ledger) of an aggregate amount up to but not exceeding the difference between:

(A) the Principal Amount Outstanding calculated on the immediately preceding Calculation Date for all Series of Hard Bullet Covered Bonds which mature within, as applicable in accordance with the Trust Deed, 180 calendar days, 270 calendar days or 360 calendar days of that Calculation Date; and

(B) all amounts standing to the credit of the Pre-Maturity Liquidity Ledger on the immediately preceding Calculation Date; and

(iii) *third*, on the Test Date immediately following the relevant Guarantor Payment Date on which provisions were made pursuant to (i) and (ii) above, and provided that no Breach of Test Notice has been served on the Assignor that has not been revoked on that Test Date and the requirements of the Security Assignment Agreement are complied with, to pay remaining amounts standing to the credit of the Cover Pool Bank Account to the Assignor.

Allocation and Distribution following the IED Guarantee Activation Date

The priority of payments set out in paragraphs (a) and (b) below is the Guarantee Priority of Payments which applies following the IED Guarantee Activation Date, but prior to the GED Guarantee Activation Date.

Guarantee Priority of Payments

(a) On each Guarantor Payment Date, the Relevant Creditors will direct the Cash Manager to apply amounts standing to the credit of the General Bank Account (including funds recorded on the Guarantor Profit Amount Ledger on the General Bank Account) as calculated on the immediately preceding Calculation Date (but taking into account amounts received or receivable from the Swap Providers on such Guarantor Payment Date), to make the following payments and provisions in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(i) *first*, in or towards satisfaction of any amounts then properly due and payable, or to become due and payable in the Guarantor Payment Period commencing on such Guarantor Payment Date, by the Guarantor or the Issuer to the Trustee or any appointee of the Trustee pursuant to the terms of the Trust Deed (excluding amounts due on the Covered Bonds), together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(ii) *second*, in or towards satisfaction, *pro rata* and *pari passu* according to the respective amounts thereof, of any amounts then properly due and payable, or to become due and payable in the Guarantor Payment Period commencing on such Guarantor Payment Date, together with applicable VAT (or other similar taxes) thereon to the extent agreed, by the

Guarantor to creditors not party to or bound by the Intercreditor Deed or for which the Guarantor has Joint Liability with the Issuer (other than pursuant to sub-paragraph (i) above) and only to the extent the Issuer has failed to pay such creditors and for which payment has not been provided for elsewhere in the Guarantee Priority of Payments*;*

(iii) *third*, in or towards satisfaction *pro rata* and *pari passu* of any amounts (other than pursuant to sub-paragraph (ii) above and excluding amounts due on the Covered Bonds) then due and payable by the Guarantor or the Issuer to the Agents under the provisions of the Agency Agreement together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(iv) *fourth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any amounts due and payable, or to become due and payable in the Guarantor Payment Period commencing on such Guarantor Payment Date, to (A) the Cash Manager pursuant to the terms of the Cash Management Agreement, (B) the Account Bank (including costs) pursuant to the terms of the Master Bank Account Agreement, (C) the Corporate Services Provider pursuant to the terms of the Corporate Services Agreement, (D) a Replacement Servicer pursuant to the terms of a Replacement Servicer Agreement, (E) the Asset Monitor pursuant to the terms of the Asset Monitor Agreement, (F) the Administration Services Provider pursuant to the terms of the Administration Services Agreement and (G) the Custodian pursuant to the terms of the Safe Custody Agreement, each together with applicable VAT (or other similar taxes) thereon to the extent provided in the relevant agreement;

(v) *fifth*, in or towards payment, *pro rata* and *pari passu* according to the respective amounts thereof, of (without double counting):

(A) (after taking account of any Swap Termination Payment received by the Guarantor from the corresponding incoming or outgoing Swap Provider) in or towards payment, *pro rata* and *pari passu*, of any Swap Termination Payment due and payable to any outgoing Replacement Cover Pool Swap Provider and/or outgoing Replacement Covered Bond Swap Provider (excluding any Excluded Swap Termination Amount) or any incoming Replacement Cover Pool Swap Provider and/or incoming Replacement Covered Bond Swap Provider, in each case subject to and in accordance with the terms of the relevant Swap Agreement and the Intercreditor Deed; and

(B) (after taking account of all monies to be applied on the relevant Guarantor Payment Date to make payments or provisions for amounts due to the Covered Bond Swap Providers under the Intercreditor Deed (which swapped amounts will, in accordance with paragraph (c) below, be paid directly to the Principal Paying Agent to pay Scheduled Interest on the corresponding Series of Covered Bonds)), all Scheduled Interest amounts due and payable, or to become due and payable in the Guarantor Payment Period commencing on such Guarantor Payment Date, in respect of the Covered Bonds of each Series in accordance with the terms of the Guarantee to the Trustee (subject to paragraph (c) below); provided that if the amount available for distribution under this sub-paragraph 4(a)(v)(B) would be insufficient to pay the CHF Equivalent of the Scheduled Interest amounts due and payable in respect of each Series of Covered Bonds (after taking account of all monies to be applied on the relevant Guarantor Payment Date to make payments to or provisions for amounts due to the Covered Bond Swap Providers under the Intercreditor Deed, which swapped amounts will be paid directly to the Principal Paying Agent to pay Scheduled Interest amounts on the corresponding Series of Covered Bonds), the

shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis;

(vi) *sixth*, subject to the provision described in *Overview of the Principal Transaction Documents – Intercreditor Deed – Pre-Maturity Liquidity Ledger*, after taking account of all monies to be applied on the relevant Guarantor Payment Date to make payments to or provisions for amounts due to the Covered Bond Swap Providers under the Intercreditor Deed (which swapped amounts will, in accordance with paragraph (c) below, be paid directly to the Principal Paying Agent to pay Scheduled Principal on the corresponding Series of Covered Bonds), in or towards payment, *pro rata* and *pari passu* according to the respective amounts thereof, of all Scheduled Principal amounts due and payable, or to become due and payable in the Guarantor Payment Period commencing on such Guarantor Payment Date, in respect of the Covered Bonds of each Series in accordance with the terms of the Guarantee to the Trustee (subject to paragraph (c) below); provided that if the amount available for distribution under this sub-paragraph 4(a)(vi) (after taking account of all monies to be applied on the relevant Guarantor Payment Date to make payments to or provisions for amounts due to the Covered Bond Swap Provider under the Intercreditor Deed, which swapped amounts will be paid directly to the Principal Paying Agent to pay Scheduled Principal on the corresponding Series of Covered Bonds) would be insufficient to pay the CHF Equivalent of the Scheduled Principal amounts due and payable in respect of each such Series of Covered Bonds, the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis;

(vii) *seventh*, to deposit the remaining monies in the General Bank Account for application on the next following Guarantor Payment Date in accordance with the priority of payments described in paragraphs (i) to (vi) (inclusive) above, until all Series of Covered Bonds have been fully repaid or provided for;

(viii) *eighth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any Excluded Swap Termination Amounts due and payable by the Guarantor to any Replacement Swap Provider under the corresponding Swap Agreement;

(ix) *ninth*, in or towards satisfaction of any amounts then properly due and payable to be reimbursed by the Guarantor to the Issuer or the Assignor pursuant to the Guarantee Mandate Agreement or the Security Assignment Agreement;

(x) *tenth*, but only on the Guarantor Payment Date following the date of the Guarantor's annual general shareholders meeting, subject to and in accordance with Swiss law, to (1) credit an amount equal to the Guarantor's distributable profit for the last fiscal year according to Swiss GAAP, net of any amounts carried forward from previous years, to the Guarantor Profit Ledger or (2) pay a dividend in an amount up to the Guarantor Profit Ledger Balance on that date, provided that a relevant resolution of the shareholders meeting of the Guarantor has been passed to enable payment of any such dividend;

(xi) *eleventh*, in or towards payment *pro rata* and *pari passu* of any Collateral Differential (including any Deferred Collateral Differential) payable to the Principal Originator and any amounts (including indemnity amounts and any Termination Amounts due to the Initial Swap Provider) owed by the Guarantor to the Assignor and any other Relevant Creditor (to the extent not otherwise provided for in this Guarantee Priority of Payments); and

(xii) *twelfth*, the remainder for the Guarantor to retain in the General Bank Account.

For the avoidance of doubt, it is understood and agreed that in case amounts are paid to:

(A) the Trustee pursuant to sub-clause (i) above which have been, pursuant to the terms of the Trust Deed, the obligations of the Issuer only, payment of such amounts shall not be deemed the assumption of, or payment under, a corresponding obligation of the Guarantor and accordingly, such payment shall not increase the overall payment obligations of the Guarantor, but shall constitute a redistribution among Relevant Creditors, and the amounts payable to the Relevant Creditors pursuant to sub-clauses (ii) to (xi) above shall be reduced by the amount of such payment in discharge of such obligation(s) of the Issuer pro tanto in reverse order, so that payments or provisions of a lower priority are reduced first; and

(B) the Agents pursuant to sub-clause (iii) above which have been, pursuant to the terms of the Agency Agreement, the obligations of the Issuer only, payment of such amounts shall not be deemed the assumption of, or payment under, a corresponding obligation of the Guarantor and accordingly, such payment shall not increase the overall payment obligations of the Guarantor, but shall constitute a redistribution among Relevant Creditors, and the amounts payable to the Relevant Creditors pursuant to sub-clauses (iv) to (xi) above shall be reduced by the amount of such payment in discharge of such obligation(s) of the Issuer pro tanto in reverse order, so that payments or provisions of a lower priority are reduced first.

(b) On each Guarantor Payment Date, the Guarantor and the Relevant Creditors will direct the Cash Manager to apply amounts standing to the credit of the Cover Pool Bank Account, as calculated on the immediately preceding Calculation Date, to make the following payments and provisions in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(i) *first*, in or towards payment *pro rata* and *pari passu* of any amounts due and payable, or to become due and payable in the Guarantor Payment Period commencing on such Guarantor Payment Date, to each Cover Pool Swap Provider in respect of any Cover Pool Swaps (excluding any Swap Termination Payment) in accordance with the terms of the relevant Swap Agreement;

(ii) *second*, in or towards payment, *pro rata* and *pari passu* according to the respective amounts thereof, of amounts due and payable, or to become due and payable in the Guarantor Payment Period commencing on such Guarantor Payment Date, to each Covered Bond Swap Provider in respect of amounts due under any Covered Bond Swap and corresponding to Scheduled Interest due on each Series of Covered Bonds (excluding amounts corresponding to Scheduled Principal and any Swap Termination Payments) in accordance with the terms of the relevant Swap Agreement;

(iii) *third*, subject to the provision described in *Overview of the Principal Transaction Documents – Intercreditor Deed – Pre-Maturity Liquidity Ledger*, in or towards payment, *pro rata* and *pari passu* according to the respective amounts thereof, of amounts due and payable, or to become due and payable in the Guarantor Payment Period commencing on such Guarantor Payment Date, to each Covered Bond Swap Provider in respect of amounts due under any Covered Bond Swap and corresponding to Scheduled Principal due on each Series of Covered Bonds (and, for the avoidance of doubt, excluding amounts corresponding to Scheduled Interest and any Swap Termination Payment) in accordance with the terms of the relevant Swap Agreement; and

(iv) *fourth*, to deposit the remaining monies in the Cover Pool Bank Account for application on the next following Guarantor Payment Date in accordance with the priority of payments described in paragraphs (i) to (iii) (inclusive) above, until all Secured Obligations have been fully repaid or provided for.

(c) The Guarantor will direct each Covered Bond Swap Provider to pay any monies due to the Guarantor under each Swap Agreement (other than any Swap Termination Payments) directly to the account of the Principal Paying Agent (and not to the Guarantor), for onward payment to the relevant Covered Bondholders on each relevant Scheduled Payment Date (unless the Cash Manager notifies the Covered Bond Swap Provider that either (i) an Enforcement Event has not occurred in respect of the relevant Secured Obligation, in which case the payment due by the Covered Bond Swap Provider under the Swap Agreement shall be made to the Guarantor and credited to the Cover Pool Bank Account or (ii) the amount of the payment to the Principal Paying Agent should be reduced (due to the Issuer making a payment to the Principal Paying Agent for the difference), in which case the difference shall be paid by the Covered Bond Swap Provider to the Guarantor and credited to the Cover Pool Bank Account.

(d) Notwithstanding anything provided in paragraphs (a) and (b) above, subject to the terms of the Security Assignment Agreement, amounts may be withdrawn from the General Bank Account and the Cover Pool Bank Account to make payments due to those Covered Bondholders whose Covered Bonds fall due for payment in the period between the service of a Notice to Pay on the Guarantor and the first Guarantor Payment Date, as if such day was a Guarantor Payment Date.

Allocation and distribution following the GED Guarantee Activation Date

The priority of payments set out below is the Post-Insolvency Priority of Payments which applies following the GED Guarantee Activation Date.

Post-Insolvency Priority of Payments

All monies, interest or distributions (including funds recorded on the Guarantor Profit Amount Ledger on the General Bank Account) received or recovered by the Cash Manager on behalf of the Relevant Creditors (save for (A) any Mortgage Assets or other Cover Pool Assets to be redeemed to the Assignor upon complete discharge of all Secured Obligations and/or (B) to the extent required otherwise by law) shall be applied in the following order of priority (and, in each case, only if and to the extent that payments or provisions of a higher order of priority have been made in full) on any Relevant Payment Date (such date being determined by the Cash Manager in consultation with the Trustee, for so long as any Covered Bonds are outstanding):

(i) *first*, in or towards satisfaction *pro rata* and *pari passu*, according to the respective amounts thereof, of any amounts then properly due and payable by the Guarantor or the Issuer to the Trustee or any appointee of the Trustee pursuant to the terms of the Trust Deed (excluding amounts due on the Covered Bonds) and any amounts then properly due and payable by the Guarantor to creditors not party or bound by the Intercreditor Deed (but who, as a matter of applicable law, are required to be paid) or for which the Guarantor has Joint Liability with the Issuer and only to the extent the Issuer has failed to pay such amounts and for which payment has not been provided for elsewhere in this Post-Insolvency Priority of Payments each together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(ii) *second*, in or towards satisfaction *pro rata* and *pari passu* of any amounts (other than pursuant to sub-paragraph (i) above and excluding amounts due on the Covered Bonds) then due and payable by the Guarantor or the Issuer to the Agents under the provisions of the Agency Agreement together with applicable VAT (or other similar taxes) thereon to the extent provided therein;

(iii) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any amounts then due and payable to (A) the Cash Manager pursuant to the terms of the Cash Management Agreement, (B) the Account Bank (including costs) pursuant to the terms of the Master Bank Account Agreement, (C) the Corporate Services Provider pursuant to the terms of the Corporate Services Agreement, (D) a Replacement Servicer pursuant to the terms of a Replacement Servicer Agreement, (E) the Asset Monitor pursuant to the terms of the Asset Monitor Agreement,

(F) the Administration Services Provider pursuant to the terms of the Administration Services Agreement and (G) the Custodian pursuant to the terms of the Safe Custody Agreement, each together with applicable VAT (or other similar taxes) thereon to the extent provided in the relevant agreement;

(iv) *fourth*, in or towards payment, *pro rata* and *pari passu* according to the respective amounts thereof, of (without double counting):

(A) in or towards payment of any amounts due and payable to each Replacement Cover Pool Swap Provider (including any Swap Termination Payments but excluding any Excluded Swap Termination Amount) in accordance with the terms of the relevant Swap Agreement;

(B) the amounts due and payable to each Replacement Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each Covered Bond Swap (including any Swap Termination Payment due and payable by the Guarantor under the Swap Agreement but excluding any Excluded Swap Termination Amount) in accordance with the terms of the relevant Swap Agreement; and

(C) (taking into account any amounts received or receivable from the relevant Covered Bond Swap Provider) (x) all interest and principal and other amounts due and payable in respect of the Covered Bonds of each Series in accordance with the terms of the Guarantee or (y) in any insolvency of the Guarantor, any amount due and payable in lieu of such interest, principal and other amounts respectively (such amounts being paid, subject to applicable law, to the Trustee or (if so directed by the Trustee), to the Principal Paying Agent on behalf of the Covered Bondholders,

provided that if the amount available for distribution under this sub-paragraph (iv) (excluding any amounts received or receivable from the relevant Covered Bond Swap Provider) would be insufficient to pay the CHF Equivalent of the amounts due and payable in respect of each Series of Covered Bonds, the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the Guarantor to the relevant Covered Bond Swap Provider in respect of each relevant Series of Covered Bonds under sub-paragraph (iv)(B) shall be reduced by the amount of the shortfall applicable to the Series of Covered Bonds in respect of which such payment is to be made;

(v) *fifth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, of any Excluded Swap Termination Amounts due and payable by the Guarantor to a Replacement Swap Provider under the Swap Agreement;

(vi) *sixth*, in or towards satisfaction of any amounts then properly due and payable to be reimbursed by the Guarantor to the Issuer or the Assignor pursuant to the Guarantee Mandate Agreement or the Security Assignment Agreement;

(vii) *seventh*, in or towards payment *pro rata* and *pari passu* of any Collateral Differential (including any Deferred Collateral Differential) due to the Principal Originator and any other amounts (including indemnity amounts and any Termination Amounts due to the Initial Swap Provider) owed by the Guarantor to the Assignor and any other Relevant Creditor (to the extent not otherwise provided for in this Post-Insolvency Priority of Payments); and

(viii) *eighth*, the remainder, if any, for the Guarantor.

For the avoidance of doubt, it is understood and agreed that in case amounts are paid to:

(A) the Trustee pursuant to sub-clause (i) above which have been, pursuant to the terms of the Trust Deed, the obligations of the Issuer only, payment of such amounts shall not be deemed the assumption of, or payment under, a corresponding obligation of the Guarantor and accordingly, such payment shall not increase the overall payment obligations of the Guarantor, but shall constitute a redistribution among Relevant Creditors, and the amounts payable to the Relevant Creditors pursuant to sub-clauses (ii) to (vii) above shall be reduced by the amount of such payment in discharge of such obligation(s) of the Issuer pro tanto in reverse order, so that payments or provisions of a lower priority are reduced first; and

(B) the Agents pursuant to sub-clause (ii) above which have been, pursuant to the terms of the Agency Agreement, the obligations of the Issuer only, payment of such amounts shall not be deemed the assumption of, or payment under, a corresponding obligation of the Guarantor and accordingly, such payment shall not increase the overall payment obligations of the Guarantor, but shall constitute a redistribution among Relevant Creditors, and the amounts payable to the Relevant Creditors pursuant to sub-clauses (iii) to (vii) above shall be reduced by the amount of such payment in discharge of such obligation(s) of the Issuer pro tanto in reverse order, so that payments or provisions of a lower priority are reduced first.

CREDIT SUISSE'S MORTGAGE ORIGINATION AND UNDERWRITING POLICIES AND PROCEDURES

Credit Suisse Mortgage Lending Business

Credit Suisse currently derives its Swiss mortgage-lending business from the following primary sources:

- its branch network throughout Switzerland;
- intermediaries (such as mortgage brokers and construction companies); and
- its employees.

Credit Suisse's market share of approximately 13% of the Swiss Mortgage lending business has remained stable over a prolonged period. Competitors in the residential mortgage loan market include, in the main, UBS AG, Raiffeisen, PostFinance, cantonal banks, regional banks and some insurance companies. The cantonal banks are local or regional banks, historically owned or guaranteed by the relevant canton. However, some cantonal banks are active outside their home market area and certain of the cantonal banks have been partially privatised in the past few years.

Credit Processes of Credit Suisse

The core components of the credit process for single family homes, condominiums, vacation properties, as well as multifamily residential properties include standardised risk assessment pursuant to a proven and well-established end-to-end credit approval process including:

- the assessment of accurate data of every single client (income, sustainable affordability check including assets and liabilities) and the valuation of the property itself;
- assignment of individual client and credit risk ratings including risk-adjusted pricing methods for mortgage loans;
- a clear segregation of decision-making responsibility between the sales organisation and credit risk management; and
- fully standardised and technically integrated end-to-end loan processing, including operations.

A risk management committee implements Credit Suisse's overall credit policy which sets targets, risk appetite, resources and concepts upon which any credit evaluation process within Credit Suisse is based. The credit policy, in its current form, has been in place since 1997. Prior to 1997, the credit policy and decision making process was not explicitly separated between sales targets and credit risk management responsibilities. The Credit Suisse credit policy is reviewed at regular intervals (at least quarterly), to ensure it is aligned with risk appetite, and/or in cases of fundamental market changes, such as self-regulation decisions of the Swiss Banking Association (**SBA**) with FINMA approval. Credit Suisse also implements directives pursuant to the overall credit policy through credit manuals relating to particular types of credit evaluation. Besides independent regular external and internal audits, Credit Suisse monitors the quality of underwriting decisions on a regular basis by monthly, quarterly and semi-annual focused risk management and data quality controls. All credit decisions are made personally (ad personam) only by experienced and certified credit officers with a proven track record and a long credit risk management practice.

Origination Procedures

Credit Suisse seeks to ensure, through effective underwriting, that the mortgage loans it originates are protected by adequate, sustainable borrower income and equity in the relevant property, and by the borrower's willingness and ability to repay the mortgage loan in accordance with the contractual terms. The methods and processes - such as the use of business channels, market trends and e-technology - by which it conducts its mortgage loan origination and underwriting business are under continual supervision, monitoring and review in order to ensure that the business remains up-to-date and cost-effective in a competitive market without lowering the overall credit quality of its loan portfolio. Credit Suisse may therefore adapt its origination and underwriting procedures appropriately from time to time.

Each mortgage loan is ultimately granted or denied after an affordability check in respect of both private and multifamily residential (investment) properties, and following a thorough assessment of (i) the creditworthiness of the borrower, (ii) the financial capacity of the borrower to afford a sustainable level of interest and amortization on the mortgage loan and (iii) the valuation of the underlying collateral. The creditworthiness of the borrower is predominantly assessed based on quantitative factors, including sustainability of income, level of debt and liquidity and certain qualitative factors, such as credit history, payment patterns and the overall customer relationship history.

Start of the Origination Process

Other than in relation to high net worth individuals, Credit Suisse originates nearly all of its residential mortgage business directly through its branch network. At the branch level, each customer of a branch is assigned a relationship manager in one of 31 dedicated regional Swiss Mortgage Centres. The relationship manager will coordinate the mortgage origination process with the customer and Credit Risk Management (**CRM**). For new customers, the relationship manager will gather relevant personal data, including employment and financial data. For existing clients, the relationship manager will update recorded data on request or where material new information is furnished. The relationship manager will also examine the mortgage loan applied for (including the credit line), the property and collateral. Applicants must provide accurate documentation for all data. In order to conduct the valuation of mortgage loans relating to real property, Credit Suisse requires various documents, including (but not necessarily limited to):

(a) Evidence of the borrower's sustainable income;

(b) Tax declaration;

(c) Information from local authorities (including the debt collection office and the Central Office for Credit Information (*Zentralstelle für Kreditinformation*) (ZEK)) or BA Score(CRIF) checks;

(d) Estimates of the market value of the property;

(e) Purchase agreement for the property;

(f) Current extracts from the Land Register at or around the time of entering into the *Rahmenvertrag* (framework agreement);

(g) Site plans/cadastral surveys;

(h) Building plans for the property; and

(i) Official statements (e.g. buildings insurance statement).

Non-fulfilment of certain minimum criteria and/or mandatory requirements will usually lead to a mortgage loan application being declined immediately by the relationship manager itself. The main reasons for this

include: (i) the lack of key minimum information about the borrower; (ii) past bankruptcy or enforcement proceedings; (iii) non-viable use proposed for the funds; and (iv) serious legal proceedings against the borrower in the past three years.

Credit Suisse checks and confirms that each new borrower does not have, with respect to the past three years, any court actions for non-payment of debt recorded on the relevant official prosecution register(s). The final decision with respect to any mortgage loan is always the responsibility of a qualified credit officer

Based on our stringent requirements and processes, the credit officer will either (i) approve the credit requests without any reservations, (ii) approve them subject to certain conditions or amendments, or (iii) reject them. Personal authorisation levels to credit officers are assigned on the basis of: (a) transaction size; (b) type of property; and (c) risk categories – the higher the client or transactional risk level, the higher qualified and authorised credit manager in a leadership role is required. In certain circumstances, Credit Suisse may determine that, based upon compensating factors such as substantial assets under management or a large remaining income after the cost of the loan, a prospective borrower who does not strictly qualify under its lending criteria may warrant an underwriting exception. Any overall exceptions to the-policy regime are strictly monitored and reported on a monthly basis.

Underwriting Policy

Credit Suisse real property financing is subject to the following requirements:

(a) a proven debt service capacity; and

(b) the credit-worthiness of the borrower.

The debt service capacity of a borrower in respect of a private property is considered sufficient if: (i) maintenance costs (assumed to be one per cent of the purchase price for single family homes, apartments and vacation homes), (ii) interest payments on the mortgage loan (calculated using a conservative sustainable interest rate rather than on the current level of interest rates), (iii) instalments for amortization, and (iv) potential land lease rents, do not collectively exceed one third of the sustainable gross income of the borrower after deduction of instalments for personal loans, leasing and credit card obligations.

The debt service capacity of a multifamily residencial property is considered sufficient if: (i) maintenance costs (assumed to be one per cent of the purchase/investment price), (ii) interest payments on the mortgage loan (calculated not on the current but on a conservative sustainable interest level), and (iii) instalments for amortisation do not collectively exceed rental income.

Real Property Evaluation

The objective of an appraisal of owner-occupied residential property and multiple occupancy residential property is to assess the market value of the loan collateral. Such an analysis may involve the following:

(a) hedonic valuation (IAZI valuation); or

(b) real estate appraisal by an internal or external accredited appraiser (using construction value method and capitalised earnings method).

An appraisal of the market value (the basis for the calculation of the LTV ratio) of the relevant property is required for new and existing customers upon an initial application for a mortgage loan and periodically thereafter (not less than every 15 years or based on relevant new information and/or obvious changes). Such appraisal is undertaken for each mortgage loan application by a hedonic valuation model (the **IAZI**) or internal appraisers or authorized external appraisers, using the construction value method or the capitalised earnings model.

Credit Suisse has specific guidelines with regard to the category of appraisers (external and internal) to be used for each property valuation, depending on the specifics of each mortgage loan application. Appraisers may only conduct property valuations in the real estate segment, category and economic sector for which specific authorisation has been granted to them. Each appraiser must demonstrate: (a) expertise in real estate; (b) current practice in the real estate market; and (c) familiarity with the local market. Credit Suisse's real estate specialists are responsible for authorizing and monitoring that all appraisals are in accordance with Credit Suisse guidelines.

An internal appraisal is based on a standardised valuation approach (based on the bank's methodology) to the Swiss residential property market. The IAZI, which is also used by other lenders in the Swiss residential mortgage loan market, utilises current real estate transaction data (rather than appraisals) and historical relationships (computed through multiple linear regression) between property characteristics and location variables, through which a valuation is derived for a specific property based on the specific characteristics and location of the property. Property characteristics which are used in this model include the size of the land, the size of the building (area or number of rooms), the year of construction, the standard and condition of the building (including comfort) and the number of bathrooms. Location variables are focussed on accessibility and the quality of macro- and micro- location factors. In addition, the Swiss property market is subject to permanent monitoring and annual review by Credit Suisse's Real Estate & Regional Research economists which carries out property specific analysis and provides recommendations.

In all cases the credit officer cross-checks the property sale price against the internal valuation model.

Mortgage Loan Rating

CRM will also analyse the risks associated with the mortgage loan itself (a **Loan Risk Rating**) and will assign the transaction a Loan Risk Rating based on the customer risk rating, the amount/seniority of security, the type of property, the loss/recovery rates for various property types and the LTV ranges. The Loan Risk Rating may be better, but can never be worse, than that of the customer risk rating.

The Loan Risk Rating is based on an expected loss approach which utilises calculations on the expected default frequency on an unsecured basis (based on the customer risk rating) and the loss/recovery rates for various property types. Default probabilities by customer risk and loss recovery rates are based upon historical experience. The Loan Risk Rating determines the transaction risk premium applicable to the individual mortgage and therefore influences the pricing of the mortgage. The Loan risk rating and loan amount determine the allocated credit approval limit level of credit officers. In addition to a sophisticated, tailor made learning and training programme, including mandatory certification, a minimal credit practice period and extensive experience are the basic requirements for any credit approval competence.

LTV Ratio

The LTV ratio of a mortgage loan (or loans, if a borrower has more than one loan on a property) is an important credit parameter for Credit Suisse, especially given the non-amortising nature of many of its mortgage loans. Credit Suisse has developed standard guidelines for LTV ratios by product type. In very limited circumstances, senior credit officers may approve mortgage loans which fall outside the standard LTV guidelines.

In normal circumstances Credit Suisse will advance a mortgage loan (generally referred to as a first mortgage loan) with an LTV ratio equal to or less than 66% of the property value of the subject of the mortgage loan. If a borrower requires further funds or wishes to have a larger interest expense, Credit Suisse may grant a second mortgage loan to a borrower equal to a maximum LTV of 80% of the property value (such incremental mortgage loan generally referred to as a second mortgage loan).

CS credit policy defines sustainable valuation standards (taking into account, in the process, the lower of cost or market principle), including, for example, an initial maximum LTV ratio of a given mortgage loan to the

type of use of the property (e.g. owner occupied, holiday residence, investment property). Only in rare, qualifying circumstances may a responsible senior credit officer approve a temporary exception-to-policy whereby the given LTV standard guidelines are exceeded.

CS's lending practice for residential mortgage loans typically requires a LTV ratio of up to a maximum of 80% with regard to an approved property valuation. Amortization towards a target LTV ratio equal to or less than 66% of the value of the property the subject of the mortgage loan within a maximum period of 20 years is a mandatory requirement of the approved loans and a FINMA approved self- regulation standard of the Swiss Banking Association since 2012.

From 1st September 2014, this standard shall be further tightened with a mandatory linear amortization towards a target LTV ratio equal to or less than 66% of the value of the property the subject of the mortgage loan within a maximum amortization period of 15 years. CS has, for a number of years, set and applied stringent and rather conservative credit policies beyond those required by industry and self-regulation standards. By way of example, CS credit policy dictates that the LTV ratio of any mortgage granted to a private individual over the age of 65 must not, in any case, exceed 66% of the value of the property the subject of the loan. Furthermore, in the case of properties located in certain identified regions which have demonstrated excessive price growth in the past, CS has required an expedited amortization schedule towards a target LTV ratio equal to or less than 66% of the value of the property the subject of the mortgage loan within a maximum amortization period of only 10 years.

Credit Documentation

The final decision whether to approve a mortgage loan application is taken by a member of the Credit Unit with the appropriate authorisation to make the credit decision. Authorisation levels are assigned on the basis of: (a) transaction size; (b) type of property; and (c) risk categories.

If a mortgage loan application is approved by CRM and accepted by the customer, CRM will contact the land registry and carry out certain other formalities in relation to the mortgage loan application (for example, the real estate pledge). CRM will also ensure that all regional state requirements have been complied with. The responsible CRM credit officer then issues the loan documentation (i.e. loan agreement, Security Transfer Agreements in respect to mortgage certificates and other necessary formalities). Prior to release of loan funds, the quality control unit within CRM (the **QCU**) performs a final review of the mortgage loan details (including completeness of signatures and adequacy of mortgage/pledge documentation) to ensure an independent final control of formalities and gives clearance of the credit line. The QCU also ensures that records of all credit details are stored accurately in all relevant IT systems. All signed mortgage loan agreements and formalities are scanned into Credit Suisse's electronic archiving system which allows the client advisor and the credit officer to view them online.

Credit Suisse's Discretion to Lend Outside of its Lending Criteria

On a case-by-case basis, Credit Suisse may determine that, based upon compensating factors such as substantial assets under management or a large remaining income after the cost of the loan, a prospective borrower who does not strictly qualify under its lending criteria may warrant an underwriting exception, subject to certain limits agreed with Swiss regulators (see "*Regulation of Swiss Mortgage Market*"). Such exceptions are granted only rarely and, in the case of an exception with regard to the LTV ratio, only in connection with an automatically tighter payback schedule. In any such case, the relevant credit officer must disclose to credit approval the details of the compensating factors relating to the exception being made. There are no benchmark limits within the Swiss mortgage industry regarding banks' discretion to lend outside their lending criteria as the credit policies and lending criteria vary considerably between institutions as part of their market strategy.

Servicing of Mortgages

Collection

In servicing the Mortgage Assets, Credit Suisse is responsible for the payment collection and monitoring process. Interest and amortization payments are charged, at the latest, at the end of each quarter and credited accordingly to Credit Suisse's revenue account, or, in rare cases, via payment coupon. This process is triggered automatically by the core banking system (i.e. interest on amortisation is calculated and debited on the customer account when interest and amortisation is due). Credit Suisse must perform its servicing duties in accordance with its best internal policies of management collection and recovery (e.g. interest on fixed and adjustable rate mortgages is usually calculated on the fifth business day of the relevant month prior to the end of the quarter and the debiting from the account usually takes place by the end of the quarter).

Constant Monitoring

The monitoring system provides immediate information regarding any payments in arrears and overdrafts, by means of electronic notifications to the relationship manager and credit officer. The relationship manager responsible must contact the client and provide comments on any such warning from the monitoring system within a defined time period. Clients who are deemed to be higher risk (such as those with repeated late payments) are placed on a watchlist which is handled by relationship managers who provide payment reminders and increased contact. At the latest 90 days after non-payment of interest the mortgage will be classified as defaulted. From this point, the credit recovery unit within CRM (the **CRU**) takes over the loan administration and client responsibility. After the first analysis (including client contact) the CRU defines the strategy (exit or continuation) and implements an appropriate action plan.

Reviews

Any amendments to standard mortgage agreements must be approved by the responsible credit officer in CRM. Examples of amendments to agreements include:

(a) an increase of the mortgage loan;

(b) a change in the name of the borrower (e.g. inheritance, divorce);

(c) an increase, reduction or temporary suspension of amortization; and

(d) to identify repeated late payers (clients who have accumulated more than one late or missed interest/amortization payment in the last period).

A renewal of a mortgage product upon expiry (e.g. of a fixed-term mortgage) is in the authority of the relationship manager responsible.

Impairment and Default

Identification of Impairment

It is the responsibility of the credit officer to determine whether there is an impairment. If a payment on a mortgage loan is more than 90 days overdue and its status has not been reversed by a credit officer, it is automatically classified as being in default. The relevant non-payments are classified as impaired if their risk exposure exceeds the recoverable amount. The recoverable amount is defined as the present value of the expected cash flows relating to the mortgage loan.

Estimating the Recoverable Amount of Real Property

The methods used for property valuation in an impairment assessment are essentially the same as those used for property financing. During the course of a recovery procedure different valuation models can be used alongside the standard methods used when granting the original loan. Only in the event that CRU nears a compulsory auction or a write-off does CRU define with its valuation experts a liquidation value in order to assist CRU in decision making.

Work-out Strategies

In relation to a work-out situation, the possible strategies are continuation or exit. The goal of a continuation strategy is to retain the client and to work out a solution that will enable the client to secure future banking services and maintain the sustainability of the loan. If the option to exit the relationship with the client is taken, the CRU strictly applies a dual-strategy to speed-up the liquidation of mortgage loans. A sale by private contract, in consultation with the client (i.e. via real estate broker), is forced and on the other hand legal enforcement will be initiated to finally liquidate the property in a compulsory auction. To avoid litigation and liquidation scenarios the private sale is the preferred option.

For any impairment assessment, the recoverable amounts under the above mentioned strategies have to be estimated and compared in order to make a decision on strategy.

Recovery Management

The CRU is Credit Suisse's dedicated recovery team for the collection of impaired loans, with specialists in various Credit Suisse locations in Switzerland. The Credit Suisse recovery team in Switzerland consists of a dedicated team, including restructuring, real estate and foreclosure specialists, with extensive experience and detailed knowledge of the local market and legal requirements. The recovery team is responsible for the overall distressed Credit Suisse loan portfolio in Switzerland.

Regulation of the Swiss Residential Mortgage Market

Regulation of the Swiss residential mortgage market is based on self-regulatory guidelines issued by the Swiss Bankers' Association (including guidelines on the assessment, valuation and settlement of mortgages and minimum requirements for real estate financing concerning, *inter alia*, borrowers' equity contributions and amortisations) and capital requirements applicable to mortgage lenders (see also *Risk Factors – Risks relating to the Swiss residential mortgage market such as a deterioration in the market for real estate, could negatively affect the value and marketability of the Covered Bonds*). Supervision and, if necessary, enforcement of these rules falls under the overall supervisory responsibility of FINMA in its prudential oversight of Swiss banks, which is based on a division of tasks between FINMA, as state supervisory authority responsible for overall prudential supervision and enforcement actions, and a number of authorised audit firms which act as on-going regulatory audit agents. FINMA exercises direct supervision over Credit Suisse through close and continuous meetings with senior management throughout the year, including regular meetings with the Chief Credit Officer Switzerland. In addition, FINMA relies on regular information provided by the management of Credit Suisse in the form of reports on corporate and management matters, financial information, capital, liquidity and risk management. KPMG also provides on-going audit oversight on behalf of FINMA.

Nominee System for Paperless Mortgage Certificates

SIX SIS AG (**SIX SIS**), a financial services provider operating, among others, the Swiss central securities depository, has developed a platform (the **Nominee System**) which allows for the transfer of entitlements in paperless mortgage certificates between participating members, Credit Suisse and the Guarantor, by mere book entries. Under the Nominee System, legal title to substantially all paperless mortgage certificates of Credit Suisse will be transferred to SIX SIS. Accordingly, SIX SIS will be inscribed as mortgage creditor in the relevant land register and will hold the relevant paperless mortgage certificates in its own name, but for

the account of Credit Suisse. Under the terms of the Nominee Participant Agreement entered into between Credit Suisse and SIX SIS, Credit Suisse as the principal will at all times have the sole instruction rights in relation to the paperless mortgage certificates held for its account by SIX SIS. As such, Credit Suisse can at any time instruct SIX SIS to (i) transfer the entitlement in a paperless mortgage certificate to another participating member (such as the Guarantor), or (ii) procure that Credit Suisse or any third party designated by it be inscribed in the land register as the new mortgage creditor. Any transfer of entitlements to paperless mortgage certificates to another participating member (such as the Guarantor) will be final in the case of an insolvency of Credit Suisse after the relevant book entry for the benefit of the recipient has been made. Once booked in the account of the Guarantor, the Guarantor can itself issue instructions to SIX SIS to (i) transfer the entitlement in a paperless mortgage certificate to another participating member (e.g. in the case of a sale of mortgage assets), or (ii) procure that the Guarantor or any third party designated by it be inscribed in the land register as the new mortgage creditor. Upon inscription in the land register (which could be triggered by, for example, a payment default of the mortgage debtor), the Guarantor can enforce against the property in the same way as it can for mortgage certificates issued as paper instruments.

CERTAIN MATTERS OF SWISS LAW

This section is only a summary of Certain Matters of Swiss Law and does not purport to be complete. Any decision to invest in any Covered Bonds should be based on a consideration of this Base Prospectus as a whole. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to persons responsible in such Member State solely on the basis of this section, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the claimant may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this section. A glossary of certain defined terms used in this document is contained at the end of this Base Prospectus.

1. PROPERTY LAW

(a) *Ownership*

Ownership is the most comprehensive legal title with respect to real property. Subject to limited rights in rem (see below *Limited Rights in Rem*) as well as rental agreements and other contractual arrangements of the owner and other restrictions in private law (such as the interest of neighbours) and in public law (such as planning law restrictions) (see below *Restrictions on the Ownership in Real Property*), it gives the owner the right to use and enjoy the real property, the right to dispose of it and the right to fend off any (wrongful) interference. As a right in rem it is an absolute right and applies to every third party (*erga omnes*). The borders of a parcel of land are indicated by the land register. While ownership of a parcel of land for single family homes stretches upwards and downwards from the airspace to the ground and all buildings and plants as well as springs located on that parcel of land as far as there is an interest in exercising the ownership, condominiums and frequently vacation properties are established as apartment property (*Stockwerkeigentum*). Apartment property is co-ownership of a parcel of land in a quota approximately corresponding to the value of the relevant apartment in proportion to the rest of the dwelling space, combined with the exclusive right to use the specified apartment and, possibly, certain other dedicated space in the building.

Any form of real property (including apartment property) can be held in the form of individual ownership, joint ownership (*Gesamteigentum*) or co-ownership (*Miteigentum*). In case of co-ownership, each co-owner owns a quota of the real property that can be sold or pledged and can be liquidated for the benefit of its creditors without the consent of the other co-owners. Under joint ownership, however, each of the owners has the right of ownership in the whole real property and the ownership rights, such as the right to sell and pledge, cannot be exercised over the common property except with the consent of all the joint owners, subject to a different agreement between the joint owners. Also, a special, more complicated procedure applies in relation to the liquidation of joint-ownership assets for the benefit of creditors.

Ownership of real property is usually acquired through the execution of a public deed and subsequent registration in the relevant land register. The deed must be publicly notarised and must contain all of the essential elements of the transaction, including without limitation, the identity of the contracting parties, a description of the property being transferred, the purchase price and all other material terms. The purpose of the land register is to keep a register, together with certain planning documents, in which all necessary information for legal transactions is held and being

continually updated. To the extent the federal land register has been introduced at the location of the property in question which is not the case in all Switzerland, the land register is a register enjoying public faith (*öffentlicher Glaube*), i.e., whoever acquires, in good faith, ownership or any other right in rem relying upon a registration in the land register, may rely on the content as registered in the land register and will thus be protected in such acquisition.

(b) *Restrictions on the Ownership in Real Property*

The right of an owner to use and enjoy real property cannot be exercised without limitation. There are legal restrictions in private and public law. As to private law, there may be contractual limitations, statutory restrictions and restrictions in the interest of the neighbours. Regarding contractual limitations, the right to use or to dispose of the real property can be limited, e.g., by the entry of a servitude in the land register (see below *Limited Rights in Rem*) by a lease, which may be annotated in the land register or by a right of first refusal or an option to buy or to repurchase. Contracts containing a right of first refusal or an option to buy or to repurchase may require public notarisation in order to be valid and effective. As to statutory restrictions, these include a statutory right of first refusal of a co-owner and reciprocal rights of first refusal between landowner and owner of a ground lease. Such statutory rights of first refusal can be exercised even in the event of a forced auction sale. Regarding the interest of neighbours, the property owner must refrain from actions which have a massive impact on the property of the neighbour. Every property owner has to refrain from causing harmful, unjustified actions through smoke, soot, noise or vibration. Aside from the private law restriction, there are numerous public law restrictions (including under environmental laws, planning laws, preservation of historic buildings laws and expropriation laws).

(c) *Restrictions on the Acquisition of Real Property in Switzerland by Non-Resident Foreigners*

Equity and debt investments in non-commercial property by non-Swiss investors are generally subject to statutory limitations under the Federal Statute on Acquisition of Real Property by Non-Residents (so-called Lex Koller). Lex Koller provides for sanctions under administrative law, civil law and criminal law. Accordingly, under civil law, transactions infringing Lex Koller will be considered null and void. Forms of acquisition covered by Lex Koller are primarily the acquisition of rights in rem over real property but also encompass the acquisition of a stake in a legal entity or a commercial enterprise without legal personality whose actual purpose is to acquire real property. Depending on the circumstances, the (direct or indirect) financing of real estate may also qualify as acquisition. However, based on certain exemptions, the transfer of Mortgage Assets does not fall into the scope of the Lex Koller. In contrast, any onward transfer of the Transferred Mortgage Certificates (e.g. in the context of the sale of Assigned Mortgage Claims by the Guarantor) has to comply with the limitations of the Lex Koller and might become subject to authorisation by the competent authority. This legal analysis has been confirmed in a ruling given by the Swiss Federal Office of Justice.

Each canton has jurisdiction over real property located therein. Although the cantonal authorities in charge of the application of the Lex Koller usually decide in line with the Lex Koller Guidelines rulings issued by the Swiss Federal Office of Justice, they are not bound by them.

(d) *Limited Rights in Rem*

In contrast to ownership, limited rights in rem (*beschränkte dingliche Rechte*) give the beneficiary only restricted powers. Swiss law mainly provides for three different types of limited rights in rem in respect to real property: (a) property liens (*Grundpfandrechte*), (b) servitudes (*Dienstbarkeiten*), and (c) ground leases (*Grundlasten*). For the Programme, only the property liens are of particular relevance, and will therefore be described.

One of the purposes of property liens is to secure one or more claims with the value of a real property. Property liens bestow the right to the creditor to obtain the proceeds from the sale of the real property if the debtor defaults in the payment of the claim(s). Property liens may arise either by law or by contract.

A property lien by operation of law is established regardless of the consent of the owner of the property. Direct property liens by operation by law (e.g. for the costs of preservation measures by the security interest holder in case of depreciation or, for real estate capital gains taxes in accordance with the respective cantonal tax law) are established without an entry in the land register and have, in general, absolute priority over all other property liens. Indirect property liens (e.g. to secure the claim of the seller of a real estate, for the claims of co-heirs resulting from division, for the claims of craftsmen and contractors employed for construction on real estate, to secure payment of the compensation of a ground lease) require an entry in the land register to be established and follow the system of fixed pledge rankings.

Property liens (other than property liens by operation of law) are established by registration in the land register based upon a notarised agreement between the creditor and the owner of the real property or, in certain cases, at the unilateral request of the owner of the real property. There are two main types of contractual property liens under Swiss law: (i) the mortgage assignment (*Grundpfandverschreibung*), which directly collateralises a loan; and (ii) the mortgage certificate (*Schuldbrief*), which collateralises a loan and encumbers a parcel of real property. Only the mortgage certificate, but not the mortgage assignment, may be issued in the form of a security (*Wertpapier*) within the meaning of the CO. Since mortgage certificates are the only type of contractual property liens securing the Assigned Mortgage Claims in the Cover Pool, they are described in more detail hereinafter.

(e) *Mortgage Certificates in Particular*

In December 2009, the Swiss parliament adopted an amendment to the Swiss Civil Code revising Swiss property law. The amendment entered into force on 1 January 2012. The most important change in this amendment is the introduction of a paperless mortgage certificate (*Registerschuldbrief*) as an alternative to a physical mortgage certificate (*Papierschuldbrief*) issued as a document of title. The goal of the amendment is to gradually replace the traditional paper instruments with paperless instruments. Under the current Security Transfer Agreement, mortgage claims secured by Physical Mortgage Certificates and/or Paperless Mortgage Certificates may constitute Eligible Mortgage Claims and may be included in the Cover Pool.

The security interest represented by a mortgage certificate is a transferable title instrument. Physical mortgage certificates can be issued in bearer form (*Inhaberschuldbrief*) or registered form (*Namensschuldbrief*), the paperless mortgage certificate only in registered form. The mortgage certificate embodies the debtor's obligation to pay a nominal amount plus (usually) interest thereon. To constitute a mortgage certificate, subject to certain exceptions, a notarised contract has to be drawn up. Additionally, an appropriate entry has to be made in the relevant land register in order to evidence the establishment of the property lien (see above *Limited Rights in Rem*).

In case of a physical mortgage certificate, a document of title is issued which evidences the property lien and which must reflect the relevant content of the land register in relation to the encumbered parcel of real estate. It must be signed by the land registrar and by a magistrate or other public official specified by cantonal law. Once the physical mortgage certificate is created, it is transferable from one person to another with little further formalities (see *Certain Aspects of Swiss Law in Connection with the Cover Pool Assets – Transfer of Mortgage Certificates (such as Transferred Mortgage Certificates)*). Should a physical mortgage certificate become lost or be destroyed without the intent to cancelling the debt, application to the court has to be made to have the physical mortgage certificate declared null and void. Under such circumstances, the creditor can

request the court to make the debtor pay, or if the debt is not yet due, to make the debtor issue a new physical mortgage certificate replacing the lost or destroyed one. In contrast, in case of a paperless mortgage certificate, no document of title exists and the paperless mortgage certificate is created by record in the relevant land register. The transfer of a paperless mortgage certificate is achieved by recording the new creditor in the land register based on a written declaration from the previous creditor (see *Certain Aspects of Swiss Law in Connection with the Cover Pool Assets – Transfer of Mortgage Certificates (such as Transferred Mortgage Certificates*)).

The security interest created under a mortgage certificate embraces the entire real property together with its constituent parts (*Bestandteile*), as well as all the things appertaining thereto (*Zugehör*) (such as furniture), in so far as such accessories are not charged with any rights in rem in favour of third parties. Under circumstances, the security interest created under a mortgage certificate may also extend to rental payments in relation to the real property and possible surrogates such as certain insurance claims upon the impairment of the mortgaged property.

A mortgage certificate charges the underlying property for: (a) the principal amount of the debt owed under the mortgage certificate; (b) default interest thereon as well as the related cost of debt enforcement; and (c) three years of contractual interest thereon accrued and effectively due.

For so long as the claim embodied in the mortgage certificate is not due, the creditor may not require the realisation of the mortgaged property and claim the proceeds. The creditor has, however, a right to certain protective measures in the event of qualitative diminution or devaluation of the mortgage property.

Originally, mortgage certificates were designed to represent the entire contract between creditor and debtor. However, because amounts outstanding and interest rates fluctuate and changes to the mortgage certificates are costly, the practice has developed to use the mortgage certificate as security for another mortgage loan than embodied in the mortgage certificate. As a consequence, the face amount (as well as the stated interest rate) of the mortgage certificate may not correspond with the actual outstanding mortgage loan and the interest rate applicable hereto. In other words, there is a claim under the loan and a legally independent claim under the mortgage certificate (*Schuldbriefforderung*), the latter possibly exceeding the former. However, under the Swiss Civil Code, the mortgage debtor can, subject to certain exemptions, invoke any defences which are available to him under the relevant mortgage loan not only in relation to a mortgage claim, but also in relation to the claim embodied in the mortgage certificate securing such mortgage claim (see also *Transfer of Mortgage Certificates (such as Transferred Mortgage Certificates)*).

Security over a mortgage certificate is either taken by way of pledge or, as is the case for the Transferred Mortgage Certificates comprised in the Cover Pool, by virtue of a transfer of the title for security purposes (*Sicherungsübereignung*) (see *Certain Aspects of Swiss Law in Connection with the Cover Pool – Transfer of Mortgage Certificates (such as Transferred Mortgage Certificates)*). In case of such transfer, title in the mortgage certificate is transferred to the creditor, who is, however, bound by fiduciary duties under the terms of the relevant security transfer agreement (*Sicherungsübereignungsvertrag*). Therefore, as owner the creditor is entitled to enforce the claim embodied in the mortgage certificate and ultimately to realise the value of the real property charged by the mortgage certificate, but only up to the amounts actually outstanding under the secured loan. Moreover, the creditor is only entitled to enforce the mortgage certificate once the debtor is in default under the secured loan, and the debtor can compel the creditor to return the mortgage certificate once the loan is fully repaid (see also *Certain Aspects of Swiss Law in Connection with the Cover Pool – Legal constraints applicable to standard forms of agreement (such as the Mortgage Credit Agreements and the Security Transfer Agreements*)). For paperless mortgage certificates, a nominee solution which is based on the Swiss law concept of an administrative trust (*Verwaltungstreuhand*) was developed (see also *Transfer of Mortgage Certificates (such as Transferred Mortgage Certificates*)).

(f) *Special Rules for Intermediated Securities*

The new Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*) (the **FISA**), which entered into force on 1 January 2010, introduced a special legal regime for intermediated securities (*Bucheffekten*). Intermediated securities qualify neither as objects (*Sachen*) nor as claims (*Forderungen*). Rather, intermediated securities are assets of their own kind (*Vermögenswerte sui generis*). Intermediated securities are created through (i) the deposit of securities for collective custody (*Sammmelverwahrung*) or global certificates (*Globalurkunden*) with an intermediary (*Verwahrungsstelle*), or the entry of uncertificated securities (*Wertrechte*) in the master register of a custodian, and (ii) the credit of such intermediated securities to one or more securities accounts (*Effektenkonti*). The creation of intermediated securities does not affect the investor's rights against the issuer (such as voting rights or dividend). However, unless provided otherwise in the FISA, the account owner may only exercise its rights to intermediated securities via the relevant custodian. Under the FISA, transfer of intermediated securities is, as a general rule, effected through (i) an instruction (*Weisung*) of the account owner to the custodian to transfer the relevant intermediated securities, and (ii) credit of the intermediated securities to the securities account of the acquirer. The transfer is perfected with the completion of the credit to the securities account of the acquirer. At the same time, the account owner disposing of the securities loses its right to the relevant intermediated securities. In terms of protection of good faith acquisition, the FISA provides that whoever in good faith and against consideration acquires intermediated securities or a security interest in accordance with the FISA over intermediated securities shall be protected in the acquisition, even if the seller was not entitled to dispose over the intermediated securities. In addition, it should be noted that intermediated securities can also be disposed of by way of assignment (*Zession*). In that case, however, the rights of persons having acquired rights in intermediated securities in accordance with the terms of the FISA (as described above) will prevail over the rights of the assignees regardless of the time of the assignment.

2. CERTAIN ASPECTS OF SWISS LAW IN CONNECTION WITH THE COVER POOL

(a) *Introduction*

Under the terms of the Security Assignment Agreement, the Principal Originator will assign for security purposes (*Sicherungszession*) from time to time to the Guarantor Eligible Mortgage Claims denominated in CHF and transfer to the Guarantor the Entitlement to the Related Mortgage Certificate(s) on properties located in Switzerland as continuing security for each relevant Assigned Mortgage Claim. The principal elements of the Mortgage Security comprised in the Cover Pool therefore are: (a) Assigned Mortgage Claims, i.e. the Mortgage Claims against Mortgage Debtors assigned by the Principal Originator to the Guarantor and (b) Transferred Mortgage Certificates. The Transferred Mortgage Certificates are those Mortgage Certificates which a given Mortgage Debtor or Security Provider transferred for security purposes to the Principal Originator or a nominee acting on its behalf (see *Overview of the Principal Transaction Documents – Security Assignment Agreement*). Although, under the Security Assignment Agreement Entitlement in such Transferred Mortgage Certificates is passed on to the Guarantor (see *Certain Aspects of Swiss Law in Connection with the Cover Pool Assets – Transfer of Mortgage Certificates (such as Transferred Mortgage Certificates)*), the Transferred Mortgage Certificates continue to secure only the Assigned Mortgage Claims and not (directly) the Secured Obligations. Accordingly, any proceeds from the enforcement of Transferred Mortgage Certificates exceeding the amount of the related Assigned Mortgage Claims, as well as any excess Transferred Mortgage Certificates, would have to be released to the relevant Mortgage Debtor or Security Provider if any and all obligations of the Mortgage Debtor that were initially secured by the relevant Mortgage Certificate have been satisfied, even if there were to be a default by Credit Suisse in discharging a Secured Obligation.

The Assigned Mortgage Claims will be secured only by the Transferred Mortgage Certificates. Other security interests which may have been granted to the Principal Originator with a view to secure the

Assigned Mortgage Claims, if any, (such as pledges of pension fund assets (so-called second pillar and third pillar claims), or securities in custody accounts of the relevant Mortgage Debtor pledged to the Principal Originator) are not being transferred to the Guarantor.

In addition, under the terms of the Security Assignment Agreement, the Originator will transfer for security purposes from time to time to the Guarantor eligible Substitute Assets. Each such transfer for security purposes of Substitute Assets shall be effected by transfer and deposit of the relevant Substitute Assets by the Assignor (a), in the case of securities, by way of security transfer (*Sicherheit durch Vollrechtsübertragung*) to the Cover Pool Custody Account, and (b), in the case of cash, as cash collateral (*Barsicherheit*) to the Cover Pool Bank Account (*see Overview of the Principal Transaction Documents – Security Assignment Agreement*).

(b) Legal constraints applicable to standard forms of agreement (such as the Mortgage Credit Agreements and the Security Transfer Agreements)

Under Swiss law the contractual arrangements underlying the Mortgage Security comprised in the Cover Pool Assets (such as the Mortgage Credit Agreements and the Security Transfer Agreements) qualify as general terms and conditions (*Allgemeine Geschäftsbedingungen*). General terms and conditions fulfil an important function in the banking business by facilitating the conclusion of standardised contracts whilst keeping transaction costs low. At the same time, as a matter of Swiss law the validity and enforceability of general terms and conditions is subject to specific requirements.

In order to become effective, the parties' mutual consent on the general terms and conditions is required. In general, it is deemed sufficient if the consenting party was made aware of the general terms of business and actually had the opportunity to take note of their content. In contrast, it is not necessary that the consenting party actually read the general terms and conditions. However, with a view to protecting contracting parties (in particular, consumers) against abuse, the use of general terms and conditions is subject to stricter regulation going beyond the scope of general contract law. In particular, the Swiss Federal Supreme Court has established three important (unwritten) ex post tests for terms and conditions: the so-called unusualness rule (*Ungewöhnlichkeitsregel*), the so-called ambiguity rule (*Unklarheitenregel*), and the rule according to which an individual agreement trumps a conflicting provision contained in general terms and conditions (*Vorrang der Individualabrede*).

According to the unusualness rule (*Ungewöhnlichkeitsregel*), certain provisions in general terms and conditions of a particularly surprising or unbalanced nature may be deemed to be outside the scope of a contractual consensus – and thus not valid among the parties even though the general terms and conditions have been globally adopted. To invalidate a surprising or unbalanced provision, a two-fold test has been applied: Firstly, the clause must essentially change the character of the contract or divert it from its characteristic legal framework (objective unusualness). Secondly, the (weaker or less experienced) party seeking invalidation must not have been explicitly made aware of the allegedly surprising or unbalanced clause (subjective unusualness). In more recent jurisdiction, the Federal Supreme Court has more widely affirmed objective unusualness. In addition, there is a trend in legal writing to apply such requirements more strictly. By way of example, some legal scholars argue that a waiver of banking secrecy contained in general terms and conditions should generally be deemed unusual and, thus, invalid. See *Risk Factors – Risks relating to the Cover Pool - The waivers of banking secrecy and the transfer clauses necessary for the transfer of Cover Pool Assets, as well as other relevant provisions in Credit Suisse's standard forms of agreement may be deemed by Swiss courts to be insufficient or inapplicable, which may negatively affect the validity of the transfer of Cover Pool Assets to the Guarantor, replenishment of the Cover Pool as well as the value and/or the enforceability of the Cover Pool Assets.*

The ambiguity rule (*Unklarheitenregel*) reflects the general rule of interpretatio contra proferentem, which provides that ambiguous statements are to be interpreted against the party responsible for the

drafting of the statement. Furthermore, the Swiss Federal Supreme Court consistently applies a rule according to which an individual agreement (i.e. a clause that has been individually negotiated among the parties) trumps a conflicting provision contained in general terms and conditions (*Vorrang der Individualabrede*).

In addition, pursuant to the amended article 8 of the Swiss Federal Act on Unfair Competition (the **AUC**), which entered into force as of 1 July 2012, a provision contained in a standard form of agreement may be declared invalid if a court finds that the provision creates, in violation of the principle of good faith, a material and unjustified disproportion between the contractual rights and obligations to the detriment of consumers. As of the date of this Base Prospectus, there is no clear guidance on what impact this amendment will have on existing and future general terms of business. In particular, the revised AUC raises the question whether it extends to (continuing) contracts that have been concluded before that date, but are still valid thereafter. For lack of specific transitional rules in the AUC, the general provisions of the final title of the CC are to be applied. According to these rules, new norms are not applicable to facts established prior to the revised provisions entering into force (principle of non-retroactivity; *Regel der Nichtrückwirkung*). An exception is made for provisions that have been enacted for reasons of public order and morals. Rights that are not vested on the day the new law enters into force are subject to the latter (articles 1, 2 and 4 Final Title of the CC). While the Federal Supreme Court has so far been rather reluctant to designate a provision as pertaining to public order and morals and has demanded that "fundamental socio-political or ethical conceptions" must be addressed by the norm to give it retroactive application, it cannot be excluded that a Swiss court could grant retroactive effect to article 8 AUC, as some legal scholars advocate.

Also, while the requirement of "a material and unjustified disproportion between the contractual rights and obligations" seems to suggest that the contract as a whole needs to be assessed, some legal scholars argue that the test needs to be applied in respect of a single provision only and, hence, one-sidedness of a particular provision cannot be compensated by another provision that would, from an overall perspective, balance the scale of contractual rights and obligations.

Furthermore, the amended AUC does not contain a rule on what the legal consequences of non-compliance with the requirements for general terms of business are. However, based on legislative history and the relevant doctrine under current law, it has to be assumed that those provisions of general terms and conditions that violate article 8 AUC are entirely null and void. In this context, it should be noted that under the revised AUC not only affected individuals, but also consumer organisations and the Swiss Confederation may seek a judgement rendering certain provisions contained in standard forms of agreement (such as a bank secrecy waiver, a transfer clause or other relevant provisions) to be generally void. See also *Risk Factors – Risks relating to the Cover Pool - The waivers of banking secrecy and the transfer clauses necessary for the transfer of Cover Pool Assets, as well as other relevant provisions in Credit Suisse's standard forms of agreement may be deemed by Swiss courts to be insufficient or inapplicable, which may negatively affect the validity of the transfer of Cover Pool Assets to the Guarantor, replenishment of the Cover Pool as well as the value and/or the enforceability of the Cover Pool Assets.*

(c) *Assignment of Mortgage Claims (such as the Assigned Mortgage Claims)*

Mortgage claims are claims against the relevant mortgage debtor for payment of the amounts owed under a relevant mortgage loan or credit agreement. Swiss law provides that claims are assignable unless the law, an agreement or the nature of the claim precludes an assignment. Generally, the assignment of claims originated by Swiss banks may be subject to restrictions, either by agreement or because the customer information relating to claims originated by Swiss banks are protected by Swiss banking secrecy. However, the Principal Originator's standard documentation underlying the Assigned Mortgage Claims contains a transfer consent, as well as a relevant waiver of banking secrecy, which is however subject to review by the courts (*see Risk Factors – Risks relating to the Cover Pool – The waivers of banking secrecy and the transfer clauses necessary for the transfer of*

Cover Pool Assets, as well as other relevant provisions in Credit Suisse's standard forms of agreement may be deemed by Swiss courts to be insufficient or inapplicable, which may negatively affect the validity of the transfer of Cover Pool Assets to the Guarantor, replenishment of the Cover Pool as well as the value and/or the enforceability of the Cover Pool Assets) and *Certain Aspects of Swiss Law in Connection with the Cover Pool – Legal constraints applicable to standard forms of agreement (such as the Mortgage Credit Agreements and the Security Transfer Agreements))* and any actual or purported revocation or withdrawal thereof by the waiving party should not impact the assignee's rights in relation to previously assigned claims.

Privileges and ancillary rights (*Vorzugs- und Nebenrechte*) attached to or associated with a claim pass as a matter of law together with the assigned claim, except those which are inseparably connected with the person of the assignor. Transferred privileges and ancillary rights include any claims for past, current and, arguably, future contractual and default interest, submission to jurisdiction and certain other procedural rights, as well as pledges and certain other security interests covering the assigned claim. However, within certain limits the parties may modify the scope of transferred privileges and ancillary rights. Therefore, under the Security Assignment Agreement claims for Breakage Costs and certain other claims have been specifically included (see *Overview of the Principal Transaction Documents – Security Assignment Agreement*), while security interests other than the Transferred Mortgage Certificates do not pass over to the Guarantor (see above *Introduction*). Given that, notwithstanding the assignment, the Principal Originator remains party to the Mortgage Credit Agreement underlying the relevant Assigned Mortgage Claims, the same applies with respect to certain extra-ordinary termination and other contractual rights which the law considers to be inseparably connected with the person of the assignor, the exercise of which does, however, not normally affect the payment obligations of a debtor under an assigned claim.

Under an assignment for security purposes, the assignee becomes the creditor of the assigned mortgage claims, but is contractually bound to exercise its rights for notification, collection and enforcement only in accordance with the limitations set-out in the terms and conditions of the security assignment agreement and the mortgage loan or credit agreement under which the assigned mortgage claim was originated. Moreover, under Swiss substantive law, the assignee only acquires such rights as the assignor possesses. This means, in particular, that all defences to the assigned claims which were or would have been available to a mortgage debtor against the assignor may be raised by such mortgage debtor also against the assignee if the relevant defence predates the date the mortgage debtor receives notice of the assignment. In case the mortgage debtor defends himself by invoking his right of set-off (to the extent not waived) and his counterclaim was not yet due when notified of the assignment, the mortgage debtor may still set off his counterclaim provided it does not become due later than the assigned claim (see *Risk Factors – Set-off risk*). In addition, until being notified of the assignment the mortgage debtor may validly discharge an assigned claim by making payments or performing any other acts of fulfilment to the assignor (see *Risk Factors – Set-off risk*). However, under Swiss law notification of the debtor is not a requirement to perfect the assignment. Accordingly, until notification the assignor may be authorised by the assignee to collect and, subject to certain limitations in relation to changes to the agreement under which the assigned claim was originated, otherwise service the assigned claims without disclosing the assignment.

(d) *Transfer of Mortgage Certificates (such as Transferred Mortgage Certificates)*

Generally, mortgage certificates are transferable from one person to another without any further formalities, except for an endorsement in favour of the creditor by the transferor in case of physical mortgage certificates issued in registered form or a written notice of the transferor to the relevant land register in case of paperless mortgage certificates. However, the onward transfer of mortgage certificates which a security provider has pledged or transferred for security purposes to a secured party is subject to certain limitations making the repledging or rehypothecation of mortgage certificates for security purposes or otherwise subject to the consent of the security provider and to certain restrictions designed to ensure that the position of the security provider is not unduly

prejudiced. The standard documentation of the Principal Originator underlying the Transferred Mortgage Certificates contains a consent to the onward transfer of mortgage certificates which is, however, subject to the aforementioned limitations and to review by the courts (see *Risk Factors – Risks relating to the Cover Pool – The waivers of banking secrecy and the transfer clauses necessary for the transfer of Cover Pool Assets, as well as other relevant provisions in Credit Suisse's standard forms of agreement may be deemed by Swiss courts to be insufficient or inapplicable, which may negatively affect the validity of the transfer of Cover Pool Assets to the Guarantor, replenishment of the Cover Pool as well as the value and/or the enforceability of the Cover Pool Assets* and *Certain Aspects of Swiss Law in Connection with the Cover Pool – Legal constraints applicable to standard forms of agreement (such as the Mortgage Credit Agreements and the Security Transfer Agreements)*).

Under a transfer for security purposes, the transferee becomes the owner of the transferred mortgage certificate, but is contractually bound to exercise its rights for collection and enforcement only in accordance with the limitations set out in the terms and conditions of the security transfer agreement with the transferor and the security transfer agreement pursuant to which the mortgage certificate was transferred to the transferor. Under the Swiss Civil Code and the terms of the Security Assignment Agreement, the Mortgage Debtor and the Security Provider, respectively, can plead any of the defences (i) which are connected with the entry in the land register or with any document of title issued for the Transferred Mortgage Certificate, (ii) which are open to him personally in an action brought against the Guarantor on any successor transferee bringing an action, and (iii) which are available to him under the Relevant Mortgage Loan not only in relation to the Assigned Mortgage Claim, but also in relation to the Guarantor's claim embodied in the Transferred Mortgage Certificate.

A given mortgage claim may be secured by one or more mortgage certificates, each of which has its own ranking. In turn, a given mortgage certificate may secure more than one mortgage claim. Therefore, the Security Assignment Agreement provides that all Mortgage Certificates transferred to the Principal Originator with a view to secure a given Assigned Mortgage Claim must be transferred together with all Mortgage Claims originated under the same Mortgage Credit Agreement and secured by such Transferred Mortgage Certificates to the Guarantor. The Security Assignment Agreement also provides that there shall be no mortgage certificates or other property liens (to the exception of statutory liens) ranking ahead of the Transferred Mortgage Certificates. Accordingly, as a result of the transfer of the Transferred Mortgage Certificates by the Principal Originator, the Guarantor receives a bundle of all Mortgage Claims under a given Relevant Mortgage Loan together with all Related Mortgage Certificates and, thus, economically a first ranking security interest securing all Mortgage Claims originated under a given Relevant Mortgage Loan. However, there may be statutory (registered or non-registered) security interests (such as certain tax claims) which rank higher than any Related Mortgage Certificate (*see below Enforcement and Insolvency – claims admission and distribution – Ranking and distribution*).

Effective transfer of title in physical mortgage certificates requires transfer of possession in the relevant documents of title. Transfer of possession in physical mortgage certificates may be executed either directly between the transferor and the transferee by physical handover or indirectly, i.e. by written instruction by the transferor to an independent third party who is in direct possession of the relevant physical mortgage certificates to henceforth possess the physical mortgage certificates in the name and for the benefit of the transferee, subject to effective depossession of the transferor. Conversely, under the statutory prohibition of "dead pledges" (*Verbot der Umgehung des Faustpfandprinzips*) a transferor providing security over mortgage certificates may not retain direct possession or effective control over the physical mortgage certificates by means of leaving the transferor in direct possession of such mortgage certificates for the account of the transferee (*Besitzeskonstitut*). To comply with these restrictions while facilitating the efficient handling of the Transferred Mortgage Certificates, Credit Suisse as Principal Originator does not act as security

provider and, therefore, can remain in direct possession of the Transferred Mortgage Certificates as Custodian on behalf of the Assignee. This is mainly achieved by ensuring that each Transferred Mortgage Certificate solely serves as a continuing security for the relevant Assigned Mortgage Claim (under exclusion of any other claims (such as current account credits) previously secured by the relevant Transferred Mortgage Certificates but not reassigned to the Assignee), thereby making the transfer an onward transfer of existing security rather than the provision of a new security. Moreover, under the terms of the Security Assignment Agreement and the relevant Transfer Deed, the Assignee accedes to the Security Transfer Agreement with the relevant Security Provider as a secured party and subjects itself to the fiduciary obligation to solely use and enforce the Transferred Mortgage Certificates as security for the Assigned Mortgage Claim, thereby underscoring the fact that collateral is provided to the Assignee not by the Principal Originator, but by the original Security Provider. Finally, to mitigate any remaining risks, the Transferred Mortgage Certificates are booked into the Safe Custody Account of the Assignee. Under the Safe Custody Agreement, the Assignee is entitled to request delivery of the Stored Mortgage Certificates at any time and benefits from a statutory segregation right in the insolvency of the Custodian. In this context, the requirements imposed by the Intercreditor Deed on the corporate governance of the Guarantor are designed to ensure that the competence of the Independent Directors of the Assignee may effectively prevent the Issuer from retaining effective control over the Transferred Mortgage Certificates (see *Description of the Guarantor*).

While the competent land register also maintains a creditor's register for property lien, registration in such register is in the case of a physical mortgage certificate – not a requirement for the validity or perfection of the security interest of the transferee over the physical mortgage certificate. A transferee of a physical mortgage certificate not registered in the creditors register will, however, not benefit from certain advantages connected with the relevant entry, e.g. in relation to notices given by the land register in case of a forced sale of the mortgaged property. Therefore, the Security Assignment Agreement provides that the Guarantor is entitled to make or seek registration as soon as a Notification Event occurred.

Transfer of legal title in paperless mortgage certificates requires recording of the new creditor in the relevant land register based on a written declaration from the previous creditor. This procedure makes the paperless mortgage certificate unsuitable for covered bonds and other instruments with a quickly revolving cover pool and generally affects the efficiency of the use of paperless mortgage certificates. To overcome these issues, SIX SIS AG (**SIX SIS**), a financial services provider operating, among others, the Swiss central securities depository, has developed a nominee solution which is based on the Swiss law concept of an administrative trust (*Verwaltungstreuhand*). Accordingly, with respect to Transferred Paperless Mortgage Certificates, the Collateral Holding Agent is registered as creditor in the relevant land register to which the relevant Security Provider has agreed in the standard documentation of the Originator (see above *Legal constraints applicable to standard forms of agreement (such as the Mortgage Credit Agreements and the Security Transfer Agreements)*). Under the Security Assignment and Transfer Agreement, the Originator undertakes to transfer its Fiduciary Entitlements to the Guarantor by way of an instruction to the Collateral Holding Agent to hold the Paperless Mortgage Certificates henceforth on behalf of the Guarantor (article 466 CO, *Anweisung*). Once a Transferred Paperless Mortgage Certificate is booked in the account of the Guarantor and the relevant booking notice has been issued, the Guarantor can at any time issue instructions to SIX SIS to (i) transfer the entitlement in the relevant Paperless Mortgage Certificate to another participating member (e.g. in the case of a sale of mortgage assets), or (ii) procure that the Guarantor or any third party designated by it be inscribed in the land register as the new mortgage creditor. Upon inscription in the land register (which could be triggered by, for example, a payment default of the mortgage debtor), the Guarantor can enforce against the property in the same way as it can for Transferred Physical Mortgage Certificates.

(e) *Transfer of Intermediated Securities (such as Substitute Assets other than cash)*

As a general rule, under the FISA, a security interest in intermediated securities may be created in two ways: (i) by a transfer of the intermediated securities to the account of the secured party (Sicherheit durch Vollrechtsübertragung; article 24 FISA); or (ii) by an irrevocable agreement between the security provider and the custodian holding the intermediated securities, that the custodian will follow the directions of the secured party (Sicherheit durch Vereinbarung; article 25 FISA). It is worth noting that the FISA also recognizes the creation of the security interest in uncertificated intermediated securities by the assignment of the intermediated securities for security purposes (Sicherungszession). However, a security interest created by assignment will rank behind any security interest created (or any other disposition) under the FISA, regardless of when created.

Creation of a security interest by transfer (*Sicherheit durch Vollrechtsübertragung*) of Substitute Assets in the form of intermediated securities requires (i) an instruction (*Weisung*) of the Originator to the Account Bank to transfer the relevant Substitute Assets to the Cover Pool Custody Account, and (ii) credit (*Gutschrift*) of the relevant Substitute Assets to the Cover Pool Custody Account.

3. ENFORCEMENT AND INSOLVENCY

(a) *Debt Collection and Bankruptcy*

(i) *General overview*

Generally, the vast majority of the bankruptcy and insolvency provisions in Swiss law are encompassed in the DEBA. The DEBA provides for different procedures depending, among other factors, whether the obligation is secured or unsecured, or whether or not the debtor is registered in a Swiss cantonal commercial register (*Handelsregister*) in a specified form and thus subject to the bankruptcy provisions of the DEBA.

Legal entities (such as the Guarantor and Credit Suisse) as well as certain individuals registered in a Swiss commercial register (*Handelsregister*) as either (i) owner of a small business (*Einzelfirma*), (ii) member of a general partnership (*Kollektivgesellschaft*) or (iii) unlimited partner or manager of a limited partnership (*Kommanditgesellschaft*) are subject to bankruptcy. Bankruptcy may be adjudicated either as a consequence of creditors pursuing debt collection proceedings without success (see below *Debt Collection and Bankruptcy Adjudication of bankruptcy in general – adjudication of bankruptcy as a result of prior debt collection proceedings*) or without prior debt collection (see below *Debt Collection and Bankruptcy – Adjudication of bankruptcy in general – adjudication of bankruptcy without debt collection proceedings*).

Individuals not registered in a Swiss commercial register (*Handelsregister*) in the above listed capacities are generally not subject to bankruptcy proceedings. Such individuals may not fall into bankruptcy and the rules on debt collection will apply (see below *Debt Collection and Bankruptcy – Debt collection in general*), except in limited circumstances where the individual applies for bankruptcy himself.

(ii) *Debt collection in general*

Debt collection proceedings are initiated by the filing of an application for commencement of enforcement proceedings (*Betreibungsbegehren*) with the competent enforcement office (*Betreibungsamt*). The competent enforcement office is located where the relevant debtor is registered or resident (in case of claims secured (i) by movable assets, alternatively at the location of the collateral and (ii) by real property (such as the claims embedded in the

Transferred Mortgage Certificates) mandatorily at the place where the real property is located).

The enforcement office will then serve the debtor with the payment order (*Zahlungsbefehl*; for the purpose of this *Certain Matters of Swiss Law* section, **Payment Order**). In case of a secured claim (such as the claims embodied in the Transferred Mortgage Certificates), the owner of the collateral (if not identical with the debtor, such as the Security Provider) must also be served with a Payment Order. The Payment Order provides for a payment period of 20 days or, in the case of claims secured by real property, six months (thus, a request for realisation of the mortgaged real property may only be filed upon the lapse of such six months period).

There is virtually no material assessment of the claim at this stage. The debtor may within ten days upon having been served with the Payment Order file an objection (*Rechtsvorschlag*) to bring the procedure to a halt and obtain an individual stay of proceedings. In general, no reasons need to be given for the objection. The enforcement office notifies the creditor of the objection.

For claims based on an enforceable judgment, the creditor can without any further delay file an application to lift this stay with the court (*Rechtsöffnungsbegehren*). For claims not based on an enforceable judgement, but on a certified and/or signed document such as a duly issued mortgage certificate or a duly executed agreement evidencing the claim, provisional lifting of such stay can only be applied for summary proceedings (*provisorische Rechtsöffnung*). The duration of such proceedings depends on the workload of the respective court, but in general the procedure takes two to four months. In the event the objection is set aside in summary proceedings, the debtor may within 20 days bring an action in ordinary court proceedings for negative declaration that the creditor's claim does not exist (*Aberkennungsklage*). The duration of such a proceeding considerably depends on the workload of the Swiss judge leading the proceedings and the complexity of the matter (approximately six to 12 months for a first instance judgement, subject to a right of appeal).

In case of a claim secured by a pledge (such as the charge over real property in a mortgage certificate), the creditor may file the request for the realisation of the collateral (*Verwertungsbegehren*) with the enforcement office, once the objection is definitively set aside by the court. Following such request, the enforcement office will initiate the process of realisation of the collateral (see below with regard to the enforcement of the Transferred Mortgage Certificates *Enforcement of Cover Pool*).

In case of an unsecured claim, the creditor may file a request for continuation of the enforcement proceeding, once the objection is definitively set aside by the court. In such a case, the enforcement office will initiate the process of collecting assets of the creditor that may be realised in order to cover the claim for which the debt collection proceeding has been initiated. In case the debtor is subject to bankruptcy proceedings, the enforcement office will send a notification to the debtor (the so called threat of bankruptcy (*Konkursandrohung*)) stating that the creditor may file a request for bankruptcy within 20 days, should the claim remain unpaid (for the further description of the bankruptcy proceeding, see *Debt Collection and Bankruptcy – Adjudication of bankruptcy in general* below).

(iii) *Adjudication of bankruptcy in general*

Adjudication of bankruptcy as a result of prior debt collection proceedings

In case a creditor pursued a debt collection proceeding (see above *Debt Collection and Bankruptcy – Debt collection in general*) against a debtor that is subject to bankruptcy, no less than 20 days after the debtor has been served with the threat of bankruptcy, such creditor may file a petition for bankruptcy (*Konkursbegehren*) with the competent bankruptcy court, leading to a summary court trial in which bankruptcy is adjudicated or the case is dismissed. The adjudication of the opening of bankruptcy has the effects as described below in section *Effects of the bankruptcy on contracts to which the debtor is a party*.

Adjudication of bankruptcy without debt collection proceedings

According to the DEBA, bankruptcy may also be adjudicated over a debtor without prior debt collection. (i) The debtor (whether or not generally subject to bankruptcy rules) may declare itself insolvent at any time with the competent bankruptcy court. Bankruptcy will be adjudicated, provided that, in the case of a debtor not subject to bankruptcy, there is no prospect of a successful restructuring. (ii) According to Swiss corporate law, bankruptcy may be adjudicated in case of a petition for the adjudication of bankruptcy due to "over-indebtedness" according to article 725a CO. Overindebtedness will be tested on both, a going concern and on a liquidation value basis, which will be determined based on audited accounts. The board of directors and, in certain circumstances, the auditors of an over indebted company are obliged to file for bankruptcy. (iii) Finally, in rare cases, a creditor may file for bankruptcy directly against a debtor that is subject to bankruptcy rules without previous debt collection actions if (a) the debtor has acted fraudulently, or is attempting to act fraudulently to the detriment of his creditors (b) if the debtor has obviously and not only temporarily stopped payments to his creditors generally or (c) any composition agreement has been declined or rescinded.

(iv) *Special legal framework with regard to initiation of insolvency related proceedings of Special Insolvency Regime Entities*

The above listed rules are applicable to debt collection and bankruptcy relating to individuals and legal entities not subject to special legislation (such as presumably most of the Mortgage Debtors and the Security Providers). Certain debtors, however, are subject to a different insolvency regime. This involves most importantly licensed banks and broker dealers as well as entities with no such licences but conducting business that would require a licence. The special insolvency regime for banks may, as experience following Lehman's insolvency shows and given FINMA's broad discretion, potentially also extend to or affect certain for the time being unregulated affiliates of banks (together for the purpose of this *Certain Matters of Swiss Law* section **Special Insolvency Regime Entities**). Special Insolvency Regime Entities are subject to the insolvency rules of the FBA and the FINMA Banking Insolvency Ordinance (**BIO-FINMA**). Certain provisions of the DEBA are applicable, to the extent set out by the FBA and the BIO-FINMA. Under the FBA, the FINMA, rather than the ordinary enforcement offices are competent in the event of insolvency of Special Insolvency Regime Entities. In particular, the FINMA is competent to open bankruptcy proceedings and to order the liquidation of Special Insolvency Regime Entities (such as the Collateral Holding Agent, the Nominee System Provider or Credit Suisse AG).

The DEBA as well as the FBA and the BIO-FINMA take a single legal entity approach. Any measure taken or any procedure opened relate to a single (bank) entity, and such measures or procedures will not affect or directly cut through to any other affiliate of the same group.

Switzerland is not a member state of the EU and accordingly, neither regulation EC 1346/2000 nor directive 2001/24/EC would apply to an insolvency of a Swiss bank.

According to article 25 et seq. FBA, the FINMA has broad statutory powers to take measures in relation to a Special Insolvency Regime Entity if it (i) is over indebted, (ii) has serious liquidity problems or (iii) fails to fulfil the applicable capital-adequacy provisions after expiry of a deadline set by the FINMA. If one of these pre-requisites is met, the FINMA is authorised (a) to open restructuring proceedings (*Sanierungsverfahren*) or (b) to open liquidation (bankruptcy) proceedings (*Bankenkonkurs*) and/or (c) to impose protective measures (*Schutzmassnahmen*) (as described further in section *Enforcement and Insolvency - Restructuring – Special rules applicable to Special Insolvency Regimes* below). Pursuant to the FBA, insolvency related measures ordered by the FINMA encompass all assets and liabilities which are on the balance sheet of the Special Insolvency Regime Entity, irrespective of where or by whom they are held (see *Enforcement and Insolvency – Restructuring – Cross border insolvency considerations*).

The liquidation (bankruptcy) is ordered if a restructuring appears to be without a chance of succeeding or has failed. In such event, the FINMA withdraws the bank its banking licence, orders the liquidation and makes the respective announcement, and appoints a liquidator.

The FBA, as last amended as of 1 January 2013, grants significant discretion to the FINMA in connection with the aforementioned proceedings and measures (see section on risk factors *Reliance on Certain Transaction Parties – An insolvency of Credit Suisse may directly or indirectly, negatively affect the liquidation and enforcement of the Cover Pool Assets for the benefit of the Covered Bondholders and/or the rights and claims of the Covered Bondholders against the Guarantor*). In particular, a broad variety of protective measures may be imposed by the FINMA, including a bank moratorium (*Stundung*) or a maturity postponement (*Fälligkeitsaufschub*) and may be ordered by the FINMA either on a stand-alone basis or in connection with reorganisation or liquidation proceedings (see also *Enforcement and Insolvency – Restructuring – Special rules applicable to Special Insolvency Regime Entities*). Such measures are largely handled by the FINMA.

(b) *Effects of the bankruptcy on contracts to which the debtor is a party*

(i) Loss of capacity to dispose over assets

Most importantly, the debtor loses its capacity to dispose of its assets upon adjudication of bankruptcy and any mandate or power of attorney by the debtor is automatically deemed revoked with the adjudication of bankruptcy.

(ii) *No automatic termination of all contracts*

As a general rule, bankruptcy does not result per se in the termination or terminability of (ongoing) agreements to which the debtor is a party. There are, however, statutory provisions that provide for automatic termination as regards selected types of contract. In addition, the parties to an agreement may (and often will) provide for automatic or optional termination upon bankruptcy. Non-termination of agreements does not necessarily mean that enforcement of relevant rights is not affected.

(iii) *Acceleration*

Bankruptcy does result in the acceleration of all claims against a debtor (secured or unsecured), except for those secured by a mortgage on the debtor's real property, and the relevant claims become due upon bankruptcy. As a result of such acceleration, a creditor's

bankruptcy claim consists of the principal amount of the debt (discounted at 5% if not interest bearing), interest accrued thereon until the date of bankruptcy, and (limited) costs of enforcement.

Upon bankruptcy, interest ceases to accrue. Only secured claims enjoy a preferential treatment insofar as interest that would have accrued until the collateral is realised will be honoured if and to such extent as the proceeds of the collateral suffice to cover such interests.

(iv) *Conditional and future claims*

Creditors' claims that have been established prior to bankruptcy, but that are limited in time or subject to a condition (precedent or subsequent), are (fully) admitted in the bankruptcy. A distribution out of the estate on the account of such claims occurs, however, only if and to such extent as the underlying condition has actually materialised.

There are no clear rules regarding the treatment of other claims that did not come into full existence before bankruptcy ("future claims"). Generally speaking, such claims may only participate in the proceeding if the grounds for them were set prior to bankruptcy, and if their nature and content was sufficiently established. Reliable rules or precedents as regards the treatment of future claims in bankruptcy are, however, missing.

"Future claims" are to be distinguished from those claims that result from undertakings by the bankruptcy administration. Such claims bind the estate directly and are satisfied before any distribution of the proceeds of the estate takes place.

According to article 211a para. 1 DEBA which entered into force on 1 January 2014 the treatment of contracts fpr the performance of continuing obligations (*Dauerschuldverhältnisse*) in bankruptcy is clarified. Unless the bankruptcy administrator decides to terminate or uphold the relevant contract, claims out of continuing obligations may, as from adjudication of bankruptcy, only be asserted up to the next possible termination date or the end of the fix contract period, as applicable.

(v) *Conversion of non-monetary claims*

Claims against the bankrupt debtor which are not for a sum of money are converted into a monetary claim of corresponding value. In general, the bankruptcy administration is, however, entitled to enter into and to fulfil instead of the debtor those contracts which had not or had only partially been fulfilled at the time of adjudication of bankruptcy ("right to enter into a contract"). This entitlement of the bankruptcy administration applies regardless of whether the obligation of the debtor is a monetary one or a non-monetary one. In practice, such an entry by the administration is the exception and not the rule. However, effectively, this entitlement results in a suspension of the rights and obligations of a specific contract until the bankruptcy administration has decided whether or not to enter into such a contract.

(vi) *Set-off*

Subject to a valid contractual set-off clause, the creditor of the debtor may as a rule set-off claims against debts it has towards the debtor, provided that both the claims and the debts existed at the time of adjudication of bankruptcy. A set-off in a bankruptcy is, however, limited to situations where the debtor of the bankrupt party willing to set-off a claim has become the creditor of the debtor prior to the adjudication of bankruptcy and even in such situations a set-off may be subject to challenge pursuant to article 214 DEBA by any other creditor establishing that (i) a claim has been acquired prior to the declaration of bankruptcy,

but upon knowledge of the bankrupt party's insolvency and (ii) with the purpose of gaining an advantage by virtue of such set-off to the detriment of other creditors. With regard to risks related to set-off, see also section on risk factors *Risks Relating to the Cover Pool – Set-off risk*.

(vii) Special rules for Special Insolvency Regime Entities

With regard to Special Insolvency Regime Entities, neither the FBA nor the BIO-FINMA provide for special provisions relating to the effect of the initiation of insolvency proceedings. However, as a more general rule, it must be noted that throughout the entire proceeding, FINMA as competent authority does have a broad discretion with regard to measures to be taken. In this respect, it must be noted that according to article 26 para. 3 FBA, the FINMA may overrule the provisions of the DEBA on the accruing of interest upon the adjudication of bankruptcy.

(c) In addition, article 57 BIO-FINMA provides for the right of FINMA to suspend certain termination rights (and arguably also related netting provisions) contained in finance agreements in a resolution scenario where finance agreements are being transferred to a bridge bank or similar entity. However, article 27 FBA which is an act of higher-ranking legislation expressly provides that netting arrangements shall not be affected by insolvency measures. According to general principles of Swiss law, a provision contained in an ordinance (such as the BIO-FINMA) should in cases of doubt be interpreted only in line with the higher-ranking legislation it is based on (such as the FBA). Hence, it could be argued that article 57 BIO-FINMA should be read not to affect the validity of contractual termination rights, but merely to postpone the settlement of contractual termination rights for not more than 48 hours. There is, however, no clear guidance on the issue and the question has not been decided by the courts yet.

(i) *In General*

Bankruptcy means "general execution", i.e. the liquidation of all the assets of the debtor in favour of all of its creditors. A bankruptcy results in the winding up and dissolution of legal entities. All seizable assets owned by the debtor at the time of the opening of the bankruptcy proceeding, irrespective of where they are situated, form one sole (bankrupt) estate, which is destined to satisfy the creditors' claims. Switzerland, thus, has adopted the principle of universality. To what extent a Swiss bankruptcy order indeed will have effect on the debtor's assets abroad depends, however, on the recognition of the Swiss bankruptcy adjudication by a foreign country be it by way of bilateral treaty or ad hoc recognition.

As far as Swiss law is concerned, future claims, which have been assigned but have come into existence only after the ordering of a bank moratorium (*Stundung*) or the opening of bankruptcy proceedings against the assignor, fall into the assignor's estate and do not pass over to the assignee (see also article 297 para. 4 DEBA).

Assets which are subject to a pledge or similar security rights are considered to be part of the bankrupt's estate. A pledgee is obliged to deliver the collateral to the bankrupt's estate (if necessary the bankruptcy administration is in charge of collecting such assets by initiating litigation (*Admassierungsklage*)) and the collateral is ordinarily sold by the bankruptcy office or the trustee. While the net proceeds of such sale will go to the secured creditor (up to the amount of the secured debt), the secured creditor has no right to a separate foreclosure even if a right to sell is stipulated in its favour. As a result the secured creditor may suffer a substantial delay in recovery, even in the case where the proceedings to realise on the asset had been commenced separately before the opening of the bankruptcy.

The estate includes only assets of the debtor itself. Swiss law does not recognise substantive consolidation of the assets and liabilities of the debtor with those of its affiliates. A party contesting that an asset (situated in the estate) belongs to the bankrupt's estate generally has to request "segregation" of the asset from the bankrupt's estate.

(ii) *Special rules for Special Insolvency Regime Entities*

Pursuant to article 25 para. 4 FBA and article 3 BIO-FINMA, all realisable assets of a Special Insolvency Regime Entity at the time of the decree of the liquidation form the bankruptcy estate irrespective of whether the assets are located in Switzerland or abroad. However, due to the principle of territory, the question of whether the assets located abroad can be included in the Swiss bankruptcy proceeding depend on the laws of the respective jurisdiction where the assets are located and the applicable provisions on the conflict of laws, respectively.

Also, the FBA provides for a right of segregation in favour of any depositor of the bank for any movable assets and securities deposited with the bank (including movable assets, securities and claims held by the bank as fiduciary) in accordance with the rules governing the segregation of intermediated securities set out in the FISA. In particular, such right to segregate allows a depositor to segregate also in circumstances where the legal ownership in the security or asset is with the bank (e.g. as a consequence of commingling, etc.) and the depositor could not request segregation on the basis of the general rules of the DEBA.

In addition, the FISA provides for a right of segregation in favour of any account holder. In the case of a forced liquidation over a custodian with the purpose of a general liquidation, the liquidator shall segregate *ex officio* in the amount of securities credited to account owners: (a) intermediated securities credited to the custodian's securities account with a third party custodian; (b) collective deposit securities, global certificates with the custodian, and uncertificated securities which are credited to its main register; and (c) freely disposable rights of the custodian against third parties for the delivery of intermediated securities from cash transactions, expired future contracts, hedging transactions or from issues for the account of the account owners.

(d) *Claims admission and distribution*

(i) *Schedule of claims*

Secured and unsecured claims are dealt with in the so called "schedule of claims procedure" (*Kollokationsverfahren*). The liquidator decides on the admission or non-admission of claims by entering or refusing to enter claims in the "schedule of claims". The claims scheduled may be contested by way of legal action to be brought within twenty days of the announcement for inspection before the court of the place of the bankruptcy proceeding. Legal action from a creditor whose claim has been rejected or not admitted as requested has to be directed against the bankrupt estate, whereas an action to challenge the admission of another creditor has to be directed against such other creditor.

(ii) *Ranking and distribution*

In the distribution, creditors of the same class enjoy equal treatment among themselves in proportion to their specific claims admitted. Creditors of lower ranking claims participate in the distribution only once all higher ranking claims are fully satisfied.

First, all costs pertaining to the opening and conducting of the bankruptcy proceeding will be defrayed out of the proceeds.

Second, creditors of claims that are secured by a pledge right or a similar right enjoy a separate satisfaction: Their claims are satisfied directly with the proceeds from the realisation of the specific collateral. In case several assets serve as security for the same claim, the proceeds of all such assets are applied proportionately. Secured claims participate as unsecured claim in the amount of the shortfall of their collateral. Mortgage creditors are satisfied according to their rank which, absent contractual stipulations to the contrary, is determined by the time of entry into the land register. Each rank is paid in full before the next following rank receives any distribution.

Third, creditors of unsecured claims are ranked into three classes. The first and the second class, which are privileged, comprise claims under e.g. employment contracts, accident insurance, pension plans and family law. Certain privileges can further result for the government and its subdivisions based on specific provisions of federal law. All other creditors are treated equally in the third class. Within the third class, subordination agreements are as a matter of practice recognised and enforced.

(iii) *Special rules for Special Insolvency Regime Entities*

With regard to Special Insolvency Regime Entities, the FBA as well as the BIO-FINMA provide for some special provisions. Most importantly, the FBA provides that (i) deposits which are not in bearer form, including medium-term notes (*Kassenobligationen*) which are deposited with the bank in the name of the depositor, up to the amount of CHF 100,000 per creditor and (ii) claims from bank foundations acting as pension funds and claims from certain vested benefits foundations according to article 37a para. 5 FBA, up to the amount of CHF 100,000 per beneficiary, rank in the second class (i.e. in priority of any unsecured third class creditor). In addition, repayments of deposits pursuant to (i) are to be made immediately upon the adjudication of bankruptcy. Intra group loans do not benefit from this bankruptcy privilege.

In addition to the bankruptcy privilege, certain deposits made with Swiss banks are protected by a deposit protection system up to a certain amount. Accordingly, deposits made with a Swiss bank up to an amount of CHF 100,000 are covered by a pool that is funded by other Swiss banks in case of bankruptcy of a Swiss bank. The deposit protection system is limited to a maximum aggregate amount of CHF 6 bn (CHF 4bn before 20 December 2008). Such amount may not be sufficient to cover the deposits made with Swiss banks.

(e) *Restructuring*

(i) *General rules applicable to restructuring measures*

The DEBA provides for reorganisation procedures by composition with the debtor's creditors. Reorganisation is initiated by a request with the competent court for a stay (*Nachlassstundung*) pending negotiation of one of the several statutory types of composition agreements with the creditors and confirmation of such agreement by the competent court. According to an amendment to the DEBA which was enacted on 1 January 2014 with a view to facilitate restructurings, the obligor has, among other things, the right to terminate, with the permission of the receiver (*Sachwalter*), any contracts for the performance of continuing obligations (*Dauerschuldverhältnisse*) at any time at will in case of a provisional or definitive stay if a restructuring would otherwise be defeated (article 297a DEBA) (see also *Risk Factors – Change of law*).

The DEBA further confers the right to the cantonal governments, subject to the consent of the Swiss Federal Council, to stay certain procedures under the DEBA, including the declaration of bankruptcy, at the debtor's request if the debtor's inability to pay its debts is

temporary and due to extraordinary circumstances of general implication (e.g. a general economic crisis). This so-called emergency moratorium (*Notstundung*) is an exceptional remedy, which has been applied rarely only in the past.

(ii) *Special rules applicable to Special Insolvency Regime Entities*

In general

Insolvency and pre-insolvency proceedings with respect to Special Insolvency Regime Entities are subject to an insolvency regime that (i) establishes the FINMA as sole bankruptcy authority, and (ii) provides it with broad discretion as to pre-insolvency measures, the timing of the opening of restructuring and bankruptcy proceedings, the recognition of and co-operation with foreign insolvency proceedings and the processing of a Swiss insolvency. Based on the FBA, insolvency actions may be initiated, if a Special Insolvency Regime Entity (i) is over-indebted, (ii) has serious liquidity problems or (iii) fails to fulfil the capital-adequacy provisions after expiry of a deadline set by FINMA. If one of these pre-requisites is met, FINMA is authorised (a) to open restructuring proceedings (*Sanierungsverfahren*) or (b) to open liquidation (bankruptcy) proceedings (*Bankenkonkurs*) and/or (c) to impose protective measures (*Schutzmassnahmen*) either on a stand-alone basis or in connection with reorganisation or liquidation proceedings. The DEBA rules regarding composition proceedings (*Nachlasssverfahren*) are not applicable to Special Insolvency Regime Entities.

Pre-Insolvency Measures

The FBA and the BIO-FINMA distinguish between pre-insolvency protective or restructuring measures that are initiated with a view to reorganise or restructure a Special Insolvency Regime Entity outside of bankruptcy proceedings, and insolvency measures, i.e. withdrawal of the banking licence followed by the bankruptcy of the bank (if no realistic chance of restructuring exists).

Whereas the opening of bankruptcy proceedings will be publicly announced, pre-insolvency measures will only be publicly announced by the FINMA if it deems it necessary or appropriate for enforcing the measures and/or for the protection of third parties. Accordingly, it should be noted that the imposition of protective measures may not in all instances be notified to the public.

Protective Measures

The FBA does not contain an exhaustive list of protective measures and the FINMA has broad discretion as to the nature and suitability of such measures. However, article 26 FBA specially mentions as potential measures: (i) issuance of instructions to the governing bodies of the bank; (ii) appointment of a person charged with the investigation pursuant to article 36 of the Swiss Financial Market Supervision Act (**FINMASA**); (iii) withdrawal of power of representation of the governing bodies or remove them from office; (iv) removing of banking-law or company-law auditors from office; (v) limitation of business activities of the bank; (vi) preventing the bank from making or accepting payments or undertaking security trades; (vii) closing the bank; (viii) decree a stay of enforcement and postponement of maturity, except for secured debts of mortgage bond issuing houses (such as the *Pfandbriefbank Schweizerischer Hypothekarinstitute*) and (ix) stop the accrual of interest on the bank's liabilities. In particular, FINMA may exercise direct influence on the board of directors and/or management of the relevant Special Insolvency Regime Entity. As an example, it may request the board and/or the management to organise the bank's business differently, prevent the management from entering into certain transactions, reduce or close

the Special Insolvency Regime Entity's business in certain fields etc. Pursuant to the wording of article 26 FBA, FINMA may issue measures which would otherwise require shareholders approval. Also, the FINMA's broad discretion in imposing and interpreting protective measures of the FBA may deviate substantially from current and common interpretation of such applicable rules. In addition, FINMA may seek emergency legislative (Parliament) or executive (Federal Council) backing. Recent practice in this respect shows that it cannot be excluded that such a scenario is to occur and that new provisions or new interpretations may deviate from the current legal framework and its current interpretation.

Restructuring Proceedings

FINMA may, in case of a well-founded prospect of restructuring, commission one (or more) person(s) with the restructuring of the Special Insolvency Regime Entity and provide it with instructions, accordingly. The restructurer shall develop a resolution plan which shall ensure that the Special Insolvency Regime Entity fulfils all regulatory requirements after the restructuring. The resolution will need to be approved by FINMA; however no consent of the bank's shareholders is required. Also, in case of a restructuring of a systemically important bank (such as Credit Suisse), the creditors whose claims are affected by the resolution plan will not have a right to vote on, opt out of, or dismiss the resolution plan. In addition, if a resolution plan has been approved by the FINMA, the rights of a creditor to seek judicial review of the resolution plan (*e.g.*, on the grounds that the plan would unduly prejudice the creditor's rights or otherwise be in violation of the FBA) are very limited in that the competent court may not grant suspensory effect (*aufschiebende Wirkung*) to the approval of the resolution plan and, even if the objection of a creditor against the resolution plan is approved, the court can only award a compensation payment but not invalidate or override the resolution plan.

The resolution regime of the FBA is further detailed in the BIO-FINMA that entered into force as of 1 November 2012. In a restructuring proceeding, the resolution plan may, among other things, provide for (i) the transfer of the assets of the Special Insolvency Regime Entity or parts thereof with assets and debts as well as contracts, which may or may not include the Transaction Documents to which Credit Suisse is a party, to another entity, (ii) the conversion of a Special Insolvency Regime Entity's debt or other obligations, including Secured Obligations and other obligations of Credit Suisse under the Transaction Documents, into equity (a "debt-to-equity swap"), and/or (iii) the partial or full write-off of obligations owed by the Special Insolvency Regime Entity (a "haircut"), including Secured Obligations and other obligations of Credit Suisse under the Transaction Documents. Pursuant to article 48 lit. a-c BIO-FINMA, a debt-to-equity swap and/or a partial or full haircut on the unsubordinated debt instruments may only take place after (i) all debt instruments issued by Credit Suisse qualifying as additional tier 1 capital or tier 2 capital (such as contingent write-down bonds) have been converted into equity, and (ii) the existing equity of Credit Suisse has been fully cancelled. Further, pursuant to article 48 lit. d BIO-FINMA, debt-to-equity swaps (but arguably not haircuts) must occur in the following order: (i) all subordinated claims not qualifying as regulatory capital, (ii) all other claims not excluded by law from a debt-to-equity swap, and (iii) deposits (in excess of the amount privileged by law). With respect to a haircut, the BIO-FINMA does not contain any guidance as to the order in which different categories of claims shall be partially or fully written off. Moreover, the new regime clarifies that all assets and liabilities which are on the Special Insolvency Regime Entity's balance sheet, irrespective of where and by whom they are held, are subject to FINMA's powers. As of the date of this Prospectus, and pending issuance of the new related implementing ordinances, there are no precedents as to what impact the revised regime would have on the rights of the Covered Bondholders under the Covered Bonds and/or the Guarantee, the ability of the Guarantor to enforce the Cover Pool

Assets and the ability of Credit Suisse and the Guarantor to make payments under the Covered Bonds and the Guarantee, respectively, if one or several of measures under the revised insolvency regime were imposed in connection with a restructuring of Credit Suisse.

(f) *Avoidance Action*

(i) *Overview*

The receiver in bankruptcy and certain creditors may, by means of an appropriate lawsuit, challenge certain arrangements or dispositions made by the insolvent during a period (suspect period) preceding the declaration of bankruptcy or, in case of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*), the grant of the moratorium or – in case of an Entity under Special Insolvency Regime – a similar event under the FBA. Equivalent events under the FBA are FINMA's approval of the plan of restructuring or FINMA's decree of protective measures according to article 26 FBA para. 1 lit. e-h.

The assessment of the risk of avoidance actions is highly fact dependent and precedents do not always provide systematic guidance in this respect. Possible challenges relate to (i) gifts and other transactions at an undervalue (*Schenkungspauliana*), (ii) certain acts of a debtor, undertaken at such time as the debtor was over indebted (*Überschuldungspauliana*), and (iii) dispositions made by the debtor with the intent to disadvantage its creditors or to prefer certain of its creditors to the detriment of other creditors (*Absichtspauliana*) (all as described below) (see also *Risk Factors – An insolvency of Credit Suisse may directly or indirectly, negatively affect the liquidation and enforcement of the Cover Pool Assets for the benefit of the Covered Bondholders and/or the rights and claims of the Covered Bondholders against the Guarantor* above).

Whenever the intent of a party is of relevance in connection with an avoidance action, it will most likely be assumed, that an affiliate of the debtor was aware of the relevant factual circumstances.

(ii) *Avoidance of Gifts and Transactions at an Undervalue*

Article 286 DEBA allows the avoidance of gifts and other transactions at an undervalue (as well as some further specifically mentioned transactions, which are, however, of no relevance in the context of this Base Prospectus), which the debtor made within a suspect period of 12 months prior to adjudication of bankruptcy, the grant of a moratorium or an equivalent event under the FBA. Any such transaction at an undervalue may be challenged based on the objective elements of (i) the gratuitous nature of such transaction and (ii) established damages resulting therefrom for other creditors of the debtor. According to an amendment to the DEBA which entered into force on 1 January 2014, if a transaction that is made for the benefit of an affiliate (including group companies such as, in the case of Credit Suisse, the Guarantor) becomes subject to a challenge, the burden of proof that the transaction was not made at an undervalue is on the relevant affiliate.

(iii) *Avoidance due to Over-Indebtedness*

Other than article 286 DEBA, article 287 DEBA targets specific acts of the insolvent debtor within the suspect period of 12 months prior to adjudication of bankruptcy, the grant of a moratorium or an equivalent event under the FBA, where the debtor, as an additional objective prerequisite, was already over indebted (*überschuldet*) at the time the relevant act was undertaken by the debtor. The term over indebted refers to the fact that the debtor's assets do not cover its liabilities. The existence of such over-indebtedness at the time of the

relevant transaction or act is, as a rule, to be proven by whoever challenges the transaction or act based on the existence thereof.

Specifically targeted are acts that prefer one creditor over the others in the light of such over-indebtedness. Such acts include (i) the posting of collateral for an existing but unsecured obligation with no pre-existing undertaking to post collateral for such obligation, (ii) settlement of monetary claims other than in cash or commonly used payment means and (iii) the settlement of claims prior to their stated maturity.

These acts must result in damages to the creditors. Such damages are presumed in the context of avoidance where the creditors have suffered final losses (*Verlustscheingläubiger*) in a debt collection procedure or if the bankruptcy estate challenges an act. It is then up to the defendant to prove that the challenged act did not lead to such damages.

There is a subjective element also, in that the debtor's counterparty to the challenged transaction or act may avoid a challenge of the transaction or act if it can prove that it did not and, being diligent, could not know about the debtor's over-indebtedness. While, as mentioned above, the over-indebtedness as such needs to be proven by the challenging party, once established, the counterparty to the transaction or act is, subject to the proof of the contrary, presumed to have been aware thereof (in particular in the case of intra group transactions).

(iv) *Avoidance for Intent*

Article 288 DEBA subjects any act of a debtor within the suspect period of 5 years prior to adjudication of bankruptcy, the grant of a moratorium or an equivalent event under the FBA to the extent that such act was made with the bankrupt debtor's intent to favour or disfavour certain of its creditors or should reasonably have foreseen such result, and if this intention was, or exercising the requisite due diligence, must have been known to the counterparty.

As for the other avoidance actions, in terms of objective prerequisites, the act of the debtor must have led to damage to creditors. While the DEBA does not specifically mention this prerequisite, it nevertheless follows from the nature and aim of an avoidance action. The term "act" must be read in a very broad sense. It is not limited to the conclusion of contracts, but includes any act of the debtor, in particular also any act which the DEBA specifically targets in one of the other two avoidance actions, if such act meets the further requirements of the particular avoidance for intent pursuant to article 288 DEBA.

In terms of subjective elements, avoidance for intent calls for intent to prefer or to disadvantage creditors on the debtor's side and such intent must have been recognisable to the counterparty of the relevant act. According to an amendment to the DEBA which entered into force on 1 January 2014, if a transaction that is made for the benefit of an affiliate (including group companies such as, in the case of Credit Suisse, the Guarantor) becomes subject to a challenge, the burden of proof that the intent to prefer or disadvantage creditors was not recognisable is on the relevant affiliate. With regard to an intra-group transaction, it would be difficult to argue that such intent was not recognisable for the counterparty.

(g) *Enforcement of Cover Pool*

Some of the enforcement options of the Guarantor or an Eligible Investor, as the case may be, described below are based on the Mortgage Credit Agreements and/or the Security Transfer Agreements which qualify as general terms and conditions. The validity and enforceability of such provisions set out in standard forms of agreement are subject to specific requirements and there is a trend to apply these requirements more strictly (see *Certain Aspects of Swiss Law in Connection with*

the Cover Pool – Legal constraints applicable to standard forms of agreement (such as the Mortgage Credit Agreements and the Security Transfer Agreements) and, thus, certain enforcement options may not be available to the Guarantor or an Eligible Investor.

(i) *Enforcement of Assigned Mortgage Claims and Transferred Mortgage Certificates as well as any other Cover Pool Assets*

The Assigned Mortgage Claims and the Substitute Assets will be assigned and transferred, respectively, to the Guarantor pursuant to the Security Assignment Agreement in order to secure certain obligations of the Issuer under the Guarantee Mandate Agreement and the Security Assignment Agreement. Whereas the Guarantor is the creditor of such Assigned Mortgage Claims and the owner of the transferred Substitute Assets, it may not dispose over the Assigned Mortgage Claims or the Substitute Assets prior to occurrence of an Enforcement Event except in certain limited circumstances. Upon the occurrence of an Enforcement Event, the Guarantor may do any of the following:

(A) retain the Assigned Mortgage Claim and upon such Assigned Mortgage Claim becoming due and payable collect and enforce the Assigned Mortgage Claim against the relevant Mortgage Debtor (and enforce in the related Transferred Mortgage Certificate (as described below *Enforcement of Cover Pool – Enforcement of Assigned Mortgage Claims secured by the related Transferred Mortgage Certificate*);

(B) liquidate any Assigned Mortgage Claim, *inter alia*, by way of private sale (*freihändiger Verkauf*) of the Assigned Mortgage Claim to an Eligible Investor, subject to (i) all Assigned Mortgage Claims related to one Relevant Mortgage Loan are sold and transferred to the same Eligible Investor, (ii) entitlements to any Transferred Mortgage Certificate securing the relevant Assigned Mortgage Claims being transferred to the same Eligible Investor (together with the relevant Assigned Mortgage Claim) and (iii) the Eligible Investor purchasing the relevant Assigned Mortgage Claims assuming certain obligations of the Principal Originator contained in the Security Assignment Agreement; or

(C) dispose of any other Cover Pool Assets, including but not limited to any Substitute Assets.

(ii) *Enforcement of Assigned Mortgage Claims secured by the related Transferred Mortgage Certificate*

The Guarantor, in case it retains the Mortgage Assets as described above in Enforcement of Cover Pool – Enforcement of Assigned Mortgage Claims and Transferred Mortgage Certificate as well as any other Cover Pool Assets (A), or any other Eligible Investor having acquired the Mortgage Assets as described above in Enforcement of Cover Pool – Enforcement of Assigned Mortgage Claims and Transferred Mortgage Certificate as well as any other Cover Pool Assets (B) may enforce the Assigned Mortgage Claims and the Transferred Mortgage Certificates as follows.

Once the Assigned Mortgage Claims becomes due and payable, but remains unpaid by the relevant Mortgage Debtor, and, in case of a Transferred Paperless Mortgage Certificate, after the Guarantor or the relevant Eligible Investor has been inscribed in the land register as mortgage creditor (see *Certain Aspects of Swiss Law in connection with the Cover Pool – Transfer of Mortgage Certificates (such as Transferred Mortgage Certificates)*), the Guarantor or the relevant Eligible Investor may enforce the Assigned Mortgage Claim by initiating debt collection proceedings against the relevant Mortgage Debtor and the relevant

Security Provider as described above in *Debt Collection and Bankruptcy – Debt collection in general.*

Once any objection is set aside by the court (see above *Debt Collection and Bankruptcy – Debt collection in general*), the Guarantor or the relevant Eligible Investor may file the request for the realisation (*Verwertungsbegehren*) of the real property on which the relevant Transferred Mortgage Certificate encumbers with the enforcement office. Such request may be filed at the earliest six months and at the latest two years following the service of the Payment Order to the Mortgage Debtor and the Security Provider. If an objection was made, such terms do not run during the time of the court proceedings necessary to set aside the objection. Upon receipt of the request for the realisation of the real property which the relevant Transferred Mortgage Certificate encumbers, the enforcement office has the value of the real estate assessed by an expert. In addition, the enforcement office determines all the charges encumbering the real property (*Lastenverzeichnis*) on the basis of the details furnished by the parties concerned and an extract from the land register. The enforcement office sends a list of the charges to the parties concerned (such as parties having contractual or statutory pre-emptive rights, or rights to build) and sets a deadline of 10 days to contest a charge in court. If such a charge is duly contested, another time limit of 20 days will be set to either claim that a charge listed does not exist or that a charge must additionally be listed. These court proceedings are not common and usually initiated by mortgage creditors which contest the amount of a mortgage ranking senior on the real estate. Such court proceedings could take several months.

The enforcement office publicly auctions at the earliest one month and at the latest three months after receipt of the request for realisation of the real property, however it may take longer than that. The auction conditions are made available at least 10 days prior to the auction and provide that all the charges listed will be transferred to the purchaser. Therefore, the bid made at the auction must exceed the sum of all secured claims having priority over the Assigned Mortgage Claims. Whereas beneficiaries of contractual pre-emptive rights are not entitled to assert their rights, statutory pre-emptive rights encumbering the real estate (such as statutory pre-emptive rights of municipalities or cantons which must, as a general rule, be exercised at market conditions) may be asserted at the auction. If real property has been encumbered with a servitude, a ground lease or a registered personal right without the consent of mortgage creditors (i.e. the Issuer, the Guarantor or the Eligible Investor) taking precedence, and such servitudes, ground leases or personal rights are listed in the relevant land register, the Guarantor or the relevant Eligible Investor may within 10 days of receipt of the list of encumbrances request that the real property be offered both with and without the encumbrance. If such double offer (*Doppelaufruf*) is requested, the public auction will firstly be made including all restrictions to ownership. If no sufficient bid is made, the auction will subsequently only be made excluding the restrictions of ownership. The enforcement office's fees are approximately 0.2 per cent. of the sale proceeds. Instead of a public auction, the mortgaged real property may be privately sold by the enforcement office provided all parties concerned so agree and provided at least the amount of the valuation estimated by the enforcement office is offered. The enforcement office's fees are the same as in the case of a public auction. Moreover, the same procedures with respect to restrictions to ownership apply. In addition, beneficiaries of statutory pre-emptive rights must be consulted upon the private sale which may lead to an extension of up to one month.

After the sale of the real property, the enforcement office distributes the net proceeds to the Guarantor or the relevant Eligible Investor in accordance to their ranking. The costs of administration, realisation and distribution are deducted directly from the proceeds of the realisation of the real property. If the proceeds of the realisation of the real property do not cover the claims of the Guarantor or the relevant Eligible Investor, the enforcement office

issues a certificate of shortfall (*Verlustschein*) to the creditor. With such a certificate, the creditor may continue enforcement proceedings against the Mortgage Debtor personally in Switzerland (in case of a foreign debtor only if it has elected special domicile (*Spezialdomizil*) in Switzerland). Provided that the realisation of the real property leads to a higher price for the relevant property than its purchase price, capital gain taxes apply which normally are secured by means of legal liens. Such legal liens normally rank senior to the security granted under the Security Transfer Agreement. Consequently, capital gain taxes, if applicable, will be paid upon enforcement of the security relating to the relevant real property prior to the repayment of the Assigned Mortgage Claim by the competent enforcement authorities.

The total duration of the enforcement in the Transferred Mortgage Certificate and the underlying real property mainly depends on the Mortgage Debtor's and the Security Provider's behaviour. If no action is filed which needs to be heard in an ordinary proceeding, real property could be realised within a period of eight to ten months in a best case scenario. Typically, a period of 12 months or more should be anticipated. In the event of ordinary court proceedings coming into play, the enforcement process can, of course, take longer. There is no statistical data available in Switzerland regarding the duration of enforcement procedures and so such estimates are based on experience.

(h) *Cross border insolvency considerations*

(i) *Assets affected and claims admissible by or in Swiss debt collection and bankruptcy proceedings*

Basically, even if the DEBA and the FBA implement the concept of universality, foreign legislation may impede the allocation to any debt collection and bankruptcy proceeding of assets located outside of Switzerland. Therefore, such a proceeding conducted with Swiss authorities may only affect assets of the debtor that are located in Switzerland. However, also foreign creditors may file their claims in the course of debt collection and bankruptcy proceeding conducted in Switzerland.

Pursuant to article 25 para. 4 FBA and article 3 BIO-FINMA, the bankrupt estate of a Special Insolvency Regime Entities includes all its assets whether located in Switzerland or abroad. These statutory provisions suggest being a longarm statute to the extent that it includes Special Insolvency Regime Entities assets located outside of Switzerland. However, the effectiveness of these provisions will depend upon and is de facto limited by the willingness of the non-Swiss authorities where the Special Insolvency Regime Entity's assets are located to recognise the reach of such provision. The FBA grants the FINMA the competence to coordinate Swiss bankruptcy proceedings with non-Swiss competent authorities in the event that a Special Insolvency Regime Entity (including its assets) is also subject to non-Swiss insolvency proceedings – in essence, a comity rationale. Consistent with the principle of (asset) universality, the BIO-FINMA provides all creditors of a Special Insolvency Regime Entity and, as the case may be, of its non-Swiss branches with the right to participate in the bankruptcy process initiated by FINMA in Switzerland.

(ii) *Jurisdiction Clauses and Insolvency Actions*

Under Swiss law, jurisdiction clauses have no effect on actions brought under the DEBA, i.e. to issues that relate to Swiss bankruptcy or insolvency law rather than to contractual law. These actions must be brought before the court at the place of the relevant insolvency proceeding. Accordingly, in general, a jurisdiction clause in favour of foreign courts would not be effective in case of actions relating to insolvency proceedings.

(iii) *Foreign Insolvency Proceedings*

The existence of foreign insolvency proceedings alone does not affect the Swiss debtor's or the foreign debtor's assets in Switzerland. Rather, absent recognition proceedings pursuant to article 166 et seq. of the Federal Private International Law Act of December 18, 1987 (**PILA**), the Swiss assets remain subject to attachment proceedings by creditors. To commence such recognition proceedings to protect Swiss assets, a creditor or the receiver of the foreign insolvency proceeding must apply to a court for recognition of the foreign insolvency order in the local court in the district where the foreign debtor's Swiss assets are located. To obtain recognition, the applicant must establish, *inter alia*, that (i) the foreign insolvency court had proper jurisdiction; (ii) the foreign order is enforceable in the rendering jurisdiction; (iii) minimal procedural requirements were observed; (iv) the foreign jurisdiction reciprocally recognises similar Swiss insolvency orders on assets located in such foreign jurisdiction; and (v) enforcement of the order will not violate Swiss public policy. The reciprocity requirement is applied on a state by state basis and is met if such foreign jurisdiction recognises Swiss insolvency orders based upon bilateral treaty or ad hoc recognition.

The only authority which the receiver of a foreign insolvent entity has in Switzerland is to apply for such recognition. The foreign receiver will not be in a position to obtain assets situated in Switzerland of the foreign insolvent entity or to otherwise act on behalf of the foreign estate, including enforcing claims against a Swiss based debtor of the estate or filing of claims in a Swiss insolvency of a Swiss based debtor. Given the requirements for recognition as described above, specifically the requirement of reciprocity, the foreign receiver will be prevented from acting if the foreign insolvency adjudication (or comparable judgment) is not capable of being recognized in Switzerland.

Recognition of foreign insolvency orders has a similar effect as domestic bankruptcy orders (see above Cross border insolvency considerations – Assets affected and claims admissible by or in Swiss debt collection and bankruptcy proceedings). According to the principle of universality, recognition of a foreign insolvency order by Swiss authorities protecting a debtor's assets apply to all of such debtor's assets located in Switzerland.

If a foreign insolvency adjudication (or comparable judgment) is recognized in Switzerland, the foreign insolvent entity's assets will be subject to a limited bankruptcy proceeding following Swiss bankruptcy rules. However, only a limited range of creditors (including secured creditors) will be admitted to file claims. If assets remain after these creditors have been fully satisfied, such surplus will be handed over to the foreign receiver provided that the claims schedule of the foreign insolvency proceeding has been approved by the Swiss court which had recognized the foreign insolvency adjudication (or comparable judgment). A slightly different regime applies in case of an insolvency of foreign banks and certain other financial institutions, in which case FINMA is the competent authority.

For an analysis of certain risks related to the commencement of English insolvency proceedings in respect of the Issuer or the Guarantor, see further *Risk Factors – Applicable insolvency law*.

4. CERTAIN MATTERS OF SWISS TAX LAW

(a) *Guarantor*

(i) *Corporate Income and Capital Tax*

The Guarantor is liable to an annual federal, cantonal and communal corporate income tax at the aggregate statutory rate of currently about 26.9 per cent. (equalling an effective tax rate of about 21.2 per cent.). We estimate that the Guarantor will have an annual taxable profit of approximately 0.5 basis points of the amount of Covered Bonds issued.

The Guarantor is moreover liable to an annual cantonal and communal corporate capital tax at the aggregate statutory and effective rate of currently about 0.17 per cent. No debt of the Guarantor should be reclassified as equity and no dealings to which the Guarantor is a party should be reclassified as constructive dividends or constructive contributions to capital. The Guarantor's taxable equity for each fiscal year should therefore be equal to its equity as per the annual statutory financial statements.

(ii) *Value Added Tax*

The Guarantor is not generally liable to Swiss value added tax. Based on the reverse charge mechanism (self-assessment), the Guarantor is in any given year liable to Swiss value added tax only for supplies received from suppliers established in a country other than Switzerland with no VAT registration in Switzerland if in the relevant year such supplies exceed CHF 10,000 in aggregate.

As a consequence of the Guarantor not being generally liable to Swiss value added tax, the Guarantor is not entitled to an input tax credit or input tax repayment in respect of amounts of Swiss federal value added tax (currently 8 per cent.) incurred by it as part of a payment for a supply of services or goods or as a reverse charge for a supply of services from abroad. Swiss value added tax, for which no input tax credit or input tax repayment will be available, applies, *inter alia*, to services received by the Guarantor under the Corporate Services Agreement, the Administration Services Agreement, the Cash Management Agreement, the Asset Monitor Agreement, the Safe Custody Agreement and the Replacement Services Agreement. No Swiss value added tax applies, *inter alia*, to the Guarantee Fee, the Collateral Differential, the Swap Payments and the Mortgage Payments.

(b) *Further aspects of Swiss tax law*

(i) *Swiss federal stamp duties*

No Swiss federal stamp duty on dealings in securities or similar tax will be payable on the assignment to the Guarantor of Mortgage Claims and Related Ancillary Rights and the transfer to the Guarantor of title to the Related Mortgage Certificates and Substitute Assets. The same applies to their reassignment and retransfer by the Guarantor.

(ii) *Liquidation of Cover Pool Assets*

The sale of real property upon enforcement in the Transferred Mortgage Certificates and the underlying real property may be subject to real property transfer tax and real property capital gains tax and the sale of Substitute Assets upon enforcement in Substitute Assets may be subject to Swiss federal stamp duty on dealings in securities.

(iii) *Swiss federal withholding tax on interest received on Cover Pool Assets*

Interest received by the Guarantor on its bank accounts and interest paid by a Swiss domestic borrower (*inländischer Schuldner*) on Authorised Investments and Substitute Assets may be subject to Swiss federal withholding tax (35 per cent.). The withholding tax is, with a delay in time, fully refundable to the recipient (Guarantor or Credit Suisse as Assignor, as the case may be) provided the recipient complies with all accounting and procedural formalities prescribed by law.

TAXATION

The following is a general description of certain tax considerations relating to the Covered Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Covered Bonds. Prospective purchasers of Covered Bonds who are in any doubt as to their tax positions should consult their professional advisers.

1. LUXEMBOURG TAXATION

(a) Withholding Tax

(i) *Non-resident holders of Covered Bonds*

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of the Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Covered Bonds held by non-resident holders of Covered Bonds.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity within the meaning of the Laws resident in, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the competent Luxembourg fiscal authority in order for such information to be communicated to the competent tax authorities of the beneficiary's country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 35 per cent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

(ii) *Resident holders of Covered Bonds*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Covered Bonds held by Luxembourg resident holders of Covered Bonds.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to of an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the Laws) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such

payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Covered Bonds coming within the scope of the Law will be subject to a withholding tax at a rate of 10 per cent.

2. SWITZERLAND TAXATION

(a) *Swiss federal withholding tax*

Payments of interest on, and repayment of principal of, the Covered Bonds, by the Issuer, failing which by the Guarantor, and payments under the Cover Pool Swap and the Covered Bond Swap will not be subject to Swiss federal withholding tax, even though the Covered Bonds are guaranteed by the Guarantor, provided that the Issuer is recognised as a bank by the banking laws in force in Guernsey, effectively conducts banking activities in Guernsey and uses the proceeds from the offering and sale of the Covered Bonds at all times they are outstanding outside of Switzerland.

On 24 August 2011 the Swiss Federal Council issued draft legislation, and on July 2, 2014 the Swiss Federal Council decided to task the Swiss Federal Department of Finance to draw up amended draft legislation, which draft legislation would include a shift from the current debtor withholding tax system to a paying agent system. If enacted, such legislation may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35 per cent. on any payment of interest in respect of a Covered Bond to an individual resident in Switzerland (this includes, *inter alia*, payment to a fiscally transparent entity in which an individual resident in Switzerland holds an interest) or to a person (not only an individual) resident outside Switzerland. If this legislation or similar legislation were enacted and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, neither the Issuer, nor the Guarantor nor any paying agent nor any other person would pursuant to the Conditions be obliged to pay additional amounts with respect to any Covered Bond as a result of the deduction or imposition of such withholding tax.

(b) *Special Swiss federal and cantonal or communal source income tax on loans secured by interests in real property*

Interest payments on loans secured by interests in real property situated in Switzerland are subject to special Swiss federal and cantonal or communal income taxes levied at source (hereinafter source income taxes) if the interest is paid to a person resident abroad or to a permanent establishment or a fixed place of business situated outside of Switzerland. The aggregate tax rate varies between 13 per cent. and 33 per cent. depending on the canton where the relevant real estate is located.

Interest payments by Mortgage Debtors to the Principal Originator or the Guarantor, as the case may be, will not be subject to the special source income taxes because both the Principal Originator and the Guarantor is resident in Switzerland. Furthermore, payments of interest on the Covered Bonds by the Issuer, failing which by the Guarantor under the Guarantee, will not be subject to the special source income taxes because the Covered Bonds do not benefit from direct security over the Cover Pool Assets or any other assets of the Guarantor. Notwithstanding the foregoing, in the bankruptcy of the Guarantor the special source tax may apply to payments under the Guarantee to the extent relating to interest accrued under the Covered Bonds up to the date of the bankruptcy of the Guarantor.

(c) *Swiss federal stamp duty*

The issue of Covered Bonds by the Issuer to the initial investors on the issue day and the issue of the Guarantee by the Guarantor will not be subject to Swiss federal stamp duty on the issue of securities

and Swiss federal stamp duty on the turnover of securities, even though the Covered Bonds are guaranteed by the Guarantor.

Secondary market dealings in Covered Bonds with a maturity in excess of 12 months where a Swiss domestic bank or a Swiss domestic securities dealer (as defined in the Swiss federal stamp duty act) acts as a party or as an intermediary to the transaction may be subject to Swiss federal stamp duty on dealings in securities at a rate of up to 0.3 per cent. of the purchase price of the Covered Bonds.

(d) *Income Taxation on Principal or Interest*

(i) Covered Bonds held by non-Swiss Holders

Payments of interest and repayment of principal by the Issuer, failing which by the Guarantor, to, and gain realised on the sale or redemption of Covered Bonds by, a holder of Covered Bonds who is not a resident of Switzerland and who during the current taxation year has not engaged in trade or business through a permanent establishment or a fixed place of business in Switzerland to which such Covered Bond is attributable will not be subject to any Swiss federal, cantonal or communal income tax in respect of Covered Bonds. For the proposed amendment of the Swiss withholding tax legislation, see section (a) above, for the special source income tax on loans secured by interests in real property situated in Switzerland in the case of the bankruptcy of the Guarantor see section (b) above, for the final withholding taxes in respect of assets held with Swiss paying agents see section (f) below and for the European savings tax see section 4 below.

(ii) Covered Bonds held as private assets by a Swiss resident Holder

Covered Bonds without a "predominant one-time interest payment"

Individuals who are resident in Switzerland and who hold as private assets Covered Bonds the yield-to-maturity of which predominantly derives from periodic interest payments and not from a one-time-interest-payment such as an original issue discount or a repayment premium are required to include all payments of interest on such Covered Bonds converted into Swiss Francs at the exchange rate prevailing at the time of the payment, as the case may be, in their personal income tax return for the relevant tax period and will be taxable on any net taxable income (including the (converted) payments of interest on the Covered Bonds) for such tax period. A gain, including *inter alia*, a gain relating to interest accrued or foreign exchange rate appreciation and a loss, respectively, realised on the sale or redemption of Covered Bonds is a tax-free private capital gain and a non-tax-deductible private capital loss, respectively.

Covered Bonds with a "predominant one-time interest payment"

If the yield-to-maturity of a Covered Bond predominantly derives from a one-time interest payment such as an original issue discount or a repayment premium and not from periodic interest payments, then a holder who is an individual resident in Switzerland holding such bond as a private asset, is required to include in his or her personal income tax return for the relevant tax period any periodic and non-periodic interest payments received on the Covered Bonds and, in addition, any amount equal to the difference between the value of the bond at redemption or sale, as applicable, and the value of the bond at issuance or secondary market purchase, as applicable, realised on the sale or redemption of such bond, and in each case, if applicable, converted into Swiss Francs at the exchange rate prevailing at the time of sale or redemption, issuance or purchase, respectively, and will be taxable on any net taxable income (including such amounts, i.e. in each case of sale or redemption including, *inter alia*, any gain relating to interest accrued and foreign exchange rate appreciation) for the relevant

tax period. Any decrease in value realised on such a Covered Bond on sale or redemption may be offset by such a holder against any gains (including periodic interest payments) realised by him or her within the same taxation period from other instruments with a predominant one-time interest payment.

(iii) Covered Bonds held as Swiss business assets and by private persons classified as professional securities dealers

Individuals who hold Covered Bonds as part of a business in Switzerland and Swiss resident corporate taxpayers and corporate taxpayers resident abroad holding Covered Bonds as part of a Swiss permanent establishment or fixed place of business in Switzerland, are required to recognise the payments of interest and any capital gain or loss realised on the sale or other disposition of such Covered Bonds in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period. The same taxation treatment also applies to Swiss resident individuals who, for income tax purposes, are classified as "professional securities dealers" for reasons of, *inter alia*, frequent dealings and leveraged investments in securities.

(e) *Final Foreign Withholding Taxes (internationale Quellensteuer)*

Under treaties on final withholding taxes of Switzerland with the United Kingdom and Austria (each a **Contracting State**) in force since 1 January 2013 a Swiss paying agent, as defined in the treaties, is required to levy a flat-rate final withholding tax (*internationale Quellensteuer*) at rates specified in the treaties on certain capital gains and income items (interest, dividends, other income items, all as defined in the treaties) deriving from assets held in accounts or deposits with a Swiss paying agent by (i) an individual being tax resident of a Contracting State or, (ii) if certain requirements are met, by a domiciliary company (*Sitzgesellschaft*), an insurance company in connection with a so-called insurance wrapper (*Lebensversicherungsmantel*) or other individuals if the beneficial owner is an individual resident of a Contracting State. According to the treaties, the flat-rate tax to be withheld substitutes the ordinary income tax on the respective capital gains and income items in the Contracting State where the individual is tax resident. In order to avoid such flat-rate tax to be withheld by the Swiss paying agent, such individuals may opt for a disclosure of the respective capital gains and income items to the tax authorities of the Contracting State where they are tax residents. If a flat-rate final withholding tax were to be deducted or withheld from a payment of interest or capital gain relating to the Covered Bonds, neither the Issuer nor the Guarantor nor any paying agent nor any other person would pursuant to the Conditions be obliged to pay additional amounts with respect to any Covered Bond as a result of the deduction or imposition of such final withholding tax.

3. GUERNSEY TAXATION

Holders of the Covered Bonds resident for tax purposes outside the Islands of Guernsey, Alderney or Herm will not suffer any tax in Guernsey in respect of any payments of interest or similar income or any distributions made to them provided such payments or distributions are not required to be taken into account in computing the profits of any permanent establishment situate in Guernsey through which such holder of a Covered Bond carries on a business in Guernsey. Payments of principal, premium or interest made to holders of the Covered Bonds, whether such payments are made to Guernsey residents or non-Guernsey residents shall not be subject in Guernsey to any withholding tax. Guernsey currently does not levy taxes upon capital inheritance, capital gains, gifts, sales or turnover (unless the varying of investments and the turning of such investments to account is a business or part of a business for the purposes of computing the amount of income assessable to tax in Guernsey). Guernsey does not currently impose any estate duties (save for registration fees and ad valorem duty payable upon an application for a Guernsey Grant of Representation where the

deceased dies leaving assets in Guernsey, which require presentation of such a Grant). No duty will be chargeable in Guernsey on the issue, transfer, conversion or redemption of the Covered Bonds.

Tax at the applicable rate is payable in respect of any payments of interest or similar income or any distributions payable to the holders of Covered Bonds resident within the Islands of Guernsey, Alderney or Herm who are resident for tax purposes in Guernsey.

US-Guernsey Intergovernmental Agreement relating to FATCA

THE U.S. DEPARTMENT OF TREASURY AND THE CHIEF MINISTER OF GUERNSEY HAVE ANNOUNCED THAT THE UNITED STATES AND GUERNSEY SIGNED AN INTERGOVERNMENTAL AGREEMENT REGARDING THE IMPLEMENTATION OF FATCA ON 13 DECEMBER 2013. GUERNSEY IS LISTED ON THE US TREASURY WEBSITE AS A JURISDICTION THAT IS TREATED AS HAVING AN INTERGOVERNMENTAL AGREEMENT IN EFFECT. A FINANCIAL INSTITUTION RESIDENT IN GUERNSEY IS PERMITTED TO REGISTER ON THE FATCA REGISTRATION WEBSITE AS A REGISTERED DEEMED-COMPLIANT FINANCIAL INSTITUTION. THE INTERGOVERNMENTAL AGREEMENT WILL BE IMPLEMENTED IN ACCORDANCE WITH REGULATIONS AND GUIDANCE YET TO BE PUBLISHED IN FINALISED FORM. ACCORDINGLY, THE FULL IMPACT OF SUCH AN AGREEMENT ON THE ISSUER AND THE ISSUER'S REPORTING RESPONSIBILITIES (IF ANY) PURSUANT TO FATCA AS IMPLEMENTED IN GUERNSEY IS NOT CURRENTLY KNOWN.UK-Guernsey Intergovernmental agreement relating to FATCA

On 22 October 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the UK ("**UK-Guernsey IGA**") under which certain disclosure requirements will be imposed in respect of certain holders of Covered Bonds who are, or being entities are controlled by one or more, residents of the UK. The UK-Guernsey IGA will be implemented through Guernsey's domestic legislation, in accordance with regulations and guidance yet to be published in finalised form. Accordingly, the full impact of the UK-Guernsey IGA on the Issuer and the Issuer's reporting responsibilities pursuant to the UK-Guernsey IGA as implemented in Guernsey is currently uncertain.

4. EU SAVINGS TAX DIRECTIVE

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to

above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

Under the agreement between Switzerland and the EU on the taxation of savings income dated 26 October 2004 by which Switzerland adopted measures similar to those in the Directive, Swiss paying agents, as defined in the agreement, are required to withhold tax at a rate of 35 per cent. on interest payments made under the Covered Bonds to a beneficial owner who is an agent and Switzerland provide to the tax authorities of the EU member state the details of the interest payments in lieu of the withholding. Switzerland and the European Commission have commenced negotiations on amendments similar to those adopted on 24 March 2014 by the Council of the European Union to the agreement of October 26, 2004, which, may, if implemented, amend or broaden the scope of the requirements described above.

The beneficial owner of the interest payments may be entitled to a tax credit or refund of the tax withheld if certain conditions are met.

Although not a member state of the EU, Guernsey and the EU Member States entered into agreements (the **Guernsey Savings Tax Agreements**) on the taxation of savings income. Paying agents in Guernsey must automatically report to the Director of Income Tax in Guernsey any interest payment which falls within the scope of the Directive as applied in Guernsey. As referred to above, the European Commission has made certain amendments to the Directive. Guernsey, along with other dependent and associated territories, will consider the effect of any proposed changes to the Directive in the context of existing bilateral treaties and domestic law. If changes are implemented, the position of the holders of Covered Bonds in relation to the Directive as applied in Guernsey may be different to that set out above.

Prospective purchasers of these Covered Bonds should consult their advisors concerning the impact of the Directive, the Swiss Savings Tax Agreement, the Guernsey Savings Tax Agreements or any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such Directive or agreements.

Notwithstanding the above, for the avoidance of doubt, should the relevant Issuer, any Swiss paying agent, any Guernsey paying agent or any institution where the Covered Bonds are deposited be required to withhold any amount as a direct or indirect consequence of the Directive, then, there is no requirement for the Issuer (or the Guarantor, as the case may be) to pay any additional amounts pursuant to Condition 8 relating to such withholding.

5. THE PROPOSED FINANCIAL TRANSACTIONS TAX

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **Commission's proposal**) for a financial transaction tax (**FTT**) to be adopted in certain participating EU Member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). If the Commission's proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's proposal, the FTT would apply to persons both within and outside of the participating member states. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the financial instrument which is subject to the financial transaction is issued in a participating member state.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions (including concluding swap transactions and/or purchases of securities (such as authorised investments)) if it is adopted based on the Commission's proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Covered Bonds and may result in investors receiving less interest or principal than expected. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Covered Bonds (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

A joint statement issued in May 2014 by ten of the eleven participating member states indicated an intention to implement the FTT progressively, such that it would initially extend to transactions involving shares and certain derivatives, with this initial implementation occurring by 1 January 2016. However, full details are not available and further changes could be made prior to adoption.

The FTT proposal remains subject to negotiation between the participating member states. It may therefore be altered prior to any implementation. Additional EU member states may decide to participate. Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT.

6. U.S. FEDERAL INCOME TAXATION

The following is a summary of certain U.S. federal income tax considerations that may be relevant to a Covered Bondholder. For the purposes of this summary, a **U.S. holder** means a holder that is a citizen or individual resident of the United States or a U.S. corporation or a holder that is otherwise subject to U.S. federal income taxation on a net income basis in respect of the Covered Bonds. A **Non-U.S. holder** means a holder that is not a U.S. holder. This summary is based on the Code, U.S. Treasury Regulations, and administrative and judicial interpretations thereof in effect and available as of the date of this Base Prospectus, all of which are subject to change possibly with retroactive effect. This summary deals only with holders that acquire the Covered Bonds in original issuance and that will hold Covered Bonds as capital assets, and it does not address tax considerations applicable to holders that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, real estate investment trusts, regulated investment companies, dealers in securities or currencies, traders in securities electing to mark to market, partnerships or partners therein, persons that will hold Covered Bonds as a position in a "straddle", hedge or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction or U.S. holders that have a "functional currency" other than the U.S. dollar.

This summary applies only to holders of Registered Covered Bonds. Bearer Covered Bonds are not being offered to U.S. persons. A U.S. holder who owns a Bearer Covered Bond may be subject to limitations under U.S. federal income tax laws, including the limitations provided in Sections 165(j) and 1287 of the Code.

The Issuer anticipates that the Covered Bonds will be treated as debt for U.S. federal income tax purposes. This summary addresses only Covered Bonds that will be treated as such. It does not address, Covered Bonds that convert from fixed rate to floating rate, or from floating rate to fixed

rate, or Covered Bonds that may be redenominated in euro at the Issuer's election. No rulings have been sought from the Internal Revenue Service (**IRS**) regarding the matters discussed herein, and there can be no assurance that the IRS or a court will agree with the views expressed herein. This discussion is a general summary and does not cover all tax matters that may be important to a particular investor. Any special U.S. federal income tax considerations relevant to a particular issue of Covered Bonds will be provided in a supplement to the Base Prospectus.

Investors should consult their tax advisors to determine the tax consequences to them of acquiring, owning and disposing of Covered Bonds, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local, non-U.S. or other tax laws and the proper characterization of the Covered Bonds for tax purposes.

U.S. holders

Payments of Interest

Payments of "qualified stated interest" (as defined below under *Original Issue Discount*) on a Covered Bond will be taxable to a U.S. holder as ordinary income at the time that such payments are accrued or are received (in accordance with the U.S. holder's method of tax accounting).

Payments of interest, including any amounts includible in income as original issue discount (**OID**), on a Covered Bond will be treated as foreign source income for the purposes of calculating that holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to each specific class of income. The rules relating to foreign tax credits and the timing thereof are complex. U.S. holders should consult their own tax advisors regarding the availability of a foreign tax credit under their particular situation.

If such payments of interest are made with respect to a Covered Bond denominated in a currency other than U.S. dollars (a **Foreign Currency Covered Bond**), the amount of interest income realized by a U.S. holder that uses the cash method of tax accounting will be the U.S. dollar value of the payment based on the exchange rate in effect on the date of receipt, regardless of whether the payment in fact is converted into U.S. dollars on such date. A U.S. holder that uses the accrual method of accounting for tax purposes will accrue interest income on the Foreign Currency Covered Bond in the relevant foreign currency and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the U.S. holder's taxable year), or, at the accrual-basis U.S. holder's election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt (if such date is within five business days of the last day of the accrual period). A U.S. holder that makes such election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. A U.S. holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a Foreign Currency Covered Bond if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. Any such foreign currency gain or loss will be treated as U.S.-source ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the Foreign Currency Covered Bond.

Sale or Other Disposition of Covered Bonds

General

Upon the sale or other disposition of a Covered Bond, a U.S. holder generally will recognize gain or loss equal to the difference between the amount realized on the sale or other disposition (less any

accrued and unpaid qualified stated interest (as defined below under *Original Issue Discount*) which will be taxable as such) and the U.S. holder's tax basis in such Covered Bond. A U.S. holder's tax basis in a Covered Bond generally will equal the cost of such Covered Bond to such holder, increased by any amounts includible in income by the holder as OID, and reduced by any amortized premium and any payments other than payments of qualified stated interest made on such Covered Bond.

Except as discussed below with respect to Short-Term Covered Bonds (as defined below) and foreign currency gain or loss, gain or loss recognized by a U.S. holder generally will be long-term capital gain or loss if the U.S. holder has held the Covered Bond for more than one year at the time of disposition. Long-term capital gains recognized by an individual U.S. holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. Capital gain or loss, if any, recognized by a U.S. holder generally will be treated as U.S.-source income or loss for U.S. foreign tax credit purposes. The deductibility of capital losses is subject to significant limitations.

Foreign Currency Covered Bonds

In the case of a purchase of a Foreign Currency Covered Bond, the cost to a U.S. holder will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a Foreign Currency Covered Bond that is traded on an established securities market, a cash-basis U.S. holder (and, if it so elects, an accrual-basis U.S. holder) will determine the U.S. dollar value of the cost of such Foreign Currency Covered Bond by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The amount of any subsequent adjustments to a U.S. holder's tax basis in a Foreign Currency Covered Bond in respect of original issue discount will be determined in the manner described under *Original Issue Discount*. The conversion of U.S. dollars to the relevant foreign currency and the immediate use of such currency to purchase a Foreign Currency Covered Bond generally will not result in taxable gain or loss for a U.S. holder.

If a U.S. holder receives a currency other than the U.S. dollar in respect of the sale or other disposition of a Covered Bond, the amount realized will be the U.S. dollar value of the foreign currency received, calculated at the exchange rate in effect on the date the instrument is sold or disposed of. In the case of a Foreign Currency Covered Bond that is traded on an established securities market, a cash-basis U.S. holder and, if it so elects, an accrual-basis U.S. holder will determine the U.S. dollar value of the amount realized by translating such amount at the spot rate on the settlement date of the sale. This election available to accrual-basis U.S. holders in respect of the purchase and sale of Foreign Currency Covered Bonds traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Gain or loss recognized by a U.S. holder on the sale or other disposition of a Foreign Currency Covered Bond generally will be treated as U.S.-source ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such Foreign Currency Covered Bond. Such foreign currency gain or loss will not be treated as an adjustment to interest income received on the Foreign Currency Covered Bond.

Original Issue Discount

General

If the Issuer issues Covered Bonds at a discount from their stated redemption price at maturity, and such discount is equal to or more than the product of one-fourth of one percent (0.25%) of the stated redemption price at maturity of the Covered Bonds and the number of full years to their maturity, the Covered Bonds will be **Original Issue Discount Covered Bonds**. The difference between the issue price and the stated redemption price at maturity of the Covered Bonds will be the OID. The **issue**

price of the Covered Bonds will be the first price at which a substantial amount of the Covered Bonds are sold to the public (*i.e.*, excluding sales of Covered Bonds to bond houses, brokers or similar persons acting in the capacity of underwriters, placement agents or wholesalers). The **stated redemption price at maturity** will include all payments under the Covered Bonds other than payments of qualified stated interest (as defined below).

U.S. holders of Original Issue Discount Covered Bonds generally will be subject to the special tax accounting rules for obligations issued with OID provided by the Code and certain U.S. Treasury Regulations promulgated thereunder (the **OID Regulations**). U.S. holders of such Covered Bonds should be aware that, as described in greater detail below, they generally must include OID in ordinary gross income for U.S. federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income.

In general, each U.S. holder of an Original Issue Discount Covered Bond, whether such holder uses the cash or the accrual method of tax accounting, will be required to include in ordinary gross income the sum of the **daily portions** of OID on the Original Issue Discount Covered Bond for all days during the taxable year that the U.S. holder owns such Covered Bond. The daily portions of OID on an Original Issue Discount Covered Bond are determined by allocating to each day in any accrual period a rateable portion of the OID allocable to that accrual period. Accrual periods may be any length and may vary in length over the term of an Original Issue Discount Covered Bond, provided that no accrual period is longer than one year and each scheduled payment of principal or interest occurs on either the final day or the first day of an accrual period. In the case of an initial holder, the amount of OID on an Original Issue Discount Covered Bond allocable to each accrual period is determined by (a) multiplying the "adjusted issue price" (as defined below) of the Original Issue Discount Covered Bond at the beginning of the accrual period by the "yield to maturity" of such Covered Bond (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of qualified stated interest (as defined below) allocable to that accrual period. The **yield to maturity** is the discount rate that causes the present value of all payments on the Original Issue Discount Covered Bond as of its original issue date to equal the issue price of such Covered Bond. The **adjusted issue price** of an Original Issue Discount Covered Bond at the beginning of any accrual period will generally be the sum of its issue price (generally including accrued interest, if any) and the amount of OID allocable to all prior accrual periods, reduced by the amount of all payments other than payments of qualified stated interest (if any) made with respect to such Covered Bond in all prior accrual periods. The term **qualified stated interest** generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually during the entire term of an Original Issue Discount Covered Bond at a single fixed rate of interest or, subject to certain conditions, based on one or more interest indices.

In the case of an Original Issue Discount Covered Bond that is a Floating Rate Covered Bond, both the yield to maturity and qualified stated interest will generally be determined for these purposes as though the Original Issue Discount Covered Bond will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to the interest payments on the Covered Bond on its date of issue or, in the case of certain Floating Rate Covered Bonds, the rate that reflects the yield that is reasonably expected for the Covered Bond. (Additional rules may apply if interest on a Floating Rate Covered Bond is based on more than one interest index.) As a result of this "constant-yield" method of including OID in income, the amounts includible in income by a U.S. holder in respect of an Original Issue Discount Covered Bond denominated in U.S. dollars generally are lesser in the early years and greater in the later years than the amounts that would be includible on a straight-line basis.

All payments on an Original Issue Discount Covered Bond (other than payments of qualified stated interest) will generally be viewed first as payments of previously accrued OID (to the extent thereof, with payments attributed first to the earliest-accrued OID), and then as payments of principal. Upon

the receipt of an amount attributable to OID (whether in connection with a payment of an amount that is not qualified stated interest or the sale or other disposition of the Original Issue Discount Covered Bond), a U.S. holder will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt or on the date of disposition of the Original Issue Discount Covered Bond, as the case may be) and the amount accrued (using the exchange rate applicable to such previous accrual).

Floating Rate Covered Bonds generally will be treated as **variable rate debt instruments** under the OID Regulations. Accordingly, all stated interest on a Floating Rate Covered Bond generally will be treated as qualified stated interest, and such a Covered Bond will not have OID solely as a result of the fact that it provides for interest at a variable rate. If a Floating Rate Covered Bond does not qualify as a variable rate debt instrument, such Covered Bond is likely to be subject to special rules (the **Contingent Payment Regulations**) that govern the tax treatment of debt obligations that provide for contingent payments (**Contingent Debt Obligations**). A detailed description of the tax considerations relevant to U.S. holders of any such Covered Bonds will be provided in a supplement to this Base Prospectus.

Certain of the Covered Bonds may be subject to special redemption, repayment or interest rate reset features, as indicated in a supplement to this Base Prospectus. Such Covered Bonds (particularly Original Issue Discount Covered Bonds) may be subject to special rules that differ from the general rules discussed herein. If the Covered Bonds offered pursuant to this Base Prospectus are subject to special features of this kind that affect the U.S. federal income tax treatment of holding the Covered Bonds, we will address the treatment of those Covered Bonds in a supplement to this Base Prospectus. Purchasers of Covered Bonds with such features should carefully examine the relevant supplement to this Base Prospectus and should consult their tax advisors with respect to such Covered Bonds since the tax consequences with respect to such features, and especially with respect to OID, will depend, in part, on the particular terms of the purchased Covered Bonds.

Foreign Currency Covered Bonds

In the case of an Original Issue Discount Covered Bond that is also a Foreign Currency Covered Bond, a U.S. holder should determine the U.S. dollar amount includible in income as OID for each accrual period by (a) calculating the amount of OID allocable to each accrual period in the relevant foreign currency using the constant-yield method described above, and (b) translating the amount of the relevant foreign currency so derived at the average exchange rate in effect during that accrual period (or portion thereof within a U.S. holder's taxable year) or, at the U.S. holder's election (as described above under *Payments of Interest*), at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt (if such date is within five business days of the last day of the accrual period). Because exchange rates may fluctuate, a U.S. holder of an Original Issue Discount Covered Bond that is also a Foreign Currency Covered Bond may recognize a different amount of OID income in each accrual period than would the holder of an otherwise similar Original Issue Discount Covered Bond denominated in U.S. dollars.

Premium

General

A U.S. holder of a Covered Bond that purchases the Covered Bond at a cost greater than its remaining redemption amount (which is the total of all future payments to be made on a Covered Bond other than payments of qualified stated interest) will be considered to have purchased the Covered Bond at a premium, and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the Covered Bond. Such

election, once made, generally applies to all bonds held or subsequently acquired by the U.S. holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A U.S. holder that elects to amortize such premium must reduce its tax basis in a Covered Bond by the amount of the premium amortized during its holding period. Original Issue Discount Covered Bonds purchased at a premium will not be subject to the OID rules described above. With respect to a U.S. holder that does not elect to amortize bond premium, the amount of bond premium will be included in the U.S. holder's tax basis when the Covered Bond matures or is disposed of by the U.S. holder. Therefore, a U.S. holder that does not elect to amortize such premium and that holds the Covered Bond to maturity generally will be required to treat the premium as capital loss when the Covered Bond matures.

Foreign Currency Covered Bonds

In the case of a Foreign Currency Covered Bond that is purchased by a U.S. holder at a premium, such U.S. holder should calculate the amortization of such premium in the relevant foreign currency. Amortization deductions attributable to a period (if any) reduce interest payments in respect of that period and therefore are translated into U.S. dollars at the exchange rate used by the U.S. holder for such interest payments. Exchange gain or loss will be realized with respect to amortized bond premium on such a Covered Bond based on the difference between the exchange rate on the date or dates such premium is recovered through interest payments on the Covered Bond and the exchange rate on the date on which the U.S. holder acquired the Covered Bond.

Short-Term Covered Bonds

The rules set forth above will also generally apply to Covered Bonds having maturities of not more than one year (**Short-Term Covered Bonds**), but with certain modifications.

First, the OID Regulations treat none of the interest on a Short-Term Covered Bond as qualified stated interest. Thus, all Short-Term Covered Bonds will be Original Issue Discount Covered Bonds. OID will be treated as accruing on a Short-Term Covered Bond rateably or, at the election of a U.S. holder, under a constant-yield method.

Second, a U.S. holder of a Short-Term Covered Bond that uses the cash method of tax accounting, that is not a bank, securities dealer, regulated investment company or common trust fund, and that does not identify the Short-Term Covered Bond as part of a hedging transaction, will generally not be required to include OID in income on a current basis. Such a U.S. holder may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry the Short-Term Covered Bond until the maturity of such Covered Bond or its earlier disposition in a taxable transaction. In addition, such a U.S. holder will be required to treat any gain realized on a sale or other disposition of the Short-Term Covered Bond as ordinary income to the extent such gain does not exceed the OID accrued with respect to such Covered Bond during the period the U.S. holder held the Covered Bond. Notwithstanding the foregoing, a cash-basis U.S. holder of a Short-Term Covered Bond may elect to accrue original issue discount into income on a current basis (in which case the limitation on the deductibility of interest described above will not apply). A U.S. holder using the accrual method of tax accounting and certain cash-basis U.S. holders (including banks, securities dealers, regulated investment companies and common trust funds) generally will be required to include original issue discount on a Short-Term Covered Bond in income on a current basis.

Substitution of Issuer

The U.S. federal income tax treatment of an exchange of Covered Bonds issued by Credit Suisse for Covered Bonds issued by another entity is uncertain. U.S. holders would recognize gain, if any, if Credit Suisse Covered Bonds are treated as differing materially in kind or extent from Covered

Bonds issued by a different entity. Deductibility of loss, if any, may be limited pursuant to the wash sale rules. U.S. holders should consult their own tax advisors with respect to the tax consequences of such an exchange.

Information Reporting and Backup Withholding

Information returns will be required to be filed with the IRS with respect to payments made to certain U.S. holders of Covered Bonds. In addition, certain U.S. holders may be subject to backup withholding tax in respect of such payments if they do not provide an accurate taxpayer identification number or certification of exempt status or otherwise comply with the applicable backup withholding requirements.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS in the manner required. Certain U.S. holders are not subject to information reporting or backup withholding. U.S. holders should consult their tax advisors as to their qualification for exemption from information reporting and/or backup withholding.

Information Reporting with Respect to Specified Foreign Financial Assets

Individual U.S. holders that own "specified foreign financial assets" with an aggregate value in excess of $50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which would include the Covered Bonds) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations have been proposed that would extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. holders who fail to report the required information could be subject to substantial penalties. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the Covered Bonds, including the application of the rules to their particular circumstances.

IRS Disclosure Reporting Requirements

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. holder may be required to treat a foreign currency exchange loss from the Covered Bonds as a reportable transaction if the loss exceeds $50,000 in a single taxable year if the U.S. holder is an individual or trust, or higher amounts for other U.S. holders. In the event the acquisition, ownership or disposition of the Covered Bonds constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. holder will be required to disclose its investment by filing Form 8886 with the IRS. Prospective purchasers should consult their tax advisors regarding the application of these rules to the acquisition, ownership or disposition of the Covered Bonds.

Non-U.S. holders

Subject to the discussion below, a Non-U.S. holder of a Covered Bond will not be subject to U.S. federal income tax by withholding or otherwise on payments of interest (including additional amounts) on a Covered Bond, or gain realized in connection with the sale, or other disposition of a Covered Bond, unless the Non-U.S. holder is an individual present in the U.S. for 183 days or more in the taxable year of a disposition of the Covered Bond in which gain was realized and certain other conditions are satisfied.

Foreign Account Tax Compliance

Starting at the earliest on 1 January 2017, and subject to grandfathering rules, the Issuer and other non-U.S. financial institutions through which payments are made (including the Paying Agents) may be required pursuant to FATCA to withhold U.S. tax on payments in respect of the Covered Bonds to an investor who does not provide information sufficient for a non-U.S. financial institution through which payments are made to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of such institution, or to an investor that is, or holds the Covered Bonds directly or indirectly through, a non-U.S. financial institution that is not in compliance with FATCA. Under a grandfathering rule, the withholding tax described above will not apply to Covered Bonds unless they are issued or materially modified after the date that is six months after which final regulations implementing such withholding are filed by the U.S. Treasury Department. If an amount of, or in respect of, such withholding taxes were to be deducted or withheld from any payments in respect of the Covered Bonds as a result of an investor or intermediary's failure to comply with these rules, no additional amounts will be paid on the Covered Bonds held by such investor as a result of the deduction or withholding of such tax. Holders should consult their own tax advisors on how the FATCA rules may apply to payments they receive in respect of Covered Bonds.

ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Covered Bonds by (i) employee benefit plans subject to Title I of ERISA, (ii) plans, accounts and other arrangements that are subject to Section 4975 of the Code, (iii) plans (such as governmental plans (as defined in Section 3(32) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA and that have made no election under Section 410(d) of the Code) that are subject to Similar Law and (iv) entities whose underlying assets are considered to include plan assets of any such employee benefit plan or other plan, account or arrangement, each as described in (i), (ii) or (iii) (each, a **Plan**).

This summary is based on the provisions of ERISA and the Code and related guidance in effect as of the date of this Base Prospectus. This summary is general in nature and does not attempt to be a complete summary of these considerations. Future legislation, court decisions, administrative regulations or other guidance may change the requirements summarised in this section. Any of these changes could be made retroactively and could apply to transactions entered into before the change is enacted.

Unless otherwise provided in the applicable Final Terms, the Covered Bonds should be eligible for purchase by a Plan, subject to consideration of the issues described in this section.

General Considerations

ERISA and the Code impose certain requirements on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an **ERISA Plan**). Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice to such an ERISA Plan for a fee or other compensation, is generally considered a fiduciary of the ERISA Plan.

In considering an investment in the Covered Bonds of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to the fiduciary's duties to the Plan, including without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Law. The prudence of a particular investment must be determined by a fiduciary by taking into account the Plan's particular circumstances and all of the facts and circumstances of the investment, including, but not limited to, the matters discussed under *Risk Factors*.

Prohibited Transaction Considerations

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan and certain persons or entities (referred to as **parties in interest or disqualified persons**) having certain relationships to such ERISA Plan, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a fiduciary, who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Issuer, the Guarantor, the Trustee, their respective affiliates or any other party to the transactions contemplated by the Transaction Documents may be parties in interest or disqualified persons with respect to many ERISA Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Covered Bonds is acquired or held by a ERISA Plan with respect to which the Issuer, the Guarantor, the Trustee, their respective affiliates or any other party to such transactions is a

party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest or a disqualified person (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction), Prohibited Transaction Class Exemption (**PTCE**) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by independent qualified professional asset managers), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Each of these exemptions contains conditions and limitations on its application. Prospective Investors should consult with their advisors regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Covered Bonds.

Those Plans subject to Similar Law, while not subject to Title I of ERISA or Section 4975 of the Code, may nevertheless be subject to similar prohibited transaction restrictions.

Because of the foregoing, the Covered Bonds should not be purchased or held by any person investing plan assets of any Plan, unless such purchase and holding will not constitute or result in a non-exempt prohibited transaction under ERISA and the Code or a violation of any applicable Similar Law.

Plan Asset Considerations

The U.S. Department of Labor has promulgated a regulation, 29 C.F.R. section 2510.3-101, as modified by Section 3(42) of ERISA (the **Plan Asset Regulation**) describing what constitutes the plan assets of an ERISA Plan with respect to the ERISA Plan's investment in an entity. Under the Plan Asset Regulation, if an ERISA Plan invests in an equity interest of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the Investment Company Act, the ERISA Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies. Under the Plan Asset Regulation, a security which is in debt form may be considered an equity interest if it has substantial equity features. If the Issuer were deemed under the Plan Asset Regulation to hold plan assets by reason of an ERISA Plan's investment in any of the Covered Bonds, such plan assets would include an undivided interest in the assets held by the Issuer, and transactions by the Issuer would result in, among other things, (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the Issuer, and (ii) the possibility that certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of business might constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code. The Issuer believes that the Covered Bonds should not be treated as equity interests for the purposes of the Plan Asset Regulation.

Representation

Save as otherwise provided in the applicable Final Terms, each purchaser and subsequent transferee of any Covered Bond (or any interest therein) will be deemed by their purchase or acquisition of any such Covered Bond (or any interest therein) to have represented and warranted, on each day from the date on which the purchaser or transferee acquires such Covered Bond (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Covered Bond (or any interest therein), either that (a) it is not and is not acting directly or indirectly on behalf of, and for so long as it holds the Covered Bond (or any interest therein) will not be acting directly or indirectly on behalf of, a Plan, and no portion of the assets used to acquire the Covered Bond (or any interest therein) constitutes plan assets of any Plan or (b) its acquisition, holding and disposition of such Covered Bond (or any interest therein) will not constitute or

result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Covered Bonds on behalf of, or with the assets of, any Plan (including governmental plans, non-U.S. plans and certain church plans not subject to the requirements of Title I of ERISA or Section 4975 of the Code), consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Law to such investment and whether an exemption would be applicable to the acquisition and holding of the Covered Bonds.

The sale of any Covered Bonds to a Plan is in no respect a representation by the Issuer, the Guarantor, the Trustee, their respective affiliates or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Any further ERISA considerations with respect to Covered Bonds may be found in the relevant Final Terms.

TRANSFER RESTRICTIONS AND SELLING RESTRICTIONS

Subscription and Sale

Subject to all legal and regulatory requirements, Covered Bonds may be issued from time to time by the Issuer to any one or more of the Dealers or to any other person. The arrangements under which Covered Bonds may from time to time be agreed to be issued by the Issuer to, and subscribed by, Dealers are set out in the Programme Agreement. Any such agreement for the issue and subscription of Covered Bonds will, *inter alia*, cover the price of the Covered Bonds, any commissions or other deductibles in respect of the Covered Bonds, the Form of the Covered Bonds, any other commercial terms of the issue and subscription of the Covered Bonds themselves, and any syndication or underwriting of the issue. The Programme Agreement makes provision for the resignation or renewal of existing Dealers and the appointment of additional or other Dealers, either generally in respect of the Programme or in relation to a particular Series or Tranche of Covered Bonds. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to subscribe for and purchase Covered Bonds under the Programme Agreement in certain circumstances prior to payment to the Issuer.

One or more Dealers may purchase Covered Bonds, as principal, from the Issuer from time to time for resale to Investors and other purchasers at a fixed offering price or, if so specified in the applicable Final Terms, at varying prices relating to prevailing market prices at the time of resale as determined by any Dealer.

A Dealer may sell Covered Bonds it has purchased from the Issuer as principal to certain other dealers less a concession equal to all or any portion of the discount received in connection with such purchase. The Dealer may allow, and such dealers may re-allow, a discount to certain other dealers. After the initial offering of Covered Bonds, the offering price (in the case of Covered Bonds to be resold at a fixed offering price), the concession and the reallowance may be changed.

The Issuer may withdraw, cancel or modify the offering contemplated hereby without notice and may reject offers to purchase Covered Bonds in whole or in part.

In connection with the issue of any Tranche of Covered Bonds, the Dealer or Dealers (if any) named as the stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) in the applicable Final Terms may over-allot Covered Bonds or effect transactions with a view to supporting the price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilising manager(s) (or persons acting on behalf of a stabilising manger) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Final Terms of the relevant Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant stabilising manger(s) (or persons acting on behalf of any stabilising manager(s)) in accordance with Applicable Laws and rules.

These transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Covered Bonds. If the Dealer creates or the Dealers create, as the case may be, a short position in the Covered Bonds, that is, if it sells or they sell Covered Bonds in an aggregate principal amount exceeding that set forth in the applicable Final Terms, such Dealer(s) may reduce that short position by purchasing Covered Bonds in the open market. In general, purchase of Covered Bonds for the purpose of stabilisation or to reduce a short position could cause the price of the Covered Bonds to be higher than it might be in the absence of such purchases.

Neither the Issuer nor any of the Dealers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described in the immediately preceding paragraph may have on the price of Covered Bonds. In addition, neither the Issuer nor any of the Dealers makes any representation

that the Dealers will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

Under the Programme Agreement, the Issuer has agreed to indemnify the Dealers against certain liabilities (including liabilities under the Securities Act) or to pay on demand all costs the Dealers may be required to make in respect thereof in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme. The Issuer has also agreed to reimburse the Dealers for certain other expenses in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme.

The Dealers may, from time to time, purchase and sell Covered Bonds in the secondary market, but they are not obliged to do so, and there can be no assurance that there will be a secondary market for the Covered Bonds or liquidity in the secondary market if one develops. From time to time, the Dealers may make a market in the Covered Bonds.

The several Dealers and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Issuer and the Dealers have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Issuer has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate. Certain of the Dealers and their respective affiliates have, directly or indirectly, performed investment and commercial banking or financial advisory services for the Issuer for which they have received customary fees and commissions, and they expect to provide these services to the Issuer and its affiliates in the future, for which they also expected to receive customary fees and commissions.

Transfer Restrictions

As a result of the following restrictions, purchasers of Covered Bonds in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Covered Bonds.

Each purchaser of Registered Covered Bonds by accepting delivery of this Base Prospectus and the Registered Covered Bonds will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) that either: (a) it is a QIB, purchasing (or holding) the Covered Bonds for its own account or for the account of one or more QIBs and it is aware and each beneficial owner of such Covered Bond has been advised that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a U.S. person;

(ii) that the Covered Bonds are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Covered Bonds and the Guarantee have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(iii) that neither the Issuer nor the Guarantor has any obligation to register the Covered Bonds or the Guarantee under the Securities Act;

(iv) that, unless it holds an interest in a Regulation S Global Covered Bond and is a person located outside the United States and is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Covered Bonds or any beneficial interests in the Covered Bonds, it will do so, prior to the date which is six months after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Covered Bonds, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller

reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A, or (c) in an offshore transaction to a non-U.S. person in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

(v) that, save as otherwise provided in the applicable Final Terms, it and any subsequent transferee of any Covered Bond (or any interest therein) will be deemed by their purchase or acquisition of any such Covered Bond (or any interest therein) to have represented and warranted, on each day from the date on which the purchaser or transferee acquires such Covered Bond (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Covered Bond (or any interest therein), either that (a) it is not and is not acting directly or indirectly on behalf of, and for so long as it holds the Covered Bond (or any interest therein) will not be, and will not be acting directly or indirectly on behalf of, a Plan, and no portion of the assets used to acquire the Covered Bond (or any interest therein) constitutes plan assets of any Plan or (b) its acquisition, holding and disposition of such Covered Bond (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Law;

(vi) that it will, and will require each subsequent holder to, notify any purchaser of the Covered Bonds from it of the resale restrictions referred to in paragraph (iv) above, if then applicable;

(vii) that Covered Bonds initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Covered Bonds and that Covered Bonds offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Covered Bonds;

(viii) that the Covered Bonds represented by a Rule 144A Global Covered Bond and Rule 144A Definitive Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT PRIOR TO THE DATE WHICH IS SIX MONTHS AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN AN OFFSHORE TRANSACTION TO A NON-U.S. PERSON IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE SECURITY.

THIS SECURITY AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

EXCEPT AS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS, BY ITS PURCHASE AND HOLDING OF THIS COVERED BOND (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT, AND IS NOT ACTING DIRECTLY OR INDIRECTLY ON BEHALF OF, AND FOR SO LONG AS IT HOLDS THIS COVERED BOND (OR ANY INTEREST HEREIN) WILL NOT BE, AND WILL NOT BE ACTING DIRECTLY OR INDIRECTLY ON BEHALF OF, (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**) THAT IS SUBJECT TO TITLE I OF ERISA, (II) A PLAN, ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (III) A PLAN, (SUCH AS A GOVERNMENTAL PLAN (AS DEFINED IN SECTION 3(32) OF ERISA), A NON-U.S. PLAN (AS DESCRIBED IN SECTION 4(B)(4) OF ERISA) AND CERTAIN CHURCH PLANS (AS DEFINED IN SECTION 3(33) OF ERISA AND THAT HAVE MADE NO ELECTION UNDER SECTION 410(D) OF THE CODE)), ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), OR (IV) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED FOR PURPOSES OF ERISA, THE CODE OR ANY SIMILAR LAW TO INCLUDE, "PLAN ASSETS" OF ANY SUCH EMPLOYEE BENEFIT PLAN OR OTHER PLAN, ACCOUNT OR ARRANGEMENT, EACH AS DESCRIBED IN (I), (II) OR (III), AND NO PORTION OF THE ASSETS USED TO ACQUIRE THIS COVERED BOND (OR ANY INTEREST HEREIN) CONSTITUTES "PLAN ASSETS" OF ANY SUCH EMPLOYEE BENEFIT PLAN OR OTHER PLAN, ACCOUNT OR ARRANGEMENT OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS COVERED BOND (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR A VIOLATION OF ANY SUCH SIMILAR LAW).";

(ix) if it is outside the United States and is not a U.S. person, that if it should reoffer, resell, pledge or otherwise transfer the Covered Bonds prior to the expiration of the distribution compliance period (defined as 40 days after the later of (i) the date on which the offering of this security commenced to persons other than the distributors in reliance on Regulation S and (ii) the date of issuance of such security), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws;

(x) that the Covered Bonds represented by a Regulation S Global Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF (i) THE DATE ON WHICH THE OFFERING OF THIS SECURITY COMMENCED TO PERSONS OTHER THAN THE DISTRIBUTORS IN RELIANCE ON REGULATION S AND (ii) THE DATE OF ISSUANCE OF SUCH SECURITY, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO U.S. PERSONS UNLESS MADE (i) OUTSIDE THE UNITED STATES PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (ii) TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.

EXCEPT AS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS, BY ITS PURCHASE AND HOLDING OF THIS COVERED BOND (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT, AND IS NOT ACTING DIRECTLY OR INDIRECTLY ON BEHALF OF, AND FOR SO LONG AS IT HOLDS THIS COVERED BOND (OR ANY INTEREST HEREIN) WILL NOT BE, AND WILL NOT BE ACTING DIRECTLY OR INDIRECTLY ON BEHALF OF, (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**) THAT IS SUBJECT TO TITLE I OF ERISA, (II) A PLAN, ACCOUNT OR OTHER ARRANGEMENT AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (III) A PLAN, (SUCH AS A GOVERNMENTAL PLAN (AS DEFINED IN SECTION 3(32) OF ERISA), A NON-U.S. PLAN (AS DESCRIBED IN SECTION 4(B)(4) OF ERISA) AND CERTAIN CHURCH PLANS (AS DEFINED IN SECTION 3(33) OF ERISA AND THAT HAVE MADE NO ELECTION UNDER SECTION 410(D) OF THE CODE)), ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), (IV) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED FOR PURPOSES OF ERISA, THE CODE OR ANY SIMILAR LAW TO INCLUDE, "PLAN ASSETS" OF ANY SUCH EMPLOYEE BENEFIT PLAN OR OTHER PLAN, ACCOUNT OR ARRANGEMENT, EACH AS DESCRIBED IN (I), (II) OR (III), AND NO PORTION OF THE ASSETS USED TO ACQUIRE THIS COVERED BOND (OR ANY INTEREST HEREIN) CONSTITUTES "PLAN ASSETS" OF ANY SUCH EMPLOYEE BENEFIT PLAN OR OTHER PLAN, ACCOUNT OR ARRANGEMENT, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS COVERED BOND (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR A VIOLATION OF ANY SUCH SIMILAR LAW)."; and

(xi) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Covered Bonds as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Dealers \may arrange for the resale of Covered Bonds that they initially purchase to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the Dealers are relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Covered Bonds which may be purchased by a QIB pursuant to Rule 144A is U.S. $200,000 (or the approximate equivalent in another Specified Currency).

Selling Restrictions

UNITED STATES

(*Regulation S Category 2; TEFRA D Rules; Rule 144A eligible if so specified in the applicable Final Terms*)

The Covered Bonds and the Guarantee have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Covered Bonds in bearer form are subject to U.S. tax law requirements, including the TEFRA D Rules, and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code, as amended, and the Treasury Regulations thereunder.

Where the TEFRA D Rules are specified in the applicable Final Terms as being applicable in relation to any Tranche of Covered Bonds, each Dealer will be required to represent, undertake and agree (and each additional Dealer appointed under the Programme will be required to represent, undertake and agree) that:

(a) except to the extent permitted under the TEFRA D Rules, (a) it has not offered or sold, and during the restricted period will not offer or sell, any Covered Bonds in bearer form to a person who is within the United States or its possessions or to, or for the account or benefit of, a U.S. person, and (b) it has not delivered and will not deliver within the United States or its possessions Covered Bonds in bearer form and in definitive form that are sold during the restricted period;

(b) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Covered Bonds in bearer form are aware that such Covered Bonds may not be offered, sold, pledged or otherwise transferred during the restricted period to a person who is within the United States or its possessions or to, or for the account or benefit of, a U.S. person, except as permitted by the TEFRA D Rules;

(c) if it is a U.S. person, it is acquiring the Covered Bonds in bearer form for purposes of resale in connection with their original issuance and, if it retains Covered Bonds in bearer form for its own account, it will only do so in accordance with the requirements of United States Treasury Regulations §1.163-5(c)(2)(i)(D)(6);

(d) with respect to each affiliate (if any) that acquires from such Dealer Covered Bonds in bearer form for the purposes of offering or selling such Covered Bonds during the restricted period, such Dealer either repeats and confirms the representations, undertakings and agreements contained in sub-clauses (a), (b) and (c) above on such affiliate's behalf or agrees that it will obtain from such affiliate for the benefit of the Issuer the representations, undertakings and agreements contained in such sub-clauses (a), (b) and (c); and

(e) shall obtain for the benefit of the Issuer the representations, undertakings and agreements contained in sub-clauses (a), (b), (c) and (d) of this paragraph from any person other than its affiliate with

whom it enters into a written contract, (a "distributor" as defined in United States Treasury Regulations §1.163-5(c)(2)(i)(D)(4)), for the offer or sale during the restricted period of the Covered Bonds in bearer form.

Each Dealer and any person acting on its behalf represents and agrees that, and each further Dealer appointed under the Programme and any person acting on its behalf will be required to agree that, except as permitted in the Programme Agreement and as described below, it has not offered and sold Covered Bonds and will not offer and sell Covered Bonds of any Tranche (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of (A) the date on which the offering of this security commenced to persons other than the distributors in reliance on Regulation S and (B) the date of issuance of such security, within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Covered Bonds of such Tranche from it during the distribution compliance period (other than resales pursuant to Rule 144A under the Securities Act) a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Programme Agreement provides that the Dealers may directly or may, through their respective U.S. broker-dealer affiliates, arrange for the offer and resale of the Covered Bonds that they initially purchase in the United States only to QIBs in reliance on Rule 144A.

No sale of Legended Covered Bonds in the United States to any one purchaser will be for less than U.S.$200,000 (or its foreign currency equivalent) principal amount and no Legended Covered Bond will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person (or whom it is acting on behalf of) must purchase at least U.S.$200,000 (or its foreign currency equivalent) principal amount of Registered Covered Bonds.

Dealers may arrange for the resale of Covered Bonds that they initially purchase to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the Dealers are relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Covered Bonds which may be purchased by a QIB pursuant to Rule 144A is U.S.$200,000 (or its foreign currency equivalent).

In addition, until 40 days after the commencement of the offering of any Tranche of Covered Bonds, an offer or sale of Covered Bonds of such Tranche within the United States or to, or for the account or benefit of, a U.S. person by any Dealer whether or not participating in the offering of such Covered Bonds may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Credit Suisse Securities (Europe) Limited, an affiliate of the Issuer and the Guarantor, may (but is not obligated to) engage in secondary market transactions for purposes of making a market in the Covered Bonds. For purposes of the Securities Act, any sale of Covered Bonds by the Issuer or its affiliates (including Credit Suisse Securities (Europe) Limited) in connection with such activities may be considered an issuance of such Covered Bonds, with the result that a new 40-day distribution compliance period might commence pursuant to Regulation S. Accordingly, neither the Issuer nor any of its affiliates (including Credit Suisse Securities (Europe) Limited) will sell Covered Bonds in connection with any such activities within the United States or to, or for the account or benefit of, a U.S. person and in connection with any sale to a dealer, the Guarantor and its affiliates will include in the confirmation relating to such sale a notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons that would be applicable to such dealer if a new distribution compliance period had commenced for purposes of Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

PUBLIC OFFER SELLING RESTRICTIONS UNDER THE PROSPECTUS DIRECTIVE

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Covered Bonds to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Covered Bonds to the public in that Relevant Member State:

(a) *Approved prospectus*: if the Final Terms or Drawdown Prospectus in relation to the Covered Bonds specify that an offer of those Covered Bonds may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Covered Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus which is not a Drawdown Prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) *Authorised institutions*: at any time to any legal entity which is a qualified Investor as defined in the Prospectus Directive;

(c) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of Directive 2010/73/EU, 150, natural or legal persons (other than qualified Investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) *Other Exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Covered Bonds referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Covered Bonds to the public**" in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an Investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State.

UNITED KINGDOM

In relation to each Tranche of Covered Bonds, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) in relation to any Covered Bonds which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as

principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of such Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) *Financial Promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which section 21(1) of the FSMA does not or, in the case of the Issuer, would not if it was not an authorised person, apply to the Issuer or the Guarantor; and

(c) *Global Compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

JAPAN

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

GUERNSEY

This Base Prospectus has not been, nor is it required to be, submitted to or approved or authorised by the Guernsey Financial Services Commission (**GFSC**). Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Covered Bonds may only be offered or sold in or from within the Bailiwick of Guernsey either:

(a) by a person licensed by the GFSC to carry on the restricted activity of "promotion" in respect of category 2 investments as defined by the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the **POI Law**); or

(b) by a person other than a Bailiwick of Guernsey body or individual ordinarily resident in the Bailiwick of Guernsey appropriately licensed in its home jurisdiction to a licensee as defined in the POI Law or to any person licensed to carry on business under any of the regulatory laws referred to in paragraphs (a) to (d) of the definition of "regulatory laws" in Section 44 of the POI Law.

Each Dealer represents and agrees that it has not offered or sold and will not offer or sell, at any time, any Covered Bonds to any person resident for the purposes of the Income Tax (Guernsey) Law 1975, as amended, in the Islands of Guernsey, Alderney or Herm.

SWITZERLAND

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Covered Bonds described herein. The Covered Bonds may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other

exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Covered Bonds constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Base Prospectus nor any other offering or marketing material relating to the Covered Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Base Prospectus nor any other offering or marketing material relating to the offering, nor the Guarantor nor the Covered Bonds have been or will be filed with or approved by any Swiss regulatory authority. The Covered Bonds are not subject to the supervision by the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Covered Bonds will not benefit from protection or supervision by such authority.

THE GRAND DUCHY OF LUXEMBOURG

In addition to the cases described in the section "*Public Offer Selling Restriction under the Prospectus Directive*" in which each Dealer can make an offer of Covered Bonds to the public in an EEA Member State (including the Grand Duchy of Luxembourg), an offer of Covered Bonds to the public in the Grand Duchy of Luxembourg can also be made:

(a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;

(b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and

(c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Prospectus Act 2005) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the CSSF as competent authority in Luxembourg in accordance with the Prospectus Directive.

GENERAL

Persons who receive this Base Prospectus are required by the Issuer, the Guarantor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Covered Bonds or have in their possession or distribute such offering material and to obtain any consent, approval or permission required by them for the purchase, offer, sale or delivery by them of any Covered Bonds under the law and regulations in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales or deliveries, in all cases at their own expense, and neither the Issuer, the Guarantor, the Trustee nor any Dealer shall have responsibility therefor. In accordance with the above, any Covered Bonds purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer or the Guarantor being obliged to register any further prospectus or corresponding document relating to the Covered Bonds in such jurisdiction.

In particular, but without limiting the generality of the preceding paragraph, and subject to any amendment or supplement which may be agreed with the Issuer and the Guarantor in respect of any particular Series or Tranche, each purchaser of Covered Bonds must comply with the restrictions described above, except to the extent that, as a result of changes in, or in the official interpretation of, any applicable legal or regulatory

requirements, non-compliance would not result in any breach of the requirements set forth in the preceding paragraph.

GENERAL INFORMATION

(a) The establishment and the update of the Programme by the Issuer was authorised by the Chief Financial Officer of Credit Suisse on 19 November 2010, 16 April 2011, 3 May 2012, 10 August 2013 and 7 August 2014. The giving of the Guarantee was duly authorised by resolutions of the Board of Directors of the Guarantor passed on 19 November 2010. Each of the Issuer and the Guarantor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Covered Bonds.

(b) This document has been approved by the CSSF as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Investors attention is specifically drawn to the risk factor entitled "*Covered Bonds may be de-listed if accounts required to be prepared in accordance with International Financial Reporting Standards*" (above).

(c) Each of the Issuer and the Guarantor has undertaken, in connection with the admission to trading of the Covered Bonds that while the Covered Bonds are outstanding and listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market if there shall occur any significant new factor which is not reflected in this Base Prospectus (or any supplements thereto or any of the documents incorporated by reference in this Base Prospectus) and/or there shall be any material mistake or inaccuracy relating to the information included in this Base Prospectus (or any supplements thereto or any of the documents incorporated by reference in this Base Prospectus), in each case which is capable of affecting the assessment of the Covered Bonds, the Issuer and the Guarantor will prepare or procure the preparation of a supplement to this Base Prospectus or, as the case may be, publish a new Base Prospectus for use in connection with any subsequent offering by the Issuer of Covered Bonds to be admitted to listing on the Official List and to trading on the Luxembourg Stock Exchange's regulated market.

(d) Save as disclosed under (i) "*Description of CS Group and Credit Suisse – Legal Proceedings*", (ii) the Form 20-F Dated 3 April 2014 under the heading “Litigation” (note 38 to the condensed consolidated financial statements of Credit Suisse Group AG on pages 330-336 of the Exhibit to the Form 20-F Dated 3 April 2014), (iii) the Form 6-K Dated 2 May 2014 under the heading “Litigation (note 29 to the condensed consolidated financial statements of Credit Suisse Group AG on pages 148-149 of the Exhibit to the Form 6-K Dated 2 May 2014) and (iv) the Form 6-K dated 31 July 2014 under the heading “Litigation (note 29 to the condensed consolidated financial statements of Credit Suisse Group AG on pages 161-163 of the Third Exhibit to the CS Form 6-K Dated 31 July 2014), the Issuer is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and its subsidiaries taken as a whole.

The Guarantor is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Guarantor is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Guarantor.

(e) There has been no significant change in the financial or trading position of CS since 30 June 2014. There has been no significant change in the financial or trading position of the Guarantor since 31 December 2013.

(f) There has been no material adverse change in the financial position or prospects of CS since 31 December 2013 except as disclosed in the Form 6-K Dated 19 May 2014. There has been no material adverse change in the financial position or prospects of the Guarantor since 31 December 2013.

(g) The consolidated financial statements of Credit Suisse and CS Group as of 31 December 2013 and 2012 and for each of the years in the three-year period ended 31 December 2013 included in this Base Prospectus were audited, by KPMG AG, an independent registered public accounting firm, as stated in their report.

(h) The financial statements of the Guarantor as of 31 December 2013 and 2012 and for each of the years in the three-year period ended 31 December 2013 included in this Base Prospectus were audited, by KPMG AG, an independent registered public accounting firm, as stated in their report.

(i) As long as any Covered Bonds are listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market, Paying Agents will be maintained in Luxembourg.

(j) For so long as the Programme remains in effect or any Covered Bonds shall be outstanding, copies of the following documents (including English translations where relevant) may be inspected by physical means at the registered office of the Issuer, the Guarantor and the office of the Principal Paying Agent in Luxembourg:

(i) the Articles of Association of Credit Suisse and the Articles of Incorporation of the Guarantor;

(ii) a copy of this Base Prospectus;

(iii) any supplement to this Base Prospectus published since the date of this Base Prospectus;

(iv) each Transaction Document;

(v) the forms of the Global Covered Bonds, the Covered Bonds in definitive form, the Coupons and the Talons;

(vi) each document incorporated by reference in this Base Prospectus specified in the section "Documents Incorporated by Reference"; and

(vii) each Final Terms, any future base prospectus, Drawdown Prospectus and supplements (save that final terms relating to an unlisted Covered Bond will be available for inspection only by the relevant Dealer or Dealers specified in such Final Terms or, upon proof satisfactory to the Principal Paying Agent or Registrar, as the case may be, as to the identity of the holder of any Covered Bond to which such Final Terms relate) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, copies of this Base Prospectus, each Final Terms which are admitted to trading on the Luxembourg Stock Exchange’s regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange’s website at (www.bourse.lu).

(k) The Covered Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg and/or DTC. The appropriate codes allocated by Euroclear, Clearstream, Luxembourg

and/or DTC or any other clearing system for each Series of Covered Bonds, together with the relevant International Securities Identification Number, CUSIPs, CINS (as applicable), will be contained in the applicable Final Terms relating thereto.

(l) There are no material contracts having been entered into outside the ordinary course of the Issuer's or the Guarantor's business, and which could result in any member of the Issuer Group or the Guarantor being under an obligation or entitlement that is material to the Issuer's or the Guarantor's ability to meet its obligations to Covered Bondholders.

(m) The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under Applicable Law.

(n) The Luxembourg Listing Agent is acting solely in its capacity as Luxembourg listing agent for the Issuer in connection with the Covered Bonds and is not itself seeking admission of the Covered Bonds to the official list of the Luxembourg Stock Exchange or to trading on the regulated market of the Luxembourg Stock Exchange for the purposes of the Prospectus Directive.

(o) The Trust Deed provides that the Trustee may rely and/or act on reports or advice or other information from professional advisers or other experts in accordance with the provisions of the Trust Deed (including for the avoidance of doubt, the advice of the Principal Paying Agent in connection with any modification to any Final Terms), whether or not any such report or other information, or engagement letter or other document entered into by the Trustee and the relevant person in connection therewith, contains any monetary or other limit on the liability of the relevant person.

(p) The Issuer does not intend to provide any post-issuance transaction information, except as required by any applicable laws and regulations.

GLOSSARY

€	Has the meaning given on page ix of this Base Prospectus.
30/360	Has the meaning given on page 122 of this Base Prospectus.
Accession Undertaking	Means a form of accession undertaking substantially in the form set out in the Intercreditor Deed.
Account Agreement	Has the meaning given to it on page 152 of this Base Prospectus
Account Bank	Means the Initial Account Bank or any alternative or successor account bank appointed in accordance with the terms of the Master Bank Account Agreement from time to time.
Account Bank Downgrade Event	Means the Account Bank's loss of any of the Minimum Account Bank Ratings.
Account Bank Report	Means the report prepared by the Cash Manager and made available to the Guarantor, the Trustee, the Servicer and the Rating Agencies substantially in the form set out in the Cash Management Agreement.
Accrual Period	Has the meaning given on page 121 of this Base Prospectus.
Accrued Obligations	Has the meaning given on page 152 of this Base Prospectus.
Actual/Actual (ICMA)	Has the meaning given on page 121 of this Base Prospectus.
Additional Originator	Has the meaning given on page 152 of this Base Prospectus.
Adjusted Aggregate Relevant Mortgage Loan Amount	Has the meaning given on page 246 of this Base Prospectus.
Adjusted Current Balance	Has the meaning given on page 246 of this Base Prospectus.
Adjusted Required Sale Amount	Has the meaning given on page 194 of this Base Prospectus.
Adjusted Swap Required Amount	Has the meaning given on page 195 of this Base Prospectus.
Administration Services Agreement	Has the meaning given on page 152 of this Base Prospectus.

Administration Services Provider	Means Treureva AG, Othmarstrasse 8, CH-8008 Zurich, Switzerland together with any successor administration services provider appointed from time to time.
Affected Mortgage Asset	Means from time to time, any and all (i) Assigned Mortgage Claims and (ii) Transferred Mortgage Certificates affected by the occurrence of a Substitution Event.
Affiliate	Has the meaning given to it Rule 501(b) of Regulation D under the Securities Act.
Agency Agreement	Has the meaning given on page 113 of this Base Prospectus.
Agents	Has the meaning given on page 114 of this Base Prospectus.
Aggregate Principal Amount Outstanding	Means, at any time, the sum of the Principal Amount Outstanding of each Covered Bond.
All Relevant Mortgage Loans	Means all Relevant Mortgage Loans of a Mortgage Debtor which relate to the same Property.
Amortisation Test	Has the meaning as set out on page 250 of this Base Prospectus
Amortisation Test Aggregate Relevant Mortgage Loan Amount	Has the meaning given on page 250 of this Base Prospectus.
Ancillary Rights	Means (i) any and all preferential or ancillary rights (*Vorzugs- und Nebenrechte*) attached to or associated with an Assigned Mortgage Claim according to article 170 CO (including, without limitation, any and all claims for contractual and default interest, whether in arrears, accrued or accruing in the future thereon), (ii) any and all Breakage Costs, (iii) any and all claims for compensation, reminder charges, for indemnification and out of unjust enrichment resulting from or in connection with an Assigned Mortgage Claim, and (iv) any and all obligations assumed by a Security Provider under a Security Transfer Agreement in relation to a Mortgage Certificate Claim represented by the relevant Transferred Mortgage Certificate, including without limitation the Mortgage Certificate Claim (*titelschuld*).
Applicable Law	Means, with respect to a Person, all provisions of any law, treaty, rule or regulation, or a final determination of a Governmental Authority applicable to such Person.
applicable Final Terms	Has the meaning given on page 114 of this Base Prospectus.

Arranger	Has the meaning given on page 152 of this Base Prospectus.
Arrears	Means, for any Relevant Mortgage Loan at any date, interest or other amounts which are overdue in respect of that Relevant Mortgage Loan.
Arrears Adjusted Current Balance	Has the meaning give on page 247 of this Base Prospectus.
Articles of Incorporation	Means the articles of incorporation of the Guarantor.
Asset Coverage Test	Has the meaning set out on page 246 of this Base Prospectus.
Asset Monitor	Has the meaning given on page 152 of this Base Prospectus.
Asset Monitor Agreement	Has the meaning given on page 152 of this Base Prospectus.
Asset Monitor Fee	Has the meaning given on page 231 of this Base Prospectus.
Asset Monitor Report	Means the report prepared by the Asset Monitor substantially in the form set out in the Asset Monitor Agreement.
Asset Monitor Report Recipients	Has the meaning given on page 231 of this Base Prospectus
Asset Percentage	Has the meaning given on page 248 of this Base Prospectus.
Assigned Mortgage Claims	Has the meaning given on page 61 of this Base Prospectus.
Assignee	Means the Guarantor.
Assignor	Credit Suisse AG, Paradeplatz 8, CH-8001 Zurich, Switzerland.
Auditors	Means in respect of both Credit Suisse and the Guarantor, KPMG AG., located at Badenerstrasse 172, CH-8026, Zurich, Switzerland.
Authorised Employee	Means the employees of the Administration Services Provider which are designated and appointed by virtue of a written list in accordance with the Administration Services Agreement.

Authorised Investments

Means:

(a) CHF or Euro denominated demand or time deposits, certificates of deposit and short term debt obligations (including commercial paper) provided that in all cases such investments have a remaining maturity date of three hundred sixty four (364) days or less and mature on or before the next following Guarantor Payment Date, and the short-term unsecured, unguaranteed and unsubordinated debt obligations or, as applicable, the long-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made are rated at least, "F-1/AA-" by Fitch and "P-1/Aa" by Moody's or their equivalents by two other internationally recognised rating agencies;

(b) CHF or euro denominated gilt-edged securities;

(c) CHF or euro denominated government and public securities, provided that such investments have a remaining period to maturity of one year or less and which are rated at least, "AAA" by Fitch and "Aaa" by Moody's or their equivalents by two other internationally recognised rating agencies;

(d) CHF or euro denominated residential mortgage backed securities provided that such investments have a remaining period to maturity of one year or less, are actively traded in a continuous, liquid market on a recognised stock exchange, are held widely across the financial system, are available in an adequate supply and which are rated at least, "AAA" and by Fitch and "Aaa" by Moody's or their equivalents by two other internationally recognised rating agencies; and

(e) securities issued by the Pfandbriefbank Schweizerischer Hypothekarinstitute AG or the Pfandbriefzentrale der schweizerischen Kantonalbanken AG provided that such investments are rated at least "Aaa" by Moody's,

provided that in each case the Authorised Investments shall be in the form of intermediated securities (*Bucheffekten*) as defined in the FISA.

Authorised Signatory

Means (i) with respect to the Guarantor, (x) any two Persons authorised to sign for the Guarantor according to the commercial register of the canton of Zurich and (y) each Person which has been duly authorised by the

	Guarantor to give instructions in relation to a Guarantor Bank Account to the Account Bank and whose specimen signature is recorded in the Schedule Of Authorised Signatories. If a Person has only been authorised by the Guarantor to give instructions in relation to a Guarantor Bank Account collectively with another Authorised Signatory, such Person shall only be considered an Authorised Signatory if and to the extent it is acting collectively with another Authorised Signatory and (ii) with respect to the Issuer any two of the signatories as registered from time to time in the commercial registers of the cantons of Zurich and any signing officers in rank of vice-president or higher of Credit Suisse's Guernsey Branch to execute and deliver such agreements and documents as may be necessary or appropriate in connection with the Programme and the incorporation of Credit Suisse Hypotheken AG.
Available Funds	Has the meaning given on page 147 of this Base Prospectus.
Basel Committee	Has the meaning given on page 98 of this Base Prospectus.
Basel III	Has the meaning given on page 51 of this Base Prospectus.
Base Prospectus	Has the meaning given on page i of this Base Prospectus.
Bearer Covered Bonds	Has the meaning given on page i of this Base Prospectus.
Bearer Global Covered Bonds	Has the meaning given on page 99 of this Base Prospectus.
Beneficial Owners	Has the meaning given on page 164 of this Base Prospectus.
BIO-FINMA	Has the meaning given on page 98 of this Base Prospectus.
Board of Directors	Means the board of directors (*Verwaltungsrat*) of the Guarantor.
Board Regulations	Means the organisation regulations (*Organisationsreglement*) of the Board of Directors.
Breach of Pre-Maturity Test	Has the meaning given on page 192 of this Base Prospectus.
Breach of Test Notice	Has the meaning given on page 138 of this Base Prospectus.

Breakage Costs	Means any and all claims for compensation payable by the Mortgage Debtor pursuant to the relevant Mortgage Credit Agreement for (i) early termination of a Mortgage Credit Agreement, or (ii) early redemption of an Assigned Mortgage Claim.
Broken Amount	Has the meaning given on page 121 of this Base Prospectus.
Business Day	Has the meaning given on page 121 of this Base Prospectus.
Calculation Amount	Has the meaning given on page 121 of this Base Prospectus.
Calculation Agent	Has the meaning given on page 123 of this Base Prospectus.
Calculation Date	Has the meaning given on page 153 of this Base Prospectus.
Capital Requirements Directive	Means the Directive 2006/48/EC and the Directive 2006/49/EC
Cash Management Agreement	Has the meaning given on page 153 of this Base Prospectus.
Cash Management Services	Means the services to be provided by the Cash Manager to the Guarantor and the Trustee pursuant to the Cash Management Agreement.
Cash Manager	Means the Initial Cash Manager together with any successor cash manager appointed from time to time.
Cash Manager Downgrade Event	Means a downgrade of the Cash Manager's long-term rating below "BBB" from Fitch or "Baa2" from Moody's.
Cash Manager Termination Event	Means the occurrence of any of the following events: (a) default is made by the Cash Manager in the payment on the due date of any payment to be made by it on behalf of the Guarantor under this Agreement or the other Transaction Documents (subject to funds being available for the same) and such default continues unremedied for a period of three Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Guarantor (copied to the Trustee) or the Trustee requiring the same to be remedied; or

(b) default is made by the Cash Manager in the performance of its obligations under the terms of the Master Bank Account Agreement and/or the terms of the Cash Management Agreement and such default continues unremedied for a period of three Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Guarantor (copied to the Trustee) or the Trustee requiring the same to be remedied; or

(c) default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement or the other Transaction Documents, which in the opinion of the Trustee is materially prejudicial to the interests of the Covered Bondholders and such default continues unremedied for a period of 30 days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Guarantor (copied to the Trustee) or the Trustee requiring the same to be remedied; or

(d) an Insolvency Event occurs in respect of the Cash Manager, then the Guarantor may at once or at any time thereafter while such default or event continues by notice in writing to the Cash Manager (with a copy to the Trustee) terminate its appointment as Cash Manager under this Agreement with effect from a date (not earlier than the date of the notice) specified in the notice; or

the Cash Manager's long-term rating is downgraded below "BBB-" from Fitch or "Baa3" from Moody's.

CC — Means the Swiss Federal Civil Code of 10 February 1907, as amended from time to time.

Certificate of Shortfall — Means a (provisional or definitive) official confirmation of a loss upon the enforcement of a mortgage loan through either a "*Pfandausfallschein*" or a "*Verlustschein*", each as defined in the DEBA.

CET — Means Central European Time.

CHF	Has the meaning given on page ix of this Base Prospectus.
CHF Basis Point Duration	Means, in respect of a Pool Test Date, the percentage change in the CHF Net Present Value of the Portfolio Cashflows for such Pool Test Date that would result from a change of one basis point in the interest rate in respect of such Pool Test Date for a Term Point.
CHF Equivalent	Has the meaning give on page 153 of this Base Prospectus
CHF Equivalent Rate	Has the meaning give on page 153 of this Base Prospectus
CHF LIBOR	Means: (a) the applicable Screen Rate; or (b) if no Screen Rate is available on such date, the arithmetic mean (rounded upward to four decimal places) of the rates, as supplied to the Cash Manager at its request, quoted by the Reference Banks to prime banks in the London interbank market at 11:00 a.m. London time, on such date, the Cash Manager will request the principal London office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided, the rate will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate will be the arithmetic mean of the rates quoted by major banks in London, selected by the Cash Manager, at approximately 11:00 a.m., London time, on that date for loans in CHF to leading European banks for the relevant term commencing on that date.
CHF LIBOR Swap Curve	Means, on any Pool Test Date, the collection of market instruments used to project the future interest rates and discount factors for CHF, comprising the CHF LIBOR fixings and the CHF LIBOR interest rate swap rates (as applicable) effective on such Pool Test Date for all Term Points and applying market standard methodology.
CHF Net Present Value	Means the present value of a collection of future cashflows discounted by reference to the CHF LIBOR Swap Curve, applying market standard methodology.
Claim	Means any action, proceeding, claim or demand brought or asserted against any indemnified party in respect of which indemnity may be sought from the Issuer and/or the Guarantor, as the case may be.

Clearing Systems	Has the meaning given on page 164 of this Base Prospectus.
Clearstream, Luxembourg	Has the meaning given on page 95 of this Base Prospectus.
CO	Means the Swiss Federal Code of Obligations of 30 March 1911, as amended from time to time.
Code	Has the meaning given to it on page 92 of this Base Prospectus
Collateral Differential	Has the meaning given on page 201 of this Base Prospectus.
Collateral Holding Agreement	Has the meaning given to it on page 239 of this Base Prospectus
Collected Mortgage Payments	Means the combined amount of: (a) any Mortgage Payment received, directly or indirectly, by it to the Assignee by way of wire transfer to the Cover Pool Bank Account on the date falling one Business Day after the next Test Date or in accordance with the terms of the Security Assignment Agreement; and (b) if and to the extent an Assigned Mortgage Claim has been discharged by way of set-off, any wire transfer of a corresponding amount to the Cover Pool Bank Account on the date falling one Business Day after the next Test Date or in accordance with the terms of the Security Assignment Agreement.
Combined Mortgage Credit Agreement	Means a Mortgage Credit Agreement with integrated Security Transfer Part.
Common Depositary	Has the meaning given on page 99 of this Base Prospectus.
Common Safekeeper	Has the meaning given on page 99 of this Base Prospectus.
Conditions	Has the meaning given on page ii of this Base Prospectus.
Construction Loan	Means the product type which Credit Suisse grants for the purpose of financing construction or renovation of real estate.
Corporate Services Agreement	Has the meaning given on page 153 of this Base Prospectus.

Corporate Services Provider	Has the meaning given on page 153 of this Base Prospectus.
Couponholders	Has the meaning given on page 114 of this Base Prospectus.
Coupons	Has the meaning given on page 114 of this Base Prospectus.
Cover Pool	Has the meaning give on page 119 of this Base Prospectus.
Cover Pool Assets	Means, from time to time, (i) the Mortgage Security and (ii) the Substitute Assets.
Cover Pool Balance	Means, in respect of a Pool Test Date, the aggregate principal amount of all Cover Pool Assets as of such Pool Test Date.
Cover Pool Bank Account	Means the cover pool bank account established in the name of the Guarantor pursuant to the Account Agreement between the Account Bank and the Guarantor dated 22 November 2010.
Cover Pool Custody Account	Means the custody account established in the name of the Guarantor pursuant to the Account Agreement between the General Account Bank and the Guarantor dated 22 November 2010.
Cover Pool Report	Means a report submitted by the Assignor (substantially in the form set out in the Security Assignment Agreement), containing the Minimum Value of Assigned Mortgage Claims and setting out the calculation and further details of each Pre-Event Test or, following the occurrence of a Guarantee Activation Event, the Amortisation Test.
Cover Pool Revenues	Means any and all Mortgage Payments and other revenues and profit accruing on the Cover Pool Assets during the relevant Calculation Period.
Cover Pool Swap	Has the meaning given on page 153 of this Base Prospectus.
Cover Pool Swap Provider	Has the meaning given on page 153 of this Base Prospectus.
Cover Pool Tests	Means the Asset Coverage Test, the Interest Coverage Test and the Amortisation Test.
Covered Bondholder	Has the meaning given on page 115 of this Base Prospectus.

Covered Bonds	Has the meaning given on page i of this Base Prospectus.
Covered Bond Custodian	Has the meaning given on page 167 of this Base Prospectus.
Covered Bond Swap	Has the meaning given on page 153 of this Base Prospectus.
Covered Bond Swap Provider	Has the meaning given on page 153 of this Base Prospectus.
Credit Risk	Means the risk of a loss that occurs due to default by a business partner or the downgrading of a business partner's credit rating. The term "credit risk" also includes replacement risk and settlement risk.
Credit Suisse	Has the meaning given on page i of this Base Prospectus.
Credit Support Annex	Means any credit support annex executed pursuant to a Swap Agreement.
CS	Has the meaning given on page i of this Base Prospectus.
CS Group	Has the meaning given on page iv of this Base Prospectus.
CS Group Company	Has the meaning given on page 153 of this Base Prospectus.
CSSF	Has the meaning given on page ii of this Base Prospectus.
Current Balance	Means, for any Relevant Mortgage Loan or any Non-Transferred Mortgage Loan, as the case may be, as at any given date, the aggregate (but avoiding double counting) of: (a) the current principal amount advanced to the relevant Mortgage Debtor; and (b) any interest due under the Relevant Mortgage Loan or any Non-Transferred Mortgage Loan, as the case may be; and (c) any other amount assigned which is due and which has not been paid by the relevant Mortgage Debtor.
Current LTV	Means the LTV as per the latest valuation.
Custodian	Means the Initial Custodian, together with any Successor Custodian appointed by the Guarantor from time to time.
Custody Fee	Has the meaning given to it on page 237 of this Base Prospectus.

Cut-off Date	Means the third Friday of each month.
Day Count Fraction	Has the meaning given on page 121 of this Base Prospectus.
Dealer(s)	Has the meaning given on page 154 of this Base Prospectus.
DEBA	Has the meaning given on page 154 of this Base Prospectus.
Defaulted Mortgage Claim	Means an Assigned Mortgage Claim to which the relevant Mortgage Debtor is in default of payment for more than 90 days.
Deferred Collateral Differential	Means the amount of Collateral Differential at any given point in time, which has remained unpaid in accordance with the terms of the Guarantee Mandate Agreement and the applicable Priority of Payments.
Definitive Bearer Covered Bonds	Has the meaning given on page 113 of this Base Prospectus.
Definitive Covered Bonds	Has the meaning given on page 48 of this Base Prospectus.
Definitive Registered Covered Bonds	Has the meaning given on page 113 of this Base Prospectus.
Delivery Agent	Has the meaning given on page 113 of this Base Prospectus.
Deposit Set-Off Amount	Means either: (a) for each Relevant Mortgage Loan and in respect of each related Mortgage Debtor, the lower of: (i) 100 per cent. of the aggregate balance of each savings account held with the Assignor by such Mortgage Debtor (whether such savings account is a joint account or not and whether such other joint savings account holder is a Mortgage Debtor under an Relevant Mortgage Loan or not, and to avoid double counting such savings balance shall only be included in the calculation once); and (ii) the Current Balance of such Relevant Mortgage Loan; or

(b) an amount lower than the amount calculated pursuant to paragraph (a) above, provided that a Rating Agency Confirmation has been obtained in such respect,

in each case as calculated on any day between the immediately preceding Cut-off Date and the relevant Test Date.

Depositor — Has the meaning given on page 237 of this Base Prospectus.

Designated Account — Has the meaning given on page 129 of this Base Prospectus.

Designated Bank — Has the meaning given on page 129 of this Base Prospectus.

Designated Maturity — Has the meaning given on page 123 of this Base Prospectus.

Determination Period — Has the meaning given on page 154 of this Base Prospectus.

Direct Participants — Has the meaning given on page 164 of this Base Prospectus.

Director — Means each member of the Board of Directors of the Guarantor from time to time.

Discharged Mortgage Certificates — Means, upon repayment or discharge in full of Assigned Mortgage Claims, any Related Mortgage Certificate, provided that, in relation to the specific Property encumbered by such Related Mortgage Certificate, (i) the aggregate face amount of the remaining Related Mortgage Certificates (excluding such Discharged Mortgage Certificates) shall at all times equal or exceed the aggregate amount of (y) any or all outstanding Assigned Mortgage Claims against the relevant Mortgage Debtor secured by the remaining Related Mortgage Certificates and (z) all Eligible Mortgage Claims which are held by the relevant Originator against the relevant Mortgage Debtor and which are to be transferred by the relevant Originator to the Guarantor in accordance with the Servicing Standards, and (ii) the specific Related Mortgage Certificate shall not rank prior to any remaining Related Mortgage Certificates securing any outstanding Assigned Mortgage Claims against the relevant Mortgage Debtor.

Distribution Compliance Period — Has the meaning given on page 119 of this Base Prospectus.

Dodd-Frank Act	Has the meaning given on page 49 of this Base Prospectus.
Drawdown Prospectus	Has the meaning given on page 98 of this Base Prospectus.
DTC	Has the meaning given on page 95 of this Base Prospectus.
DTC Covered Bonds	Has the meaning given on page 164 of this Base Prospectus.
Due Date	Means the close of business on the fifth Business Day before each Interest Payment Date or such other date in respect of which any principal or interest in relation to the Covered Bonds is due and payable by the Issuer (other than pursuant to Condition 11 (*Events of Default and Enforcement*)).
Due For Payment	Has the meaning given on page 114 of this Base Prospectus
Early Redemption Amount	Has the meaning given on page 136 of this Base Prospectus.
Eligibility Criteria	Has the meaning given on page 204 of this Base Prospectus.
Eligible Investor	Means (i) a bank or insurance company incorporated under the laws of Switzerland and regulated by the FINMA, (ii) the Swiss National Bank and/or its Swiss affiliates that are financial institutions, or (iii) any other Person entitled to acquire Assigned Mortgage Claims and/or Transferred Mortgage Certificates under Applicable Law and the relevant Originator's Standard Mortgage Documentation, from time to time.
Eligible Mortgage Claims	Means Mortgage Claims that meet all Eligibility Criteria.
Eligible Mortgage Debtor	Has the meaning given on page 204 of this Base Prospectus.
Eligible Nominee System Provider	Means any eligible nominee system provider which (i) is not Credit Suisse AG, (ii) is incorporated in Switzerland, (iii) is a duly licensed bank under the FBA, (iv) is authorised to act as administrative fiduciary (*Verwaltungstreuhand*) for Paperless Mortgage Certificates and carry out any other activities necessary to perform the task of the nominee system provider, (v) agrees to be duly registered in the relevant land register(s) as the creditor of the relevant paperless mortgage certificates and (vi) undertakes to operate a system allowing for the transfer of fiduciary entitlements

	among system participants by entering into, inter alia, agreements substantially on the same terms as the Nominee Participant Agreement and other relevant agreements (if any).
Eligible Property	Has the meaning given on page 205 of this Base Prospectus.
Eligible SPV	Means a special purpose vehicle which (i) has been set up for the purpose of acquiring Mortgage Assets and financing such acquisition of Mortgage Assets through the issuance of negotiable debt instruments or other negotiable securities, (ii) is fully legally and beneficially owned by one or several Persons domiciled in Switzerland, (iii) is approved by the Board of Directors, (iv) has received the relevant tax rulings indicating that no Swiss federal withholding tax, Swiss federal issuance stamp tax and Swiss federal and cantonal and communal source income tax on interest payments secured by real property located in Switzerland will be payable in relation to the entering into Securitisation Transactions, and (v) is approved by the FINMA to enter into Securitisation Transactions pursuant to the Security Assignment Agreement.
Enforcement Event	Means the earliest of (i) any failure by the Issuer or the Principal Originator, as the case may be, to pay an amount specified in a Pre-funding Notice or a Recourse Notice on the date specified or indicated in such Pre-funding Notice or Recourse Notice in accordance with the terms of the Guarantee Mandate Agreement or the Security Assignment Agreement, as the case may be, irrespective of any decree of a stay of enforcement and/or a postponement of maturity in accordance with art. 26 para. 1 lit. h FBA or another protective measure by FINMA, (ii) any failure by the Issuer or the Principal Originator, as the case may be, to pay any other Secured Obligation (x) when the same becomes due, or (y) when the occurrence of the due date of such Secured Obligation is impeded as a consequence of any decree of a stay of enforcement and/or a postponement of maturity in accordance with art. 26 para. 1 lit. h FBA or another protective measure by FINMA on the original due date, or (iii) in case of a bankruptcy in relation to the Issuer or an equivalent event under the FBA, completion of the relevant Insolvency Proceedings.
English Law Documents	Has the meaning given on page 93 of this Base Prospectus.
Entitlement	Means (i) in case of a Physical Mortgage Certificate, title (*Eigentum*) to the relevant Mortgage Certificate, and (ii) in case of a Paperless Mortgage Certificate, Fiduciary Entitlement in respect of the relevant Mortgage

	Certificate.
ERISA	Has the meaning given on page 92 of this Base Prospectus
ERISA Plan	Has the meaning given on page 312 of this Base Prospectus
Established Rate	Has the meaning given on page 154 of this Base Prospectus.
EURIBOR	Has the meaning given on page 123 of this Base Prospectus.
euro	Has the meaning given on page ix of this Base Prospectus.
Euroclear	Has the meaning given on page 95 of this Base Prospectus.
Event of Default	Means an Issuer Event of Default or a Guarantor Event of Default.
Excess Cover Pool Assets	Means an amount equal to the amount of the Adjusted Aggregate Relevant Mortgage Loan Amount exceeding the CHF Equivalent of the aggregate Principal Amount Outstanding of all Series and Tranches of Covered Bonds.
Excess Post-Maturity Required Amount	Means the monies standing to the credit of the Pre-Maturity Liquidity Ledger in an amount corresponding to the lower of (i) amounts recorded to the credit of the Pre-Maturity Liquidity Ledger in respect of the Repayable Series of Hard Bullet Covered Bonds, and (ii) the difference between (x) the total amount standing to the credit of the Pre-Maturity Liquidity Ledger and (y) Pre-Maturity Required Amount of all outstanding Series of Hard Bullet Covered Bonds other than the Repayable Series of Hard Bullet Covered Bonds, minus (z) any shortfall in the Liquidity Reserve Ledger.
Exchange Act	Has the meaning given on page vi of this Base Prospectus.
Exchange Agent	Has the meaning given on page 113 of this Base Prospectus.
Exchange Date	Has the meaning given on page 99 of this Base Prospectus.
Exchange Event	Has the meaning given on page 100 of this Base Prospectus.

Excluded Scheduled Interest Amounts	Has the meaning given on page 154 of this Base Prospectus.
Excluded Scheduled Principal Amounts	Has the meaning given on page 154 of this Base Prospectus.
Excluded Swap Termination Amount	Has the meaning given on page 154 of this Base Prospectus.
Extended Due for Payment Date	Has the meaning given on page 154 of this Base Prospectus.
Extension Determination Date	Has the meaning given on page 154 of this Base Prospectus.
Extraordinary Resolution	Means: (a) a resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with the Trust Presents by a majority consisting of not less than three-fourths of the Eligible Persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-fourths of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of the Covered Bondholders of not less than three-fourths in aggregate Principal Amount Outstanding of the Covered Bonds which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Covered Bondholders.
FATCA	Has the meaning given on page 128 of this Base Prospectus.
FBA	Has the meaning given on page 154 of this Base Prospectus.
Fiduciary Entitlement	Means any entitlements a Nominee Participant has under a Nominee Participant Agreement with respect to a Paperless Mortgage Certificate for which the Nominee System Provider is registered as creditor in the relevant Land Register in its own name but on behalf of the relevant Nominee Participant (including, but not limited to, the right to request that the Nominee Participant or any third party designated by it be inscribed as creditor of the relevant Paperless Mortgage Certificate in the relevant Land Register).
FIEA	Has the meaning given on page 323 of this Base

	Prospectus.
Final Maturity Date	Has the meaning given on page 158 of this Base Prospectus.
Final Redemption Amount	Has the meaning given on page 131 of this Base Prospectus.
Final Terms	Has the meaning given on page iv of this Base Prospectus.
Financial Regulator	Has the meaning given on page ii of this Base Prospectus.
FINMA	Has the meaning given on page i of this Base Prospectus.
FISA	Has the meaning given on page 274 of this Base Prospectus.
Fitch	Has the meaning given on page ii of this Base Prospectus.
Fixed CHF Amounts	Means, in respect of a Pool Test Date, the fixed amounts in respect of the Cover Pool Swaps in existence at such Pool Test Date.
Fixed Coupon Amount	Has the meaning given on page 120 of this Base Prospectus.
Fixed Interest Period	Has the meaning given on page 121 of this Base Prospectus.
Fixed Rate Covered Bonds	Has the meaning given on page 155 of this Base Prospectus.
Fixed Rate Mortgage Claims	Means each Mortgage Claim documented under a confirmation which defines the mortgage loan as (y) "Termin-Fix-Hypothek" or (z) "Fix-Hypothek".
Floating Rate	Has the meaning given on page 123 of this Base Prospectus.
Floating Rate Convention	Has the meaning given on page 122 of this Base Prospectus.
Floating Rate Covered Bonds	Has the meaning given on page 155 of this Base Prospectus.
Floating Rate Mortgage Claims	Means each Mortgage Claim documented under a confirmation which defines the mortgage loan as (w) "Mix-Hypothek", (x) "Flex-Rollover-Hypothek", (y) "Flex-Hypothek" and (z) "Variable Hypothek".
Floating Rate Option	Has the meaning given on page 123 of this Base Prospectus.
FSMA	Means the Financial Services and Markets Act 2000 (as

	amended from time to time).
FTT	Has the meaning given on page 304 of this Base Prospectus.
GBP	Has the meaning given on page ix of this Base Prospectus.
GED Guarantee Activation Date	Has the meaning given on page 62 of this Base Prospectus.
General Bank Account	Has the meaning given on page 155 of this Base Prospectus.
General Custody Account	Means the custody account, established in the name of the Guarantor pursuant to the Account Agreement between the General Account Bank and the Guarantor dated 22 November 2010.
General Indemnity Pre-funding Notice	Has the meaning given on page 154 of this Base Prospectus.
General Indemnity Recourse Notice	Has the meaning given on page 200 of this Base Prospectus.
General Meeting of Shareholders	Has the meaning as set out on page 185 of this Base Prospectus.
General Recourse and Indemnity Obligation	Has the meaning given on page 154 of this Base Prospectus.
General Recourse and Indemnity Pre-funding Obligation	Has the meaning given on page 155 of this Base Prospectus.
Global Covered Bond	Has the meaning given on page 113 of this Base Prospectus.
Governmental Authority	Means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.
Guarantee	Has the meaning given on page 114 of this Base Prospectus.
Guarantee Activation Date	Has the meaning given on page 155 of this Base Prospectus.
Guarantee Activation Notice	Has the meaning given on page 140 of this Base Prospectus.
Guarantee Deed	Has the meaning given on page 114 of this Base Prospectus.
Guarantee Expenses	Has the meaning given on page 61 of this Base Prospectus.

Guarantee Fee	Has the meaning given on page 156 of this Base Prospectus.
Guarantee Mandate Agreement	Has the meaning given on page 156 of this Base Prospectus.
Guarantee Mandate Pre-funding Obligation	Has the meaning given on page 156 of this Base Prospectus.
Guarantee Pre-funding Notice	Has the meaning given on page 62 of this Base Prospectus.
Guarantee Pre-funding Obligation	Has the meaning given on page 62 of this Base Prospectus.
Guarantee Priority of Payments	Has the meaning given on page 154 of this Base Prospectus.
Guarantee Recourse and Indemnity Obligation	Has the meaning given on page 154 of this Base Prospectus.
Guarantee Recourse Notice	Has the meaning given on page 198 of this Base Prospectus.
Guaranteed Amounts	Has the meaning given on page 156 of this Base Prospectus.
Guarantor	Has the meaning given on page 113 of this Base Prospectus.
Guarantor Acceleration Notice	Has the meaning given on page 141 of this Base Prospectus.
Guarantor Bank Account	Means the General Bank Account, the General Custody Account, the Cover Pool Bank Account, the Cover Pool Custody Account and any additional or replacement account designated as a Guarantor Bank Account by the Guarantor (excluding, for the avoidance of doubt, the Guarantor Share Capital Bank Account).
Guarantor Event of Default	Has the meaning given on page 141 of this Base Prospectus.
Guarantor Payment Date	Has the meaning given on page 119 of this Base Prospectus.
Guarantor Payment Period	Means the period from (and including) a Guarantor Payment Date to (but excluding) the immediately succeeding Guarantor Payment Date with the first Guarantor Payment Period commencing on the first Issue Date.
Guarantor Profit Amount Ledger	Means the ledger where the amount of the Guarantor's

	aggregate distributable profits from time to time, standing to the credit of the General Bank Account, will be recorded.
Guarantor Profit Ledger Balance	Means, from time to time, the reserve standing to the credit of the Guarantor Profit Amount Ledger.
Guarantor Share Capital Bank Account	Means the account, denominated in CHF in the name of the Guarantor pursuant to the Account Agreement between the Account Bank and the Guarantor dated 22 November 2010.
Guarantor Spread Amount	Means an amount equal to two basis points per annum, calculated on an act/360 basis on the weighted average amount of Covered Bonds issued in the relevant month converted into CHF at the Spot Rate Applicable on the relevant Calculation Date.
Hard Bullet Covered Bonds	Has the meaning given on page 157 of this Base Prospectus.
Hedging Portfolio	Means, in respect of a Pool Test Date, all the Cover Pool Swaps in existence at such Pool Test Date.
holder of Covered Bonds	Has the meaning given on page 116 of this Base Prospectus.
IED Guarantee Activation Date	Has the meaning given on page 61 of this Base Prospectus.
IFRS	Has the meaning given on page 183 of this Base Prospectus.
Income Receipts	Means payments of interest (excluding accrued interest and interest in arrears as at the relevant Transfer Date or Retransfer Date of a Assigned Mortgage Claim) and other fees due from time to time under the Relevant Mortgage Loans other than the Principal Receipts.
Increased Services Provider Expenses	Has the meaning given on page 155 of this Base Prospectus.
Increased Services Provider Expenses Pre-funding Notice	Has the meaning given on page 155 of this Base Prospectus.
Increased Services Provider Expenses Pre-funding Obligation	Has the meaning given on page 157 of this Base Prospectus.
Increased Services Provider Expenses Recourse and Indemnity Obligation	Has the meaning given on page 155 of this Base Prospectus.
Increased Services Provider Expenses Recourse Notice	Means the Nominal Amount of any and all sums paid or payable by or on behalf of the Assignee to any Replacement Third Party Services Provider in relation to

	any and all liabilities, claims, costs and expenses which the Assignee may suffer, sustain or incur as a consequence of the non-compliance by the Assignor with any of the Assignor's representations, warranties, undertakings or other obligations under the terms of the Security Assignment Agreement. Increased Services Provider Expenses shall include, but not be limited to, any additional amounts which reflect increased expenses or costs to the Assignee and which are due to a Third Party Services Provider, but exclude (x) any and all amounts which would have been due to a Third Party Services Provider irrespective of the Assignor's non-compliance or default and (y) any increased costs or losses caused by the Guarantor's own gross negligence or wilful default in complying with its representations, warranties or obligations under the Transaction Documents, unless such gross negligence or wilful default concurrently constitutes non-compliance on the part of the Assignor with its representations, warranties or obligations under the Transaction Documents.
Indirect Participants	Has the meaning given on page 164 of this Base Prospectus.
Individual Margin	Means the margin as determined by the relevant Originator and included in the interest rate applicable to each Mortgage Claim.
Initial Account Bank	Has the meaning given on page 155 of this Base Prospectus.
Initial Asset Monitor	Has the meaning given on page 157 of this Base Prospectus.
Initial Cash Manager	Has the meaning given on page 157 of this Base Prospectus.
Initial Corporate Services Provider	Has the meaning given on page 157 of this Base Prospectus.
Initial Dealer(s)	Has the meaning given on page 157 of this Base Prospectus.
Initial Swap Provider	Has the meaning given on page 158 of this Base Prospectus.
Insolvency Event	Has the meaning given on page 158 of this Base Prospectus.
Insolvency Official	Means, in relation to a relevant entity, a liquidator, provisional liquidator, administrator, administrative receiver, receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of

	such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.
Insolvency Proceedings	Means the (i) issuance of a bankruptcy warning (*Konkursandrohung*) in the meaning of article 159 DEBA, (ii) the filing of a request to open bankruptcy proceedings (*Konkursbegehren*) in the meaning of article 166, 188, 190 or 191 DEBA, (iii) the ordering of protective measures (*Schutzmassnahmen*) pursuant to article 26 lit. (f) to (h) FBA, (iv) the ordering of restructuring proceedings (*Sanierungsverfahren*) pursuant to articles 28 to 32 FBA, (v) the ordering of liquidation proceedings (*Liquidation*) pursuant to articles 33 to 37g FBA, (vi) the adjudication of bankruptcy (*Konkurseröffnung*) pursuant to article 171, 189 or 191 DEBA, and (vii) an application for, or the granting of, a provisional or definitive stay of execution (*provisorische oder definitive Nachlassstundung*) pursuant to articles 293 et seq. DEBA. It is understood and agreed none of (x) any debt collection proceedings pursuant to articles 38 et seq. DEBA which have not resulted in any of the foregoing, (y) proceedings in connection with a freezing order (*Arrestverfahren*) pursuant to article 271 et seq. DEBA or (z) protective measures (*Schutzmassnahmen*) pursuant to article 26 (a) to (e) FBA do itself constitute Insolvency Proceedings.
Instalment Amounts	Has the meaning given on page 131 of this Base Prospectus.
Instruction of the Extension of the Guarantee	Means a written request, substantially in the form as annexed to the Guarantee Mandate Agreement and duly authorised and executed by the Issuer, requesting that the Guarantee shall extend to and cover all amounts due and payable under the new Series or Tranche of Covered Bonds to be issued upon issuance thereof, such Instruction of Extension of Guarantee having been duly acknowledged and agreed by the Guarantor, a copy of such an acknowledgement to be provided to the Trustee.
Intercreditor Deed	Has the meaning given on page 150 of this Base Prospectus.
Intercreditor Deed Supplement	Has the meaning given on page 150 of this Base Prospectus.
Interest Amount	Has the meaning given on page 125 of this Base Prospectus.
Interest Commencement Date	Has the meaning given on page 120 of this Base Prospectus.

Interest Coverage Test	Has the meaning set out on page 249 of this Base Prospectus.
Interest in Insurance Policy	Means (i) any contractual or statutory Security Interest the Guarantor may acquire by operation of law or agreement in any claim payable by an insurance provider under or in connection with an insurance policy covering a Property to the owner of relevant Property, and (ii) any right of the Guarantor to consent to a payment under an insurance policy relating to a Property pursuant to article 822 CC.
Interest Payment Date	Has the meaning given on page 122 of this Base Prospectus.
Interest Period	Has the meaning given on page 122 of this Base Prospectus.
Intermediary	Has the meaning given on page 290 of this Base Prospectus.
Investment Manager Report	Means the report prepared by the Cash Manager and made available to the Guarantor, the Trustee and the Rating Agencies substantially in the form set out in the Cash Management Agreement.
Investor	Has the meaning given on page iv of this Base Prospectus.
Investor's Currency	Has the meaning given on page 43 of this Base Prospectus.
Investor Report	Has the meaning given on page 220 of this Base Prospectus.
IRS	Has the meaning given on page 305 of this Base Prospectus.
ISDA Definitions	Has the meaning given on page 123 of this Base Prospectus.
ISDA Master Agreement	Means the 1992 ISDA Master Agreement (Multicurrency – Cross Border), as published by ISDA.
ISDA Rate	Has the meaning given on page 123 of this Base Prospectus.
Issue Date	Has the meaning given on page 12 of this Base Prospectus.
Issue Price	Has the meaning given on page 157 of this Base Prospectus.

Issuer	Has the meaning given on page i of this Base Prospectus.
Issuer Default Notice	Has the meaning given on page 140 of this Base Prospectus.
Issuer Event of Default	Has the meaning given on page 139 of this Base Prospectus.
Issuer Group	Has the meaning given on page i of this Base Prospectus.
Japanese Yen	Has the meaning given on page ix of this Base Prospectus.
Joint Liability	Means any joint liability of each of the Issuer and the Guarantor for fees, commissions and expenses payable provided for in the terms of the Agency Agreement, the Supplemental Agency Agreement and the Trust Deed.
JPY	Has the meaning given on page ix of this Base Prospectus.
Lead Manager	Means, in relation to any Tranche of Covered Bonds, the person named as the Lead Manager in the applicable Subscription Agreement or, when only one Dealer signs such Subscription Agreement, such Dealer.
Legend	Has the meaning given on page 119 of this Base Prospectus.
Legended Covered Bonds	Has the meaning given on page 119 of this Base Prospectus.
Liabilities	Has the meaning given on page 157 of this Base Prospectus.
LIBOR	Has the meaning given on page 123 of this Base Prospectus.
Liquidation Date	Has the meaning given on page 194 of this Base Prospectus.
Liquidity Reserve Fund	Means the reserve fund that the Guarantor will be required to establish following the occurrence of a Liquidity Reserve Trigger Event.
Liquidity Reserve Fund Ledger	Means the ledger against which are recorded debits and credits in respect of the Liquidity Reserve Fund.
Liquidity Reserve Fund Required Amount	Is zero, if Credit Suisse's short-term rating is equal to "F1+" from Fitch and "Prime-1" from Moody's. If Credit Suisse's short-term rating is below "F1+" from Fitch or "Prime-1" from Moody's, the Liquidity Reserve Fund Required Amount will be determined on each Test Date

	and will be equal to the CHF-Equivalent of the aggregate amount of (i) items (a)(i) to (iv) of the Pre-Guarantee Priority of Payments which will become due on or before each of the next three following Guarantor Payment Dates, and (ii) the aggregate amount of all interest payments which will become due under the Swaps or, in case Covered Bond Swaps have not been entered into in respect of one or more Series of Covered Bonds, the CHF-Equivalent of the aggregate amount of all interest payments due under the relevant Series of Covered Bonds on or before each of the next three following Guarantor Payment Dates.
Liquidity Reserve Trigger Event	Means the occurrence of the earlier of the following events: (i) the short-term rating granted to Credit Suisse by Fitch falls below "F1+" or is withdrawn or (ii) the short-term rating granted to Credit Suisse by Moody's falls below "Prime-1" or is withdrawn.
List of Transferred Mortgage Certificates	Has the meaning given on page 205 of this Base Prospectus.
London Business Day	Has the meaning given on page 126 of this Base Prospectus.
Long Maturity Covered Bond	Has the meaning given on page 129 of this Base Prospectus.
LTV	Means the ratio of the Current Balance of All Relevant Mortgage Loans together with the Current Balance of all Non-Transferred Mortgage Loans relating to the same property to Property Value.
Luxembourg Act	Has the meaning given on page ii of this Base Prospectus.
Luxembourg Listing Agent	Means BNP Paribas Securities Services, Luxembourg Branch.
Luxembourg Stock Exchange	Has the meaning given on page ii of this Base Prospectus.
Margin	Means in respect of a Series or Tranche of Covered Bonds, the margin for such Series or Tranche of Covered Bonds as specified in the applicable Final Terms.
Master Bank Account Agreement	Has the meaning given on page 158 of this Base Prospectus.
Master Definitions Schedule	Has the meaning given on page 115 of this Base Prospectus.
Member State	Has the meaning given on page ix of this Base Prospectus.
Merger Act	Means the Swiss Federal Act on Merger, Demerger,

	Conversion and Transfer of Assets of 3 October 2003, as amended from time to time.
Minimum Account Bank Ratings	Means the Account Bank's short-term ratings of "F1" from Fitch and "Prime-1" from Moody's and the Account Bank's long-term ratings of "A" from Fitch or such lower ratings that would not adversely affect the then current ratings of the Covered Bonds.
Minimum Value of Assigned Mortgage Claims	Means the amount of Assigned Mortgage Claims required to pass together with the other Cover Pool Assets the Asset Coverage Test on the preceding Cut-off Date or any later date, which amount shall take into account the retransfer of Excess Cover Pool Assets in the term of Substitute Assets as per the most recent Test Date and any transfer of Substitute Assets since the date on which the Asset Cover Pool Test had to be passed, as evidenced on the respective Cover Pool Report.
Moody's	Has the meaning given on page ii of this Base Prospectus.
Mortgage Assets	Means, from time to time, (i) any and all Assigned Mortgage Claims, (ii) any and all Transferred Mortgage Certificates, (iii) any and all Mortgage Payments (directly or indirectly) received by the Assignee and which it is entitled to retain according to the terms of the Security Assignment Agreement, and (iv) any and all indemnity payments received by the Assignee according to the terms of the Security Assignment Agreement, in each case including all interest and profits accrued thereon.
Mortgage Certificate	Means a mortgage certificate (*Schuldbrief*) pursuant to articles 842 et seq. CC, which may be in the form of a Physical Mortgage Certificate or a Paperless Mortgage Certificate.
Mortgage Certificate Claim	Means the claim represented by the relevant Mortgage Certificate.
Mortgage Certificate Enforcement Proceeds	Means (i) any and all Mortgage Certificate Payments, (ii) any and all Enforcement Proceeds resulting from the enforcement of Transferred Mortgage Certificates pursuant to the terms of the Security Assignment Agreement, and (iii) any and all proceeds resulting from the enforcement of an interest in Insurance Policy payable by an insurance provider in relation to a Property.
Mortgage Certificate Excess Enforcement Proceeds	Means the amount of the Mortgage Certificate Enforcement Proceeds remaining after having applied the Mortgage Certificate Enforcement Proceeds against the respective Assigned Mortgage Claim that has become due in accordance with the terms of the Security Assignment Agreement.

Mortgage Certificate Payments

Means any and all payments due or made by a Security Provider under or in connection with Transferred Mortgage Certificates, including, without limitation, redemption payments, amortisation payments, interest payments, indemnification payments and payments out of unjust enrichment, and all interest and profits accrued thereon.

Mortgage Claims

Means any and all existing claims of an Originator under one or more Mortgage Credit Agreements secured by the same Related Mortgage Certificate(s) under the related relevant Security Transfer Agreement at any given time, plus any and all Related Ancillary Rights, but excluding (i) any and all Non-Related Ancillary Rights and (ii) any and all Priority Security Rights.

Mortgage Credit Agreement

Means:

(a) the "Rahmenvertrag für Grunddpfandkredit" and the translations thereof, and, upon approval by the Guarantor of the relevant standard form, any similar agreement between the Originator and the relevant Mortgage Debtor and;

(b) one or more confirmations, which define the relevant mortgage loan(s) as:

(i) "Fix-Hypothek";

(ii) "Termin-Fix-Hypothek";

(iii) Mix-Hypothek";

(iv) Flex-Rollover-Hypothek";

(v) Flex-Hypothek";

(vi) "Variable-Hypothek"; or

(vii) upon approval by the Guarantor of the relevant standard form, any other type of Mortgage Product;

as agreed between the Originator and the relevant Mortgage Debtor.

Mortgage Debtors

Has the meaning given on page 27 of this Base Prospectus.

Mortgage Payments

Means (i) any and all payments due or made by a Mortgage Debtor under or in connection with an Assigned Mortgage Claim, including, without limitation, redemption payments, amortisation payments, contractual

	interest payments, Breakage Costs, default interest payments, compensation for early redemption, reminder charges, indemnification payments and payments out of unjust enrichment, and all interest and profits accrued thereon and (ii) any Mortgage Certificate Enforcement Proceeds but excluding the respective Mortgage Certificate Excess Enforcement Proceeds.
Mortgage Product	Means a confirmation in accordance with Section (b) of the definition of Mortgage Credit Agreement.
Mortgage Security	Means, from time to time, (i) any and all Assigned Mortgage Claims, (ii) any and all Mortgage Payments (directly or indirectly) received by the Assignee to the exclusion of any Mortgage Certificate Excess Enforcement Proceeds and (iii) any and all Swap Payments thereto received by the Assignee, in each case including all interest and profits accrued thereon.
Negative Carry Factor	Has the meaning given on page 248 of this Base Prospectus.
New Company	Has the meaning given on page 144 of this Base Prospectus.
New Dealer	Has the meaning given on page 158 of this Base Prospectus.
New Global Covered Bond	Means a Temporary Global Covered Bond in the form set out in the Trust Deed or a Permanent Global Covered Bond in the form set out in the Trust Deed, in either case where the applicable Final Terms specify that Covered Bonds are in new global covered bond form.
New Relevant Creditor	Means any person which becomes a Relevant Creditor (other than a Covered Bondholder) pursuant to, and in accordance with, the Intercreditor Deed by entering into an Accession Undertaking or an Intercreditor Deed Supplement.
NGCB	Has the meaning given on page 99 of this Base Prospectus.
Nominal Amount	Means the nominal amount of the relevant obligation, liability, cost, expense, damage or loss, without recourse or giving effect to any provisions in the Transaction Documents limiting the amount or recourse of a claim or creditor.
Nominee Participant	Means any person who has entered or will enter into a Nominee Participation Agreement with the Nominee System Provider.
Nominee Participant Agreement	Means each of the Nominee Participant Agreement

	(*Teilnehmervertrag*) and any other document or agreement issued or entered into or to be issued or to be entered into by the Nominee Participant under or in connection with the Nominee Participant Agreement, as amended from time to time.
Nominee System	Means the nominee system for Paperless Mortgage Certificates provided by the Nominee System Provider.
Nominee System Provider	Means SIX SIS or any other Eligible Nominee System Provider.
Non-exempt Offer	Has the meaning given on page 322 of this Base Prospectus.
Non-Related Ancillary Rights	Means: (a) any pledges serving as security for a Mortgage Claim assigned to the Assignee (including but not limited to pledges created under the General Conditions of the Assignor and pledges of life insurance policies, claims in second or third pillar pension fund schemes); (b) any and all statutory and contractual retention rights (Retentionsrechte) and similar rights, whether they are obligatory rights or rights in rem, which serve as a security for a Mortgage Claim that is assigned to the Assignee; and (c) (all sureties/surety bonds (Bürgschaften) and similar security undertakings serving as security for a Mortgage Claim that is assigned to the Assignee.
Non-Transferred Mortgage Loan	Means each Mortgage Credit Agreement with a Mortgage Debtor under which no claim has been assigned to the Guarantor.
Notice to Pay	Has the meaning given on page 140 of this Base Prospectus.
Notification Event	Has the meaning given on page 157 of this Base Prospectus.
NYSE	Has the meaning given on page 181 of this Base Prospectus.
Offeror	Has the meaning given on page iv of this Base Prospectus.
Official List	Has the meaning given on page ii of this Base Prospectus.

Ordinary General Meeting of Shareholders	Has the meaning given on page 187 of this Base Prospectus.
Original Due for Payment Date	Has the meaning given on page 27 of this Base Prospectus.
Originator	Has the meaning given on page 158 of this Base Prospectus.
Originator Custody Agreement	Has the meaning given on page 237 of this Base Prospectus.
Originator's Standard Mortgage Documentation	Means (i) any Mortgage Credit Agreement, (ii) any Security Transfer Agreement and (iii) any circular regarding "*Weiterverpfändung Ihrer Sicherheiten*" and any similar circular.
Paperless Mortgage Certificate	Means a paperless mortgage certificate (*Register-Schuldbrief*) pursuant to articles 857 et seq. CC.
Paying Agents	Has the meaning given on page 113 of this Base Prospectus.
Payment Day	Has the meaning given on page 131 of this Base Prospectus.
Payment Order	Has the meaning given on page 281 of this Base Prospectus.
Payments Report	Means the report prepared by the Cash Manager and made available to the Guarantor, the Trustee and the Rating Agencies substantially in the form set out in the Cash Management Agreement.
Permanent Global Covered Bond	Has the meaning given on page 99 of this Base Prospectus.
Person	Means a reference to any person, individual, corporation, bank, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, governmental entity or other entity of similar nature (whether or not having separate legal personality).
PILA	Has the meaning given on page 295 of this Base Prospectus.
Physical Bearer Mortgage Certificate	Means a Physical Mortgage Certificate represented by a bearer security (*Inhaberschuldbrief*).
Physical Mortgage Certificate	Means a Physical Bearer Mortgage Certificate or a Physical Registered Mortgage Certificate (*Papierschuldbrief*) pursuant to articles 860 et seq. CC.

Physical Registered Mortgage Certificate	Means a Physical Mortgage Certificate represented by a registered security (*Namensschuldbrief*).
Plan	Has the meaning given on page 312 of this Base Prospectus
Plan Asset Regulation	Has the meaning given on page 313 of this Base Prospectus
Pool Interest Rate Exposure Test	Has the meaning given on page 195 of this Base Prospectus.
Pool Test Date	Means the Test Date falling in March, June, September and December of each year and each other date designated by the Guarantor in its sole discretion.
Portfolio Cashflow	Has the meaning given on page 196 of this Base Prospectus.
Post-Insolvency Priority of Payments	Has the meaning given on page 157 of this Base Prospectus.
Pounds sterling	Has the meaning given on page ix of this Base Prospectus.
Pre-Event Tests	Has the meaning given on page 62 of this Base Prospectus.
Pre-funding Claim	Means each claim under a Pre-funding Obligation.
Pre-funding Notice	Means each Guarantee Pre-funding Notice, Swap Termination Payment Pre-funding Notice, General Indemnity Pre-funding Notice and Increased Services Provider Expenses Pre-funding Notice.
Pre-funding Obligations	Has the meaning given on page 120 of this Base Prospectus.
Pre-Guarantee Priority of Payments	Has the meaning given on page 252 of this Base Prospectus.
Pre-Maturity Liquidation Event	Has the meaning given on page 192 of this Base Prospectus.
Pre-Maturity Liquidity Ledger	Means the ledger maintained by the Corporate Services Provider pursuant to the Corporate Services Agreement and the Cash Management Agreement to record the credits and debits of monies available in the Cover Pool Bank Account to repay any Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof if a Breach of Pre-Maturity Test has occurred with respect to such Series.

Pre-Maturity Liquidity Test Date

Means the Business Day falling 10 Business Days after the occurrence of a Breach of Pre-Maturity Test and each subsequent Test Date.

Pre-Maturity Required Amount

Has the meaning given on page 194 of this Base Prospectus.

Premium

Has the meaning given on page 159 of this Base Prospectus.

Prescribed Cash Limit

Means 15 per cent.

Principal Amount Outstanding

Has the meaning given on page 158 of this Base Prospectus.

Principal Originator

Has the meaning given on page 159 of this Base Prospectus.

Principal Paying Agent

Has the meaning given on page 113 of this Base Prospectus.

Principal Receipts

Means:

(a) principal repayments under the Relevant Mortgage Loans (including Mortgage Loan Expenses and Arrears);

(b) recoveries of interest or principal under the Relevant Mortgage Loans being enforced (including the proceeds of sale of the relevant Property);

(c) any payment pursuant to any insurance policy in respect of a Property in connection with a Relevant Mortgage Loans in the Cover Pool;

(d) any cash proceeds received by the Guarantor from the Assignor in respect of any retransfer of an Affected Mortgage Asset pursuant to the Security Assignment Agreement; and

(e) other amounts received by the Guarantor or an Originator as the case may be in respect of the Relevant Mortgage Loans other than Income Receipts.

Priorit(y/ies) of Payments

Has the meaning given on page 252 of this Base Prospectus.

Priority Security Rights

Means any pledges, liens, encumbrances or similar rights with respect to a Transferred Mortgage Certificate and Mortgage Certificate Payments made thereunder, including but not limited to any pledge created according

	to the General Conditions of the Assignor.
Pro Rata Property Value	Means the Current Balance of the Relevant Mortgage Loan divided by the LTV, where the LTV is expressed as a percentage.
Proceedings	Has the meaning given on page 151 of this Base Prospectus.
Programme	Has the meaning given on page i of this Base Prospectus
Programme Agreement	Has the meaning given on page 153 of this Base Prospectus.
Programme Closing Date	Means 22 November 2010.
Property	Means any real estate encumbered by a Related Mortgage Certificate.
Property Value	Means the property value resulting from most recent valuation in accordance with the Servicing Standards.
Prospectus Directive	Has the meaning given on page ii of this Base Prospectus.
Purchase Agreement	Has the meaning given on page 159 of this Base Prospectus
Put Notice	Has the meaning given on page 135 of this Base Prospectus.
QIB	Has the meaning given on page 119 of this Base Prospectus.
QIBs	Has the meaning given on page 101 of this Base Prospectus.
Rate of Interest	Has the meaning given on page 159 of this Base Prospectus.
Rating Agencies	Has the meaning given on page 159 of this Base Prospectus.
Rating Agency Confirmation	Means a confirmation (or, in the case of Moody's, an affirmation) in writing by Fitch and/or Moody's (as applicable) that the then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result of the relevant event or matter, provided that if: (a) a confirmation or affirmation of rating or other response by a Rating Agency is a condition to any action or step under any Transaction Document; and (b) a written request for such confirmation, affirmation or response is delivered to that Rating Agency by any of the Guarantor, the Issuer and the Trustee, as applicable (each a **Requesting Party**) and the relevant Rating Agency

	indicates that it does not consider such confirmation or response necessary in the circumstances, the Requesting Party shall be entitled to assume that the then current ratings of the Covered Bonds in issue will not be downgraded or withdrawn by such Rating Agency as a result of such action or step.
Reassigned Mortgage Claims	Means any and all Mortgage Claims reassigned to an Originator in accordance with the Security Assignment Agreement from time to time.
Record Date	Has the meaning given on page 130 of this Base Prospectus.
Recourse and Indemnity Obligations	Has the meaning given on page 157 of this Base Prospectus.
Recourse Claim	Means a claim under a Recourse and Indemnity Obligation.
Recourse Notice	Means each of the Guarantee Recourse Notice, Swap Termination Payment Recourse Notice, General Indemnity Recourse Notice and the Increased Services Provider Expenses Recourse Notice.
Redeemed Covered Bonds	Has the meaning given on page 134 of this Base Prospectus.
Reference Banks	Has the meaning given on page 159 of this Base Prospectus.
Register	Has the meaning given on page 129 of this Base Prospectus.
Registered Covered Bonds	Has the meaning given on page i of this Base Prospectus.
Registered Global Covered Bonds	Has the meaning given on page 101 of this Base Prospectus.
Registrar	Has the meaning given on page 113 of this Base Prospectus.
Regulated Market	Has the meaning given on page ii of this Base Prospectus.
Regulation S	Has the meaning given on page ii of this Base Prospectus.
Regulation S Global Covered Bond	Has the meaning given on page 100 of this Base Prospectus.
Regulation S Definitive Covered Bond	Means a Registered Covered Bond in definitive form in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States in the form or substantially in the form set out in the Trust Deed.

Related Ancillary Rights	Means any and all Ancillary Rights associated with Assigned Mortgage Claims other than (i) Non-Related Ancillary Rights and (ii) Priority Security Rights.
Related Mortgage Certificates	Means any and all Related Paperless Mortgage Certificates and Related Physical Mortgage Certificates.
Related Paperless Mortgage Certificates	Means any and all Paperless Mortgage Certificates for which (a) the Principal Originator, an Additional Originator or the Nominee System Provider acting exclusively on behalf of the Principal Originator or an Additional Originator, as the case may be, is registered as creditor in the relevant Land Register (*Grundbuch*), and which (b) provides security for an Assigned Mortgage Claim pursuant to a Security Transfer Agreement.
Related Physical Mortgage Certificates	Means any and all Physical Mortgage Certificates which have been transferred by a Security Provider to the Principal Originator or an Additional Originator under a Security Transfer Agreement by way of security for an Assigned Mortgage Claim.
Relevant Creditor	Has the meaning given on page 146 of this Base Prospectus
Relevant Date	Has the meaning given on page 138 of this Base Prospectus.
relevant Dealer	Has the meaning given on page i of this Base Prospectus.
Relevant Implementation Date	Has the meaning given on page 322 of this Base Prospectus.
Relevant Member State	Has the meaning given on page 322 of this Base Prospectus.
Relevant Mortgage Loan	Means each Mortgage Credit Agreement with a Mortgage Debtor the claims under which the Assignor has assigned to the Guarantor pursuant to the Security Assignment Agreement.
Relevant Payment Date	Has the meaning given on page 147 of this Base Prospectus.
Repayable Series of Hard Bullet Covered Bonds	Has the meaning given on page 207 of this Base Prospectus.
Replacement Account Bank	Has the meaning given on page 158 of this Base Prospectus.
Replacement Asset Monitor	Has the meaning given on page 160 of this Base Prospectus.

Replacement Cash Manager	Has the meaning given on page 160 of this Base Prospectus.
Replacement Corporate Services Provider	Has the meaning given on page 160 of this Base Prospectus.
Replacement Covered Bond Swap Provider	Has the meaning given on page 160 of this Base Prospectus.
Replacement Cover Pool Swap Provider	Has the meaning given in page 160 of this Base Prospectus.
Replacement Servicer	Has the meaning given on page 160 of this Base Prospectus.
Replacement Servicer Agreement	Means the agreement under which the Replacement Servicer will be appointed following a Servicing Termination Event.
Replacement Servicer Fee	Means any fee payable to a Replacement Servicer under a Replacement Servicer Agreement.
Replacement Swap Provider	Has the meaning given on page 160 of this Base Prospectus.
Replacement Third Party Services Provider	Has the meaning given on page 158 of this Base Prospectus.
Repo Transaction	Has the meaning given on page 211 of this Base Prospectus.
Required Sale Amount	Has the meaning given on page 194 of this Base Prospectus.
Reset Date	Has the meaning given on page 123 of this Base Prospectus.
Retransfer Date	Means the date as specified as such in a Retransfer Deed on which a retransfer of Mortgage Assets is designated to take effect.
Retransfer Deed	Means a written retransfer deed substantially in the form set out in Annex 4 of the Security Assignment Agreement.
Retransferred Mortgage Certificates	Means any and all Mortgage Certificates Entitlement to which has been retransferred to the Principal Originator or an Additional Originator or any third party designated by the Guarantor from time to time.
Rule 144A	Has the meaning given on page ii of this Base Prospectus.
Rule 144A Covered Bonds	Means Rule 144A Definitive Covered Bonds and Rule 144A Global Covered Bonds.

Rule 144A Definitive Covered Bonds	Means a Registered Covered Bond in definitive form sold to QIBs pursuant to Rule 144A and in the form or substantially in the form set out in the Trust Deed.
Rule 144A Global Covered Bond	Has the meaning given to it on page 101 of this Base Prospectus.
Rules	Has the meaning given on page 164 of this Base Prospectus.
Schedule	Has the meaning given on page 274 of this Base Prospectus.
Scheduled Interest	Has the meaning given on page 160 of this Base Prospectus.
Scheduled Payment Date	Has the meaning given on page 160 of this Base Prospectus.
Scheduled Principal	Has the meaning given on page 161 of this Base Prospectus.
SEC	Has the meaning given on page vi of this Base Prospectus.
Secured Obligations	Has the meaning given on page 161 of this Base Prospectus.
Securities Act	Has the meaning given on page i of this Base Prospectus.
Securitisation Transaction	Has the meaning given on page 211 of this Base Prospectus.
Security Assignment Agreement	Has the meaning given on page 161 of this Base Prospectus.
Security Interest	Means any and all existing or future pledges, liens, encumbrances, or other interests of any nature, statutory and contractual retention rights (*Retentionsrechte*), rights to set-off (*Verrechnungsrechte*), rights to retain (*Zurückbehaltungsrechte*), rights to refuse performance (*Leistungsverweigerungsrechte*) and similar rights, whether obligatory rights or rights in rem.
Security Providers	Has the meaning given on page 29 of this Base Prospectus.
Security Transfer Agreement	Means a Security Transfer Agreement for Physical Mortgage Certificates and a Security Transfer Agreement for Paperless Mortgage Certificates, as the case may be.
Security Transfer Agreement for Paperless Mortgage Certificates	Means (i) each agreement regarding "*Sicherungsübereignung*" or "*Sicherungsvereinbarung*"

	providing for the outright transfer of Paperless Mortgage Certificates serving as security for a Mortgage Claim and, (ii) upon approval by the Guarantor of the relevant standard form, any similar agreement entered into between an Originator and the relevant Security Provider and/or the relevant Mortgage Debtor.
Security Transfer Agreement for Physical Mortgage Certificates	Means (i) each agreement regarding "*Sicherungsübereignung*" or "*Sicherungsvereinbarung*" providing for the outright transfer of Physical Mortgage Certificates serving as security for a Mortgage Claim, and (ii) upon approval by the Guarantor of the relevant standard form, any similar agreement entered into between an Originator and the relevant Security Provider and/or the relevant Mortgage Debtor.
Security Transfer Part	Means (i) all parts or provisions of a Combined Mortgage Credit Agreement with respect to Mortgage Certificates serving as security for a Mortgage Claim which are substantially similar to those of the Related Security Transfer Agreement in case of a Mortgage Credit Agreement (including for the avoidance of doubt the following subsections of the Combined Mortgage Credit Agreement: *Gegenstand der Sicherheit, Umfang der Sicherstellung, Forderungen anderer Geschäftsstellen, Schuldanerkennung, Titelforderungen und Kreditforderungen, Kündigung der Titelforderungen, Erhöhung der Titelforderungen*, and *Herausgabe der Titel* or similar provisions and the translation thereof and excluding, for the avoidance of doubt, the following subsections of the Combined Mortgage Credit Agreement: *Kreditbetrag, Benützung, Amortisation, Zinssatz, Zinstermin, Gebühren, Solidarhaftung, Kündigung, Handänderung oder Zwangs-verwertung, Abrechnung bei vorzeitiger Auflösung oder Rückzahlung, Verzugsz-ins, Schätzung des Liegenschaftswerts, Versicherung* or similar provisions and the translation thereof) and, (ii) upon approval by the Guarantor of the standard form, any similar agreement entered into between an Originator and the relevant Security Provider.
Selection Date	Has the meaning given on page 134 of this Base Prospectus.
Series	Has the meaning given on page 89 of this Base Prospectus.
Serviced Mortgage Assets	Means, from time to time, (i) any and all Assigned Mortgage Claims, (ii) any and all Transferred Mortgage Certificates and (iii) any and all Interest in Insurance Policies.
Servicer	Has the meaning given on page 161 of this Base Prospectus.

Servicer Downgrade Event	Means a downgrade of the Servicer's long-term rating below "BBB" from Fitch or "Baa2" from Moody's.
Servicing Standards	Has the meaning given on page 161 of this Base Prospectus.
Servicing Termination Event	Has the meaning given on page 161 of this Base Prospectus.
Shareholder	Means each shareholder of the Guarantor.
Shareholders Agreement	Has the meaning given on page 190 of this Base Prospectus
Similar Law	Has the meaning given on page 92 of this Base Prospectus
SIX SIS	Has the meaning given on page 166 of this Base Prospectus.
SPE	Has the meaning given on page 50 of this Base Prospectus.
SPE Covenants	Has the meaning given on page 50 of this Base Prospectus.
Special Insolvency Regime Entities	Has the meaning given on page 282 of this Base Prospectus.
Specified Currency	Has the meaning given on page 89 of this Base Prospectus.
Specified Time	Has the meaning given on page 162 of this Base Prospectus.
Spot Rate	Has the meaning given on page 162 of this Base Prospectus.
Stabilising Manager	Means, in relation to any Tranche of Covered Bonds, the Dealer specified as the Stabilising Manager in the applicable Final Terms.
Subscription Agreement	Has the meaning given on page 160 of this Base Prospectus.
Subsidiary	Has the meaning given on page 135 of this Base Prospectus.
Substitute Assets	Means CHF cash and Authorised Investments (other than CHF demand or time deposits, certificates of deposit) substituted for Mortgage Assets in the Cover Pool in accordance with the Security Assignment Agreement and booked in the Cover Pool Bank Account or the Cover Pool Custody Account as the case may be.

Substitution Event

Means in relation to a Mortgage Asset the occurrence of one or several of the following events:

(a) non-compliance of a Mortgage Asset or a Relevant Mortgage Loan with any of the Eligibility Criteria;

(b) breach of any of the representations and warranties given by the Assignor in the Security Assignment Agreement in relation to an Assigned Mortgage claim, a Transferred Mortgage Certificate or a relevant Mortgage Credit Agreement or Security Transfer Agreement, provided that the Assignor has been notified in writing by the Assignee prior to the relevant Test Date that such breach of representations and warranties has occurred;

(c) full or partial invalidity, which has been credibly alleged, of (i) an Assigned Mortgage Claim, (ii) a Transferred Mortgage Certificate, (iii) the relevant Mortgage Credit Agreement and/or (iv) the relevant Security Transfer Agreement.

sub-unit

Has the meaning given on page 162 of this Base Prospectus.

Supplemental Agency Agreement

Means a supplemental agency agreement substantially in the form set out in the Agency Agreement.

Swap

Has the meaning given on page 162 of this Base Prospectus.

Swap Agreement

Has the meaning given on page 162-163 of this Base Prospectus.

Swap Collateral

Means, at any time, any asset (including, without limitation, cash and/or securities) which is paid or transferred by a Swap Provider to the Guarantor as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed.

Swap Collateral Bank Account

Means any bank account governed by English law to be opened in order to post cash Swap Collateral, with an institution located in England:

(a) which has a short-term, unsecured, unsubordinated and unguaranteed debt obligation rating at least equal to "F1" by Fitch and "Prime-1" by Moody's; and

	(b) which is an English bank, or the English branch of a foreign bank, and is authorised and regulated by the Financial Services Authority.
Swap Collateral Custody Account	Means any bank account governed by English law to be opened in order to post non-cash Swap Collateral, with an institution located in England: (a) which has a short-term, unsecured, unsubordinated and unguaranteed debt obligation rating at least equal to "F1" by Fitch and "Prime-1" by Moody's; and (b) which is an English bank, or the English branch of a foreign bank, and is authorised and regulated by the Financial Services Authority.
Swap Collateral Excluded Amounts	Means, at any time, the amount of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Guarantor.
Swap Early Termination Event	Has the meaning given on page 160 of this Base Prospectus.
Swap Payments	Means any and all payments the Guarantor, or if designated under the Transaction Documents, the Principal Paying Agent, receives under a Swap Agreement and all interest and profits accrued thereon.
Swap Provider	Has the meaning given on page 162 of this Base Prospectus.
Swap Provider Default	Has the meaning given on page 161 of this Base Prospectus.
Swap Ratings Downgrade Event	Has the meaning given on page 161 of this Base Prospectus.
Swap Ratings Termination Event	Has the meaning given on page 161 of this Base Prospectus.
Swap Required Amount	Has the meaning given on page 194 of this Base Prospectus.
Swap Termination Payment	Has the meaning given on page 163 of this Base Prospectus.
Swap Termination Payment Pre-funding Notice	Has the meaning given on page 161 of this Base Prospectus.
Swap Termination Payment Pre-funding Obligation	Has the meaning given on page 161 of this Base Prospectus.

Swap Termination Payment Recourse and Indemnity Obligation	Has the meaning given on page 161 of this Base Prospectus.
Swap Termination Payment Recourse Notice	Has the meaning given on page 199 of this Base Prospectus.
Swiss Francs	Has the meaning given on page ix of this Base Prospectus.
Swiss GAAP	Has the meaning given on page 45 of this Base Prospectus.
Swiss Law Documents	Has the meaning given on page 94 of this Base Prospectus.
Talons	Has the meaning given on page 114 of this Base Prospectus.
TARGET 2 System	Has the meaning given on page 114 of this Base Prospectus.
TARGET-Business Day	Means every day, on which payments in euro are settled over the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET System).
Tax Credit	Has the meaning given on page 234 of this Base Prospectus.
Tax Jurisdiction	Has the meaning given on page 138 of this Base Prospectus.
TEFRA	Has the meaning given on page 95 of this Base Prospectus.
TEFRA D Rules	Has the meaning given on page 95 of this Base Prospectus.
Temporary Global Covered Bond	Has the meaning given on page 99 of this Base Prospectus.
Term Point	means 3 months and 6 months, in respect of CHF LIBOR fixings, and 1, 2, 3, 4, 5, 7, 10, 15, 20, and 30 years, in respect of CHF LIBOR interest rate swap rates.
Termination Amount	Has the meaning given on page 161 of this Base Prospectus.
Test	Has the meaning given on page 161 of this Base Prospectus.
Test Date	Has the meaning given on page 161 of this Base Prospectus.

Third Party Services Provider	Has the meaning given on page 163 of this Base Prospectus.
Tranche	Has the meaning given on page 89 of this Base Prospectus.
Transaction Documents	Has the meaning given on page 95 of this Base Prospectus.
Transfer Agents	Has the meaning given on page 113 of this Base Prospectus.
Transfer Certificate	Has the meaning given on page 117 of this Base Prospectus.
Transfer Date	Means the date as specified as such in a Transfer Deed on which a transfer of Mortgage Assets is designated to take effect.
Transfer Deed	Has the meaning given on page 205 of this Base Prospectus.
Transfer Reference Date	Means a date not more than three Business Days prior to a respective Transfer Date as specified in the relevant Transfer Deed.
Transferred Mortgage Certificates	Means any and all Transferred Paperless Mortgage Certificates and any and all Transferred Physical Mortgage Certificates.
Transferred Paperless Mortgage Certificate	Means, from time to time, any and all Related Paperless Mortgage Certificates the Fiduciary Entitlements to which have been transferred by an Originator to the Guarantor under the Security Assignment Agreement, from time to time, but excluding Retransferred Mortgage Certificates.
Transferred Physical Mortgage Certificate	Means any and all Related Physical Mortgage Certificates transferred by an Originator to the Guarantor under the Security Assignment Agreement, from time to time, but excluding Retransferred Mortgage Certificates.
Transparency Directive	Means the Directive 2004/109/EC.
Treaty	Has the meaning given on page 163 of this Base Prospectus.
Trust Corporation	Means a corporation entitled by rules made under the Public Trustee Act 1906 of Great Britain or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee.

Trust Deed	Has the meaning given on page 113 of this Base Prospectus.
Trust Presents	Means the Trust Deed and the Schedules thereto and any trust deed supplemental to the Trust Deed and the Schedules (if any) thereto and the Covered Bonds, the Coupons, the Talons, the Conditions and the Final Terms, all as from time to time modified in accordance with the provisions therein contained.
Trustee	Has the meaning given on page 113 of this Base Prospectus.
Trustee Obligations	Means any obligations, covenants, warranties or representations made or undertaken by, as applicable, the Issuer or the Guarantor in any Transaction Document to which the Trustee is either a party, or where the relevant obligation, covenant, warranty or representation is expressed to be made or given in favour of the Trustee or for its benefit.
Undertaking to Provide Additional Cover	Has the meaning given on page 204 of this Base Prospectus.
U.S.$	Has the meaning given on page ix of this Base Prospectus.
USD	Has the meaning given on page ix of this Base Prospectus.
U.S. dollars	Has the meaning given on page ix of this Base Prospectus.
U.S. GAAP	Has the meaning given on page 183 of this Base Prospectus.
UK Paying Agent	Has the meaning given on page 113 of this Base Prospectus.
VAT	Means (a) any tax chargeable under or pursuant to the Council Directive 2006/112/EC on the common system of value added tax or any legislation implemented by any member state of the European Union or elsewhere by virtue of this Directive (including, in relation to the United Kingdom, value added tax chargeable pursuant to the Value Added Tax Act 1994 and legislation and regulations supplemental thereto); and (b) any other tax of a similar nature, whether chargeable in a member state of the European Union or elsewhere, including Switzerland.

Zurich Business Day	Means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Zurich.

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