



Credit Suisse AG, London Branch

RUB 250,000,000 14.05 per cent. Credit Linked Notes linked to State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)", due 2018 (the "Notes" or the "Securities")

SPLB 2015-596

Issue Price: 100 per cent. (100%) of the Aggregate Nominal Amount

(ISIN: XS1237070013)

Securities Note

This document is a securities note (the "**Securities Note**"). The Securities Note contains information relating to the above Securities.

Registration Document

The Securities Note shall be read in conjunction with the registration document dated 19 August 2015, (the "**Registration Document**") containing information in respect of Credit Suisse AG, acting through its London Branch (the "**Issuer**").

Together, the Registration Document and the Securities Note comprise a "prospectus" (the "**Prospectus**") for the Securities, prepared for the purposes of Article 5.3 of Directive 2003/71/EC as amended (the "**Prospectus Directive**"). This Prospectus will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Securities

The Securities are in the form of Notes and are issued by the Issuer under the Structured Products Programme for the issuance of Notes, Certificates and Warrants described in the Programme Memorandum dated 9 July 2015 (as may be supplemented and amended from time to time) (the "**Programme**"). The terms and conditions of the Securities will comprise:

- the General Terms and Conditions of Notes (the "**General Note Conditions**") set forth in Schedule 3 below;
- the Asset Terms for Credit-Linked Securities (the "**Asset Terms**") as set forth in Schedule 2 below; and
- the specific terms of the Securities, as completing and amending the General Note Conditions and the Asset Terms, as set forth in "Specific Terms" below.

Underlying Asset

The return on the Securities is linked to the performance of the Reference Entity, being State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" as at the date hereof.

Risk Factors

Before purchasing Securities, you should consider, in particular, "Risk Factors" below together with the relevant Risk Factors set out in the Annual Report 2014 of the Group (the "**2014 Annual Report**") (as incorporated by reference in the Registration Document) for a description of these risks.

23 September 2015

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IMPORTANT NOTICES (INCLUDING RESPONSIBILITY STATEMENT)

Responsibility statement

The Issuer accepts responsibility for the information contained in the Prospectus. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Post issuance information

The Issuer does not intend to provide any post issuance information with respect to the Underlying Asset, unless required to do so by any applicable laws and regulations .

Approval for the purposes of the Prospectus Directive

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "CSSF"), as competent authority under the Prospectus Directive. The CSSF only approves this Prospectus as meeting the requirements imposed under Luxembourg and EU law pursuant to the Prospectus Directive. By approving the Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the Securities and quality or solvency of the Issuer in line with the provisions of Article 7(7) of the Luxembourg law on Prospectuses for securities.

No Investment Advice

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this document. The Issuer is acting solely in the capacity of an arm's length contractual counterparty and not as an investor's financial adviser or fiduciary in any transaction. The purchase of Securities involves substantial risks and an investment in Securities is only suitable for investors who (either alone or in conjunction with an appropriate financial adviser) fully evaluate the risks and merits of such an investment in the Securities and who have sufficient resources to be able to bear any losses that may result therefrom. Therefore, before making an investment decision, prospective investors of Securities should ensure that they understand the nature of the Securities and the extent of their exposure to risks and consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth in this document. This document cannot disclose whether the Securities are a suitable investment in relation to any investor's particular circumstances; therefore investors may wish to consult their own financial, tax, legal or other advisers as they consider appropriate and carefully review and consider such an investment decision in the light of the information set forth in this document.

Listing and Admission to trading

Application has been made to the Luxembourg Stock Exchange for the Securities to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange. No assurances can be given that such application for listing and admission to trading will be granted.

No other information

In connection with the issue and sale of the Securities, no person is authorised to give any information or to make any representation not contained in this Prospectus, and neither the Issuer nor the Dealer accepts responsibility for any information or representation so given that is not contained in this Prospectus.

Not an offer

The Prospectus does not constitute an offer of Securities to the public, and may not be used for the purposes 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 offer or solicitation and no action is being taken to permit an offering of the Securities or the distribution of the Prospectus in any jurisdiction where any such action is required except as specified herein.

Restrictions on distribution

The distribution of this document and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about, and to observe, such restrictions. For a description of certain restrictions on offers or sales of the Securities and the distribution of this document and other offering materials relating to the Securities, please refer to the section headed "Selling Restrictions" of this document.

Potential for Discretionary Determinations by the Issuer under the Securities

Under the terms and conditions of the Securities, following the occurrence of certain events outside of its control, the Issuer may determine in its discretion to take one of the actions available to it in order to deal with the impact of such event on the Securities or the Issuer or both. It is possible that any such discretionary determination by the Issuer could have a material adverse impact on the value of the Securities.

Important U.S. notice

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**"). Subject to certain exemptions, the Securities may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons. A further description of the restrictions on offers and sales of the Securities in the United States or to U.S. persons is set forth in the section entitled "Selling Restrictions" of this document.

Information only as at the date hereof

The delivery of this Prospectus at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

No rating

The Securities have not been rated.

RISK FACTORS

Capitalised terms used herein and not otherwise defined shall have the meanings given to them in the Asset Terms for Credit Linked Securities.

The Securities involve complex risks, which include, among other things, credit risks, foreign exchange risks, exchange rate risks, interest rate risks and/or political risks. Before buying the Securities, investors should carefully consider, among other things, (i) the trading price of the Securities, (ii) the value and volatility of the Reference Entity, (iii) the depth of the market or liquidity of the Securities, and (iv) any related transaction costs. An investment in the Securities is only suitable for investors who (either alone or in conjunction with an appropriate financial adviser) are capable of evaluating the merits and risks of such an investment. Investors should consult their own financial, tax, legal or other advisers as they consider appropriate and carefully review and consider such an investment decision in the light of the foregoing and their personal circumstances.

Investors may lose the value of their entire investment or part of it.

1. GENERAL CONSIDERATIONS

The purchase of Securities involves substantial risks and an investment in the Securities is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them (either alone or in conjunction with an appropriate financial adviser) to evaluate the risks and merits of an investment in the Securities and who have sufficient resources to be able to bear any losses that may result therefrom. The Issuer is acting solely in the capacity of an arm's length contractual counterparty and not as an investor's financial adviser or fiduciary in any transaction.

Before making any investment decision, prospective investors in the Securities should ensure that they understand the nature of the Securities and the extent of their exposure to risks involved.

The Issuer believes that the factors described below may affect its abilities to fulfil its obligations under the Securities. Most of these factors are contingencies which may or may not occur and which could have a material adverse effect on the Issuer's businesses, operations, financial condition or prospects, which, in turn, could have a material adverse effect on the return investors will receive on the Securities. The Issuer does not express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below are material for the purpose of assessing the market risks associated with the Securities and represent the material risks inherent in investing in the Securities, but these are not the only risks that the Issuer faces or that may arise under the Securities. There will be other risks that the Issuer does not currently consider to be material, or risks that the Issuer is currently not aware of, or risks that arise due to circumstances specific to the investor, and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive of all such risks.

More than one investment risk may have simultaneous effect with regard to the value of the Securities and the effect of any single investment risk may not be predictable. In addition, more than one investment risk may have a compounding effect and no assurance can be given as to the effect that any combination of investment risks may have on the value of Securities.

2. RISKS RELATING TO SECURITIES GENERALLY

2.1 General risks

The Securities are general unsecured obligations of the Issuer. Securityholders are exposed to the credit risk of the Issuer. The Securities will be adversely affected in the event of (i) a default, (ii) a reduced credit rating of the Issuer, (iii) increased credit spreads charged by the market for taking credit risk on the Issuer or (iv) a deterioration in the solvency of the Issuer.

If the Issuer either fails or is otherwise unable to meet its payment obligations, you may lose up to the entire value of your investment. The Securities are not deposits and are not protected under any deposit insurance or protection scheme.

The profitability of the Issuer will be affected by, among other things, changes in global economic conditions, inflation, interest/exchange rates, capital risk, liquidity risk, market risk, credit risk, risks from estimates and valuations, risks relating to off-balance sheet entities, cross-border and foreign exchange risks, operational risks, legal and regulatory risks and competition risks. These risks are discussed in further detail below.

These risk factors should be read together with the risk factors in respect of Credit Suisse AG listed on pages 39 to 46 of the Annual Report on pages 63 to 70 of the PDF of the Exhibit to the Form 20-F Dated 20 March 2015. Such risk factors are risk factors that are material to the Securities in order to assess the market risk associated with them or which may affect the Issuer's ability to fulfil its obligations under them.

3. RISKS RELATING TO THE SECURITIES GENERALLY

3.1 Loss of investment

If the Securities do not provide for scheduled repayment in full of an amount at least equal to the issue or purchase price, investors may lose some or all of their investment.

Securities are not deposits, and are not covered by any deposit insurance or protection scheme.

3.2 Limited liquidity

A secondary market for the Securities may not develop and if one does develop, it may not provide the holders of the Securities with liquidity or may not continue for the life of the Securities. A decrease in the liquidity of the Securities may cause, in turn, an increase in the volatility associated with the price of such Securities. Illiquidity may have a severe adverse effect on the market value of the Securities.

The Issuer may, but is not obliged to, purchase the Securities at any time at any price in the open market or by tender or private treaty and may hold, resell or cancel them. The market for the Securities may be limited. The only way in which a Securityholder can realise value from a Security prior to its maturity or expiry is to sell it at its then market price in the market which may be less than the amount initially invested. The price in the market for a Security may be less than its Issue Price even though the value of the Underlying Asset(s) may not have changed since the Issue Date. Further, the price at which a Securityholder sells its Securities in the market may reflect a commission or a dealer discount, which would further reduce the proceeds such Securityholder would receive for its Securities.

Any secondary market price quoted by the Issuer may be affected by several factors including, without limitation, prevailing market conditions, credit spreads and the remaining time to maturity of the Securities. The Securities are also subject to selling restrictions and/or transfer restrictions that may limit a Securityholder's ability to resell or transfer its Securities. Accordingly, the purchase of Securities is suitable only for investors who can bear the risks associated with a lack of liquidity in the Securities and the financial and other risks associated with an investment in the Securities. Any investor in the Securities must be prepared to hold such Securities for an indefinite period of time or until redemption or expiry of the Securities.

3.3 The Issue Price may be more than the market value of the Securities

The Issue Price in respect of any Securities specified in the relevant Specific Terms may be more than the market value of such Securities as at the Issue Date, and more than the price, if any, at which the Dealer or any other person is willing to purchase such Securities in secondary market transactions. In particular, the Issue Price in respect of any Securities and the terms of such Securities may take into account, where permitted by law, fees, commissions or other amounts relating to the issue, distribution and sale of such Securities, or the provision of introductory services. Such fees, commissions or other amounts may be paid directly to the relevant distributor or, if the Securities are sold to the relevant distributor at a discount, may be retained by the relevant distributor out of the Issue Price paid by investors. In addition, the Issue Price in respect of the Securities and the terms of such Securities may also take into account (i) the expenses incurred by the Issuer in creating, documenting and marketing the Securities (including its internal funding costs) and (ii) amounts relating to the hedging of the Issuer's obligations under such Securities.

3.4 **The market value of the Securities will be affected by many factors and cannot be predicted**

The market value of the Securities will be affected by many factors beyond the control of the Issuer, including, but not limited to, the following:

- (i) the creditworthiness of the Issuer (whether actual or perceived), including actual or anticipated downgrades in its credit rating;
- (ii) the remaining time to maturity of the Securities;
- (iii) interest rates and yield rates in the market;
- (iv) the volatility (i.e., the frequency and size of changes in the value) of the Underlying Asset(s) (if any);
- (v) the value of the Underlying Asset(s) to which the Securities are linked (if any);
- (vi) national and international economic, financial, regulatory, political, military, judicial and other events that affect the value of the Underlying Asset(s) or the relevant market(s) generally; and
- (vii) the exchange rate between the currency in which the Securities are denominated and the currency in which the Underlying Asset(s) is denominated.

Some or all of the above factors will influence the value of the Securities in the market. Some of these factors are inter-related in a complex way, and as a result, the effect of any one factor may be offset or magnified by the effect of another factor. If you sell your Securities prior to maturity or expiry, the price you will receive may be substantially lower than the original purchase price and you may lose some or all of your investment.

3.5 **The market value of the Securities may be highly volatile**

Where the Securities reference any Underlying Asset(s), the Securityholders are exposed to the performance of such Underlying Asset(s). The price, performance or investment return of the Underlying Asset(s) may be subject to sudden and large unpredictable changes over time and this degree of change is known as "volatility". The volatility of an Underlying Asset may be affected by national and international economic, financial, regulatory, political, military, judicial or other events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the value of the Securities.

3.6 **Tax**

Potential investors in the Securities should take note of the information set out in the section headed "Taxation" of this Prospectus. Potential investors in the Securities should conduct such independent investigation and analysis regarding the tax treatment of the Securities as they deem appropriate to evaluate the merits and risks of an investment in the Securities in light of their individual circumstances. Tax risks include, without limitation, a change in any applicable law, treaty, rule or regulation or the interpretation thereof by any relevant authority which may adversely affect payments in respect of the Securities. The level and basis of taxation on the Securities and on the Securityholders and any reliefs from such taxation depend on the Securityholder's individual circumstances and could change at any time. The tax and regulatory characterisation of the Securities may change over the life of the Securities. This could have adverse consequences for Securityholders. Potential Securityholders will therefore need to consult their own tax advisers to determine the specific tax consequences of the purchase, ownership, transfer and redemption, exercise or expiry or enforcement of the Securities.

3.7 **Proposed Financial Transaction Tax**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Securities 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 (i) by transacting with a person established in a participating Member State or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective investors in Securities are advised to seek their own professional advice in relation to the FTT.

3.8 The Securities may be redeemed prior to their scheduled maturity

In certain circumstances (for example, (A) if the Issuer determines that its obligations under the Securities have become unlawful or illegal, (B) following an event of default, (C) where the Securities are linked to one or more Underlying Asset(s), following certain events having occurred in relation to any Underlying Asset(s) (where the relevant Specific Terms specifies that (1) "Institutional" is applicable, or (2) the terms of the Securities do not provide for the amount payable at maturity to be subject to a minimum amount), or (D) if "Interest and Currency Rate Additional Disruption Event" is specified to be applicable in the relevant Specific Terms and an Interest and Currency Rate Additional Disruption Event occurs), the Securities may be redeemed early prior to their scheduled maturity. In such circumstances, the Unscheduled Termination Amount payable under the Securities may be less than the original purchase price of the Securities and could be as low as zero.

Following early redemption of Securities, the Holders of such Securities may not be able to reinvest the redemption proceeds at a comparable return and/or at an effective interest rate as high as the interest rate or yield on the Securities being redeemed and may only be able to do so at a significantly lower rate. Prospective investors in Securities should consider such reinvestment risk in light of other investments available at that time.

3.9 Return at maturity/loss of investment

Securities are "capital at risk" investments unless the Redemption Amount or Settlement Amount (as applicable) payable at maturity or a scheduled early redemption is at least 100 per cent. of the Nominal Amount, Specified Denomination or Issue Price (as applicable).

Even where the Redemption Amount or Settlement Amount (as applicable) is at least 100 per cent. of the Nominal Amount, Specified Denomination or Issue Price (as applicable), the Securities are still "capital at risk" investments if the terms of the Securities provide that the issuer's call option is applicable, such call option is exercised and the Optional Redemption Amount is less than 100 per cent. of the Nominal Amount, Specified Denomination or Issue Price (as applicable).

Where Securities are "capital at risk" investments, investors are exposed to a return that is linked to the level(s) of the relevant Underlying Asset(s), as specified in the relevant Specific Terms, and may lose the value of all or part of their investment.

In any event, if the amount payable on redemption, exercise or expiry of the Securities is less than their issue price, investors may lose all or part of their investment.

Any "non-capital at risk" feature will not be applicable if (i) the relevant Specific Terms specifies that "Institutional" is applicable and the Securities are redeemed or settled following an unscheduled redemption event (see risk factor 3.17 (*Adjustments and redemption or cancellation at Unscheduled*

Termination Amount)), (ii) the Securities are sold prior to maturity, or (iii) the Issuer defaults, and in any such case before the Maturity Date and investors may lose all or part of their investment.

3.10 Risk of cancellation of issue of Securities

The Issuer may determine to cancel the issue of Securities for reasons beyond its control, such as extraordinary events, substantial change of the political, financial, economic, legal, monetary or market conditions at national or international level and/or adverse events regarding the financial or commercial position of the Issuer and/or the other relevant events that in the determination of the Issuer may be prejudicial to the issue of the Securities. In such case, where an investor has already paid or delivered subscription monies for the relevant Securities, the investor will be entitled to reimbursement of such amounts, but will not receive any interest that may have accrued in the period between their payment or delivery of subscription monies and the reimbursement of the amount paid for such Securities.

3.11 Issue of further Securities

If additional securities or options with the same terms and conditions or linked to the same Underlying Asset(s) as the Securities are subsequently issued, either by the Issuer or another issuer, the supply of securities with such terms and conditions or linked to such Underlying Asset(s) in the primary and secondary markets will increase and may cause the secondary market price of the Securities to decline.

3.12 No obligation to maintain listing

Investors should note that where the Securities are listed on a market (which shall not be a regulated market for the purposes of Directive 2004/39/EC on Markets in Financial Instruments, as amended), the Issuer will not be obliged to maintain the listing of the Securities in certain circumstances, such as a change in listing requirements.

3.13 The Issuer of Securities may be substituted without the consent of Securityholders

The Issuer of Securities may be substituted without the consent of Securityholders in favour of any Affiliate of the Issuer or another company with which it consolidates or into which it merges or to which it sells or transfer all or substantially all of its property, subject to certain conditions being fulfilled.

3.14 The terms and conditions of the Securities may be modified without the consent of Securityholders

The terms and conditions of the Securities may be modified without the consent of Securityholders for the purposes of (i) curing any ambiguity or correcting or supplementing any provision if the Issuer determines it to be necessary or desirable, provided that such modification is not prejudicial to the interests of Securityholders, or (ii) correcting a manifest error.

3.15 Eurosystem eligibility for Securities which are issued in NGN Form and Registered Securities held under the new safekeeping structure

Securities which are issued in NGN Form or Registered Securities held under the NSS may be issued with the intention that such Securities may be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. Such recognition will depend upon satisfaction of the relevant Eurosystem eligibility criteria as specified by the European Central Bank, and there is no guarantee that such Securities will be recognised as eligible collateral for the Eurosystem. Securities that are not issued in NGN form or held under the NSS are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day operations.

3.16 Risks relating to the Euro and the Euro zone

The ongoing deterioration of the sovereign debt of several countries, in particular Greece, together with the risk of contagion to other, more stable, countries, such as France and Germany, has raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union and may result in changes to the composition of the Euro zone.

Concerns persist regarding the risk that other Euro zone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Cyprus, Greece, Ireland, Italy, Spain and Portugal, together with the risk that some countries could leave the Euro zone (either voluntarily or involuntarily). The impact of these events on Europe and the global financial system could be severe and could have a negative impact on the Securities.

Furthermore, concerns that the Euro zone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Euro zone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. The departure or risk of departure from the Euro by one or more Euro zone countries and/or the abandonment of the Euro as a currency could have major negative effects on the Issuer and the Securities (including the risks of currency losses arising out of redenomination). Should the Euro dissolve entirely, the legal and contractual consequences for holders of Euro-denominated Securities would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Securities. It is difficult to predict the final outcome of the Euro zone crisis. Investors should carefully consider how changes to the Euro zone may affect their investment in the Securities.

3.17 Adjustments and redemption or cancellation at Unscheduled Termination Amount

In certain circumstances (for example, following certain events affecting the relevant Issuer's hedging arrangements or the Underlying Asset(s)), the relevant Issuer may make adjustments to the terms of the Securities (including substituting an Underlying Asset) or redeem or cancel them at their Unscheduled Termination Amount as determined by it without the consent of the Securityholders. Such Unscheduled Termination Amount may be less than the Issue Price of the Securities and could be as low as zero.

In making any such adjustments or determinations, the relevant Issuer in such capacity will (whether or not already expressed to be the case in the Conditions) act in good faith and in a commercially reasonable manner, and (where there is a corresponding applicable regulatory obligation) shall take into account whether fair treatment is achieved by any such adjustments or determinations in accordance with its applicable regulatory obligations.

3.18 Optional redemption by the Issuer

Any call option of the relevant Issuer in respect of the Securities may negatively impact their market value. During any period when the relevant Issuer may elect to redeem Securities, the market value of those Securities generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The relevant Issuer may be expected to redeem Securities when its cost of borrowing is lower than the interest rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Securities being redeemed. The investor will not be able to participate in the performance of the Underlying Asset(s) following the effective date of the Issuer call option.

3.19 Interest rate risks

Where Securities bear interest at a fixed rate, subsequent changes in market interest rates may adversely affect the value of the Securities.

Where interest on Securities is subject to floating rates of interest that will change subject to changes in market conditions, such changes could adversely affect the interest amount(s) received on the Securities. As the interest income on Securities which bear interest at a floating rate will vary, it is not possible to determine a fixed yield on such Securities at the time of investment and to compare the return on investment of such Securities with investments bearing interest at a fixed rate. If the terms and conditions of the Securities provide for frequent interest payment dates, a Securityholder may only be able to reinvest the interest amount(s) paid to it at the prevailing interest rates, which may be lower if market interest rates decline. Further, if the floating rate becomes negative, any positive margin specified to be applicable to a floating rate will be reduced accordingly, and as such, the resulting rate of interest on the Securities may be less than the positive margin, or may be zero (or such other minimum rate of interest), as specified in the relevant Pricing Supplement.

3.20 Currency risk

Investors may be exposed to currency risks because (i) an Underlying Asset may be denominated or priced in currencies other than the currency in which the Securities are denominated, or (ii) the Securities and/or such Underlying Asset may be denominated in currencies other than the currency of the country in which the investor is resident. The value of the Securities may therefore increase or decrease as a result of fluctuations in those currencies.

3.21 Issuer determination in respect of an Underlying Asset, adjustment to or early redemption of the Securities and reinvestment risk following such early redemption

If the Issuer determines that any adjustment events or other events affecting the Issuer's hedging arrangements or the Underlying Asset(s) have occurred, the Issuer may adjust the terms and conditions of the Securities (without the consent of the Securityholders). If the relevant Pricing Supplement specifies that "Institutional" is applicable or if the terms of the Securities do not provide for the amount payable at maturity to be subject to a minimum amount, the Issuer may procure the early redemption of the Securities prior to their scheduled maturity, otherwise, the Issuer may redeem the Securities at the scheduled maturity by payment of the Unscheduled Termination Amount instead of the Redemption Amount or the Settlement Amount (as the case may be), in each case in accordance with the terms and conditions of the Securities, and no other amounts shall be payable in respect of the Securities on account of interest or otherwise following such determination by the Issuer.

If the Securities are redeemed early, the Unscheduled Termination Amount (which may be greater or equal to zero) will be equal to the value of the Securities immediately prior to such redemption, as calculated by the Calculation Agent using its internal models and methodologies, taking into consideration all information which the Issuer deems relevant (including, without limitation, the time remaining to maturity of the Securities, the interest rates at which banks lend to each other, the interest rate at which the Issuer (or its affiliates) is charged to borrow cash, (if applicable) the value, expected future performance and volatility of the Underlying Asset(s) and any other relevant information). If "Deduction for Hedge Costs" is specified to be applicable in the relevant Pricing Supplement, the Unscheduled Termination Amount will be adjusted to account for any associated losses, expenses or costs incurred (or would be incurred) by the Issuer and/or its affiliates as a result of unwinding, establishing, re-establishing and/or adjusting any hedging arrangements in relation to such Securities.

Potential investors in the Securities should be aware that it is likely that this Unscheduled Termination Amount will be less than their initial investment. Following any such early redemption of the Securities, Securityholders may not be able to reinvest the proceeds at any effective interest rate as high as the interest rate or yield on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors in the Securities should consider reinvestment risk in light of other investments available at that time.

In making any such adjustments or determinations, the relevant Issuer in such capacity will (whether or not already expressed to be the case in the Conditions) act in good faith and in a commercially reasonable manner, and (where there is a corresponding applicable regulatory obligation) shall take into account whether fair treatment is achieved by any such adjustments or determinations in accordance with its applicable regulatory obligations.

3.22 Reform of LIBOR and EURIBOR and other interest rate index and equity, commodity and foreign exchange rate index "benchmarks"

The London Inter-Bank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Securities linked to a "benchmark".

Key international proposals for reform of "benchmarks" include IOSCO's Principles for Financial Market Benchmarks (July 2013) (the "IOSCO Benchmark Principles") and the European Commission's proposed regulation on indices used as "benchmarks" in certain financial instruments, financial contracts and investment funds (September 2013) (the "**Proposed Benchmark Regulation**").

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability as well as the quality and transparency of benchmark design and methodologies. A review published in February 2015 of the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, and widespread efforts are being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

The Proposed Benchmark Regulation is still being negotiated between the relevant European authorities, but the European Commission expects a final agreement by the summer of 2015 and it is therefore likely to become effective in the fall of 2016. If passed in its current form (as appears likely), the Proposed Benchmark Regulation would apply to "contributors", "administrators" and "users" of "benchmarks" in the EU, and would, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) ban the use of "benchmarks" of unauthorised administrators. The scope of the Proposed Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as LIBOR and EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in listed financial instruments (including listed Securities), financial contracts and investment funds.

If passed in its current form, the Proposed Benchmark Regulation could have a material impact on any listed Securities linked to a "benchmark" index, including in any of the following circumstances:

- an index which is a "benchmark" could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation. In such event, depending on the particular "benchmark" and the applicable terms of the Securities, the Securities could be de-listed, adjusted, redeemed or otherwise impacted; and
- the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Proposed Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Securities including Calculation Agent determination of the rate or level in its discretion.

In addition to the international proposals for reform of "benchmarks" described above, there are numerous other proposals, initiatives and investigations which may impact "benchmarks". For example, in the UK, the national government has recently extended the legislation originally put in place to cover LIBOR to regulate the following additional major UK-based financial benchmarks in the fixed income, commodity and currency markets:

- ISDAFIX (now ICE Swap Rate), which is the principal global benchmark for swap rates and spreads for interest rate swap transactions;
- London Gold Fixing (now LBMA Gold Price) and the London Silver Price (now LBMA Silver Price), which determine the price of gold and silver in the London market;
- ICE Brent Index, traded on the ICE Futures Europe (IFEU) exchange, which acts as the crude oil futures market's principal financial benchmark;
- WM/Reuters London 4pm Closing Spot Rate, which is the dominant global foreign exchange benchmark; and
- SONIA (Sterling Overnight Index Average) and RONIA (Repurchase Overnight Index Average), which both serve as reference rates for overnight index swaps.

Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could result in adjustment(s) to the terms and conditions, early redemption, discretionary valuation by the Calculation Agent, delisting or any other consequence in relation to Securities linked to such "benchmark". Any such consequence could have a material adverse effect on the value of and return on any such Securities.

4. RISKS ASSOCIATED WITH CONFLICTS OF INTEREST BETWEEN THE ISSUER AND HOLDERS OF SECURITIES

4.1 Calculations and determinations under the Securities

In making calculations and determinations with regard to the Securities, there may be a difference of interest between the Securityholders and the Issuer. Save where otherwise provided in the terms and conditions, the Issuer is required to act in good faith and in a commercially reasonable manner but does not have any obligations of agency or trust for any investors and has no fiduciary obligations towards them. In particular, the Issuer and its affiliated entities may have interests in other capacities (such as other business relationships and activities). Prospective investors should be aware that any determination made by the Issuer may have a negative impact on the value of and return on the Securities.

Each of the Issuer, the Dealer or any of their respective affiliates may have existing or future business relationships with each other (including, but not limited to, lending, depository, derivative counterparty, risk management, advisory and banking relationships), and when acting in such other capacities the Issuer, the Dealer or any of their respective affiliates may pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for any particular Securityholder.

4.2 Hedging and dealing activities in relation to the Securities and Underlying Asset(s)

In the ordinary course of its business the Issuer and/or any of its affiliates may effect transactions for its own account or for the account of its customers and may enter into one or more hedging transactions with respect to the Securities or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in or in respect of the Underlying Asset(s) or related derivatives which may affect the market price, liquidity, value of or return on the Securities and which could be adverse to the interest of the relevant Securityholders.

For example, the Issuer (itself or through an affiliate) may hedge the Issuer's obligations under the Securities by purchasing futures and/or other instruments linked to the Underlying Asset(s) or (if an Index) the stocks or other Components underlying the Underlying Asset(s). The Issuer (or affiliate) may adjust its hedge by, among other things, purchasing or selling any of the foregoing, and perhaps other instruments linked to the Underlying Asset(s) or (if applicable) the Components, at any time and from time to time, and may unwind the hedge by selling any of the foregoing on or before the maturity or settlement date (as applicable) for the Securities. The Issuer (or affiliate) may also enter into, adjust and unwind hedging transactions relating to other securities whose returns are linked to changes in the level, price, rate or other applicable value of the Underlying Asset(s) or (if applicable) the Components. Any of these hedging activities may adversely affect the level, price, rate or other applicable value of the Underlying Asset(s) — directly or (if applicable) indirectly by affecting the level, price, rate or other applicable value of underlying Components — and therefore the value of and return on the Securities. It is possible that the Issuer (or affiliate) could receive substantial returns with respect to such hedging activities while the value of and return on the Securities may decline.

Moreover, the Issuer (or affiliate) may also engage in trading in one or more of the Underlying Asset(s) or instruments whose returns are linked to the Underlying Asset(s) for its proprietary accounts, for other accounts under its management or to facilitate transactions, including block transactions, on behalf of customers. Any of these activities of the Issuer (or affiliate) could adversely affect the level,

price, rate or other applicable value of the Underlying Asset(s) and therefore, the value of and return on the Securities. The Issuer (or affiliate) may issue or underwrite, other securities or financial or derivative instruments with returns linked to changes in the level, price, rate or other applicable value of the Underlying Asset(s). By introducing competing products into the marketplace in this manner, the Issuer (or affiliate) could adversely affect the value of the Securities.

4.3 Confidential information relating to the Underlying Asset(s)

The Issuer and its affiliates (and any of their employees) may from time to time, by virtue of their status as underwriter, advisor or otherwise, possess or have access to information relating to the Underlying Asset(s) and any derivative instruments referencing them. None of the Issuers or its affiliates will be obliged (and may be subject to legal prohibition) to disclose any such information to an investor in the Securities, even where such information may be material to the decision by an investor as to whether or not to purchase the Securities.

5. RISK FACTORS SPECIFIC TO THE CREDIT LINKED NATURE OF THE SECURITIES

5.1 Credit Linked Securities generally

- (a) The Securities issued pursuant to the Asset Terms are credit linked securities. Credit linked securities are securities which are linked to the credit risk of one or more Reference Entities and the obligations of (or the obligations guaranteed by) such Reference Entity/Entities. Investors should note that credit linked securities differ from ordinary debt securities issued by the Issuer in that (i) the amount of principal and interest (if any) payable by the Issuer is dependent on whether a Credit Event and related Event Determination Date has occurred and, if so, on the value of certain specified obligations of such Reference Entity/Entities and (ii) if such events have occurred, the Issuer's obligation on redemption may be to deliver assets which are obligations of (or obligations guaranteed by) such Reference Entity/Entities.
- (b) Prospective investors in credit linked securities should be aware that depending on the terms of the Securities (i) they may receive no or a limited amount of interest (if any), (ii) (A) the payment of the redemption amount or interest payments (if any) or (B) the delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In certain circumstances the Securities will cease to bear interest (if such securities are interest bearing) and the value received by Securityholders on redemption may be less than their original investment and may in certain circumstances be zero. The return (if any) on an investment in the Securities will be affected by (a) the number of Reference Entities with respect to which an Event Determination Date occurs; (b) the Reference Entity Notional Amount of such Reference Entity under the Reference CDS which relates to the Security; and (c) the value of the settlement amount which is payable, or the obligations which are deliverable, under the terms of the Reference CDS and/or under the Securities in respect of each Reference Entity with respect to which an Event Determination Date occurs.
- (c) The market price of credit linked securities may be volatile and will be affected by, amongst other things, the time remaining to the maturity date, prevailing credit spreads and the creditworthiness of the Reference Entity/Entities, which in turn may be affected by the economic, financial and political events in one or more jurisdictions.
- (d) By acquiring the Securities, a Securityholder assumes the risk of a Credit Event occurring with respect to one or more relevant Reference Entity/Entities. The occurrence or the non-occurrence of one or more Credit Events and related Event Determination Dates will directly and materially affect the return and/or the value of such Securityholder's investment in the Securities. The likelihood of a Credit Event occurring in respect of any Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of such Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Prospective investors should review the Reference Entity/Entities and conduct their own investigation and analysis with respect to the credit risk of each

Reference Entity and the likelihood of the occurrence of a Credit Event with respect to each Reference Entity.

5.2 **Reference CDS**

- (a) The terms of the Securities refer to a hypothetical credit default swap (the "**Reference CDS**"), which incorporates the specified credit derivatives definitions (the "**Credit Derivatives Definitions**") published by the International Swaps and Derivatives Association Inc ("**ISDA**"), and pursuant to which the Issuer is deemed to be 'Buyer' and the hypothetical counterparty is 'Seller'.
- (b) Terms used in these Risk Factors which are not otherwise defined herein or in the Asset Terms shall have the meaning ascribed thereto in the Credit Derivatives Definitions.
- (c) Events, discretions, determinations, payments and deliveries which occur, which are exercised or made or which become due under the terms of the Reference CDS (in particular, if certain conditions would be satisfied such that an "Event Determination Date" would occur under the Reference CDS) may affect the amounts payable or deliverable under the Securities, and the timing of such payments and/or deliveries.
- (d) For instance, following the occurrence of an Event Determination Date, settlement may be required to take place under the Reference CDS, the Outstanding Nominal Amount of each Security will be reduced, the interest amount, if such securities are interest bearing, payable under the Securities will cease to accrue from and including the first day of the Interest Period during which such Event Determination Date fell and the Securities may be redeemed early. The cash (if any) to be paid, or the assets to be delivered, to Securityholders in connection with such Event Determination Date will be determined by reference to the amounts payable or deliverable under the terms of the Reference CDS and is likely to represent a loss to Securityholders.
- (e) Any determinations, calculations or elections which may be made, or discretions which may be exercised, under the Reference CDS, regardless of the party entitled to make or exercise the same will be made by the Calculation Agent. In doing so, the Calculation Agent may, but is not obliged to, have regard to any transactions by which the Issuer has or may have hedged or in the future may hedge, in whole or in part, its obligations under the Securities. References in these Risk Factors and the Asset Terms to any such determination, calculation or election being made, or discretion being exercised, by Buyer, Seller or the Calculation Agent under the Reference CDS (the "**Reference CDS Calculation Agent**") shall be construed as references to the same having been made or exercised by the Calculation Agent.
- (f) In the event that the terms of the Reference CDS oblige or entitle the Buyer, the Seller or the Reference CDS Calculation Agent to give or deliver notice to any person, the Calculation Agent may determine that such notice has, or has not, been given and, if applicable, the date and time as of which it is given and its contents. Where the Calculation Agent determines that a notice has been given, the relevant notice shall be deemed to have been validly given pursuant to the terms of the Reference CDS. Where the Calculation Agent determines that a determination or an election has been made by the Buyer, the Seller or the Reference CDS Calculation Agent under the terms of the Reference CDS, the Calculation Agent will, on behalf of the Issuer, give notice of such determination or election to the Securityholders, but neither the Calculation Agent nor the Issuer shall have any liability to Securityholders for any delay in the giving of such notice, nor will such delay invalidate the corresponding notice which is deemed to have been given under the Reference CDS.
- (g) Nothing under the terms of the Securities shall operate to confer on a Securityholder an interest in, or rights under, an actual credit default swap, either in relation to the Securities or otherwise. The terms of the Reference CDS are used solely for the purposes of determining the amounts payable and/or deliverable under the Securities, the timing for such payments and deliveries and the other matters specified below. The Credit Derivatives Definitions are not incorporated into, nor do they form part of, the terms and conditions of the Securities.

- (h) Whilst a Securityholder may be exposed to similar risks to those imposed on a "Seller" under the Reference CDS, the return on an investment in the Securities may differ materially from the return on an investment as "Seller" under an actual credit derivative transaction on the same terms as the relevant Reference CDS.
- (i) A prospective investor should (i) have sufficient access to, and knowledge of, the Credit Derivatives Definitions and any other documents which are expressed to be incorporated into, or which are otherwise referred to in, the Reference CDS or the relevant Credit Derivatives Definitions; and (ii) thoroughly understand the terms of the relevant Reference CDS, and any related risks. A prospective investor should also understand the role of Credit Derivatives Determinations Committees, and how determinations by such committees may affect the operation of the Reference CDS and accordingly the risks associated with the Securities. A prospective investor should ensure that it has the ability to monitor any matters which are under consideration by, and determinations made by, Credit Derivatives Determinations Committees to the extent that they may be relevant to the Reference CDS and accordingly the Securities.
- (j) The Calculation Agent has no fiduciary or other duty to act (or to refrain from acting) in the best interests of the Securityholders. A prospective investor must have the ability to monitor the occurrence of events which may impact on the Reference CDS, including the ability to exercise the Movement Option and any other matters on which a Seller under the Reference CDS would be entitled to make any determination or give any notice. A Securityholder must further be ready to give to the Calculation Agent, in the form and within the applicable time limits required thereunder, any notices which are contemplated under the Asset Terms in order to protect or preserve its interests with respect to such determinations, notices or other matters under the Reference CDS.
- (k) Market and regulatory developments affecting credit derivatives transactions have in the past and may in the future lead to changes in the documentation or settlement of credit derivative transactions. In some cases market participants may elect to apply such revised terms to some or all of the existing transactions entered into between them. Where the Issuer, or any of its affiliates, elects to apply such terms to transactions under which it has hedged, in whole or in part, the risks and rewards associated with the Securities, the Calculation Agent shall be entitled (but shall not be obliged), without the consent of the Securityholders, to apply such terms to the Reference CDS and to make such consequential changes to the terms of the Reference CDS and/or the Securities as it in its absolute discretion considers appropriate to reflect such terms. There can be no assurance that the application of such terms will operate to improve the return to an investor on its investment in the Securities, and they may indeed have a detrimental effect on such a return.

5.3 Settlement Following a Credit Event

- (a) If, under the terms of the Reference CDS, an Event Determination Date occurs with respect to a Reference Entity there will be a reduction in the Outstanding Nominal Amount of each Security unless Principal Protection applies. A Securityholder will receive, in respect of such Event Determination Date, either (A) a cash amount (the "**Credit Event Settlement Amount**", which may be zero); or (B) certain obligations of, or guaranteed by, the Reference Entity to which the Credit Event occurred (or an asset package comprised of assets delivered to holders of the obligations of the Reference Entity in exchange for conversion of those obligations) (the "**Portfolio**"), the value of which may be zero. In either case, the Credit Event Settlement Amount or the value of the Portfolio received by the Securityholders may be considerably less than the related reduction in the Outstanding Nominal Amount of the Security, in which case the Securityholder will suffer a loss on its investment in the Securities.
- (b) If the Outstanding Nominal Amount of a Security is reduced to zero on an Event Determination Date then, upon the performance by the Issuer of its obligations under the Asset Terms with respect to such Event Determination Date and all prior occurring Event Determination Dates (if any), the Issuer will be discharged from its obligations and liabilities to the Securityholder in respect of such Security, and such Security will be cancelled.

- (c) The Credit Event Settlement Amount or the value of the Portfolio will be reduced by an amount which will be determined by reference to the prevailing price of internal treasury funding rates relating to the Issuer which may be correlated to the prevailing price of credit risk protection relating to the Issuer, and may be material. As a result of the application of Funding Unwind Costs (if specified as applicable in the Specific Terms), Securityholders will be exposed to the credit risk of the Issuer following the occurrence of a Credit Event and related Event Determination Date, even where the Issuer is able to, and does, continue to make all payments due in respect of the Securities.
- (d) Prospective investors in the Securities should be aware that a Credit Event may be more likely to occur in circumstances where Funding Unwind Costs will be increased where there is correlation between the credit risk of the Issuer and that of the relevant Reference Entity (for example, where the credit risks associated with financial institutions generally are increased, or where funding markets in the currency of the Securities are illiquid) or may itself result in market disruption leading to an increase in such Funding Unwind Costs.
- (e) The Credit Event Settlement Amount, or the value of the Portfolio, will also be affected by the Reference Entity Notional Amount of the Reference Entity with respect to which the Event Determination Date occurred. In general, the higher the Reference Entity Notional Amount of a Reference Entity with respect to which an Event Determination Date occurs, the higher the consequent loss to a Securityholder arising from such Event Determination Date.

5.4 **Determination of Cash Settlement Amount**

- (a) Where "Cash Settlement" (as defined in the Reference CDS) applies in the Reference CDS (whether as the primary Settlement Method or as a fallback to the Auction Settlement Method), the Reference CDS Calculation Agent will calculate an amount by reference to the value of certain obligations of, or guaranteed by, the Reference Entity (or an asset package comprised of assets delivered to holders of the obligations of the Reference Entity in exchange for conversion of those obligations) in respect of which the Credit Event and related Event Determination Date occurred (the "**Cash Settlement Amount**"). Such value will be determined by reference to quotations obtained for such obligations from dealers. Any quotations used in the calculation of the Cash Settlement Amount may be affected by factors other than just the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between Valuation Dates (if Multiple Valuation Dates apply). The obligations valued for these purposes may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of a Credit Event, thereby adversely affecting any determination of the value of such obligation which in turn will reduce the Credit Event Settlement Amount of the Securities for such Event Determination Date. Buyer may be entitled to select obligations for the purposes of valuation, and in so doing will be entitled to select the obligations with the lowest value in the market at the relevant time – providing such obligations satisfy certain specifications and limits for qualification as a valuation obligation. This will operate to reduce the Credit Event Settlement Amount payable to the Securityholders.
- (b) Some valuation obligations may have no, or only a limited, trading market, or may be subject to restrictions on transfer, either of which may operate to reduce their value. The liquidity of obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the relevant Reference Entity/Entities. The financial markets have experienced periods of volatility and reduced liquidity which may re-occur and reduce the market value of the relevant valuation obligations.
- (c) If the Reference CDS is a "fixed recovery" transaction, a Securityholder will have a fixed exposure to the credit risk of the Reference Entity/Entities. If a Credit Event and related Event Determination Date occur with respect to a Reference Entity, a Securityholder will receive a cash amount equal to the applicable Reference Entity Notional Amount multiplied by the Final Price (as specified in the relevant Reference CDS Confirmation), which may be zero. The amount that a Securityholder receives may be higher or lower than the amount that the

Securityholder would have otherwise received, if the Final Price was determined by reference to the then prevailing market value of obligations of the Reference Entity.

5.5 Auction Settlement

- (a) If Auction Settlement applies in the Reference CDS and a final price is determined in an applicable auction, the Credit Event Settlement Amount will be determined by reference to the Auction Final Price determined under an auction conducted in accordance with auction settlement terms published by ISDA. See the risk factor in relation to "Auction Settlement" below for further information. This may result in Securityholders receiving a lower Credit Event Settlement Amount than if Auction Settlement were not applicable in the Reference CDS.
- (b) If the relevant Credit Derivatives Determinations Committee does not decide to conduct an auction with respect to obligations of (or guaranteed by) the relevant Reference Entity satisfying the relevant characteristics under the Reference CDS, the Fallback Settlement Method shall apply. This may reduce the Credit Event Settlement Amount payable or the value of the any obligations deliverable to the Securityholders.
- (c) Where the Credit Event is a Restructuring, the Credit Derivatives Determinations Committee may resolve to conduct an auction (a "**parallel auction**") with respect to obligations of (or guaranteed by) the relevant Reference Entity which do not satisfy the characteristics which are applicable under the Reference CDS. In these circumstances, Buyer may have the option to apply the Auction Final Price determined under such parallel auction (in which case the Credit Event Settlement Amount will be determined by reference to the Auction Final Price). In addition, in the context of a Restructuring Credit Event in relation to a Sovereign Reference Entity, the obligations to be taken into account for the purposes of the related Auction(s) will (in the absence of any other restrictions on delivery, subject to certain criteria and as determined in accordance with the rules of the Credit Derivatives Determinations Committee) be a benchmark obligation of the relevant sovereign which is identified by ISDA for these purposes and published on its website.
- (d) There can be no assurance that the Credit Event Settlement Amount determined by reference to an Auction Final Price will be greater than the corresponding amount that would have been determined had Cash Settlement been applicable, or the value of the assets that would have been deliverable had Physical Settlement been applicable. The Credit Event Settlement Amount determined by reference to an Auction Final Price under a parallel auction may be lower than the corresponding amount that would have been determined had an auction been conducted with respect to obligations which do satisfy the characteristics set out in the Reference CDS. See also paragraph 6 (*Seller Decision Instructions*) below.
- (e) If the terms of the Reference CDS exclude from the Deliverable Obligation Characteristics the provision "Not Subordinated", prospective investors should note that if an auction is convened for which the Reference CDS is a covered transaction (such that the price determined under such auction will constitute an Auction Final Price for the purposes of the Reference CDS and the Securities), such Auction Final Price is likely to reflect the value of obligations of the relevant Reference Entity which do not satisfy the "Not Subordinated" Deliverable Obligation Characteristic ("**Subordinated Obligations**"). Any such Auction Final Price is likely to be lower, and may be significantly lower, than the Auction Final Price determined under an auction for which Subordinated Obligations are excluded. The inclusion of Subordinated Obligations is likely therefore to increase the loss to an investor arising from the occurrence of an Event Determination Date from that which would be likely to arise if Subordinated Obligations were excluded.
- (f) In certain circumstances, following the occurrence of particular Credit Events, an asset package will be deliverable to the auction.

5.6 Physical Settlement

- (a) Selection of Deliverable Obligations

If the Specific Terms specifies that the Issuer shall satisfy its obligations under the Securities via delivery of the Portfolio, a Securityholder will have to comply with the provisions of the Asset Terms relating to physical settlement, including the delivery of an Asset Delivery Notice, before it is entitled to receive the relevant Deliverable Obligations.

Where Physical Settlement applies in the Reference CDS (whether as the primary Settlement Method or as a fallback to the Auction Settlement Method), Buyer will select a portfolio of Deliverable Obligations to comprise the Portfolio. The Issuer will then satisfy its obligations under the Securities by the delivery in respect of each Security of its proportion of such Portfolio. Buyer is entitled to select deliverable obligations with the lowest value in the market at the relevant time – provided such obligations satisfy certain specifications and limits for qualification as a Deliverable Obligation. This will operate to reduce the value of the assets delivered to the Securityholder upon redemption.

In addition, if the terms of the Reference CDS exclude from the Deliverable Obligation Characteristics the provision "Not Subordinated", the inclusion of Subordinated Obligations amongst the portfolio of Deliverable Obligations is likely to reduce the value of the assets delivered to the Securityholder upon redemption.

Some Deliverable Obligations may have no, or only a limited, trading market, or may be subject to restrictions on transfer, either of which may operate to reduce their value. The liquidity of obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the relevant Reference Entity/Entities. The financial markets have experienced periods of volatility and reduced liquidity which may re-occur and reduce the market value of the relevant Deliverable Obligations.

(b) Delivery of Deliverable Obligations

Where the Securities provide for physical delivery of the Portfolio, the Issuer may determine that the specified assets to be delivered are either (a) assets which for any reason (including, without limitation, disruption or failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans) it is impossible or illegal to deliver on the specified settlement date or (b) assets which the Issuer and/or any of its Affiliates has not received under the terms of any transaction and/or trading position entered into by the Issuer and/or any of its Affiliates to hedge the Issuer's obligations in respect of the Securities. Any such determination may delay settlement in respect of the Securities and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of the Securities and, in the case of payment of a cash amount, will affect the timing of redemption. The redemption amount payable in respect of an Undeliverable Obligation (as defined in Asset Term 2.4) may be considerably less than the market value of the applicable Undeliverable Obligation as at the date on which it would otherwise have been delivered to the Securityholder. The Issuer will not be responsible for any such delay or failure and shall not be obliged to compensate Securityholders for any consequences of such delay or failure. Securityholders will be solely responsible for determining whether they are permitted to hold any portion of the Portfolio to be delivered, including under applicable securities laws.

In certain circumstances, following the occurrence of particular Credit Events and related Event Determination Dates, an asset package will be deliverable to the auction.

Asset Term 2.3(b) provides that, in certain circumstances, the Deliverable Obligations to be delivered in respect of one Security may differ from the Deliverable Obligations to be delivered in respect of another Security of the same denomination. There may be differences in the economic value or rights of the Deliverable Obligations delivered in respect of one such Security from those delivered in respect of another Security of the same denomination. This may operate to reduce the value of the assets delivered to the Securityholders upon redemption.

The Outstanding Amount (as defined in Section 8.2 of the Credit Derivatives Definitions) of Deliverable Obligations or Replacement Deliverable Obligations to be delivered in respect of each Security may, as a consequence of the Currency Rate applicable to such Deliverable Obligations or Replacement Deliverable Obligations under the terms of the Reference CDS, be less than the Reference Entity Notional Amount of the Reference Entity in respect of which the Event Determination Date

occurred, which may increase the loss to a Securityholder arising from the occurrence of such Event Determination Date.

Where the Deliverable Obligation is a loan, in order for the delivery of the loan (or an interest in the loan) to be effected, the Deliverable Obligation must be capable of being transferred to the Securityholders in accordance with its terms and the Securityholders must have the capacity to hold such loan (or loan interest).

Prospective investors should review the Asset Terms and the applicable Specific Terms (including the form of the Reference CDS) to ascertain whether and how such provisions should or may apply to the Securities and how such provisions should or may affect the value of the Securities.

(c) Cash settlement by reference to the value of the Deliverable Obligations

This paragraph (c) applies where (i) Physical Settlement applies in the Reference CDS (whether as the primary Settlement Method or as a fallback to the Auction Settlement Method); and (ii) the Specific Terms provides that the Securities shall be redeemed by cash payment. In these circumstances, the Credit Event Settlement Amount will be determined by reference to the value of the Deliverable Obligations as more particularly provided in Asset Term 2.2(d). Such value shall be determined in respect of each Deliverable Obligation on or about, but in any case no later than the date falling 3 Business Days after, the date which the Calculation Agent determines to be the Delivery Date in respect of such Deliverable Obligation under the Reference CDS. There can be no assurance that the value so determined will reflect the price at which a Securityholder would have been able to sell a Deliverable Obligation which it had received under a physically settled credit default swap, and accordingly a Securityholder may suffer a greater loss on its investment in the Security following the occurrence of an Event Determination Date than it would have suffered as a seller of protection under a physically settled credit default swap on the terms of the Reference CDS.

If the terms of the Reference CDS exclude from the Deliverable Obligation Characteristics the provision "Not Subordinated", Buyer will be permitted to value obligations which are Subordinated Obligations, which is likely to operate to reduce, and may reduce significantly, the Credit Event Settlement Amount. The inclusion of Subordinated Obligations amongst the obligations to be valued is likely therefore to increase the loss to an investor arising from the occurrence of an Event Determination Date from that which would be likely to arise if Subordinated Obligations were excluded.

5.7 Risks relating to Leveraged Credit Linked Securities

If the Securities are Leveraged Credit Linked Securities, the loss of principal suffered by an investor following the occurrence of an Event Determination Date will be multiplied by the stipulated "Leverage Factor". The market value of such Securities is likely to be more volatile than would be the case in the absence of such leverage.

5.8 Principal Protected Credit Linked Securities

Notwithstanding the occurrence of one or more Event Determination Dates under the Reference CDS, if the Specific Terms states that the Securities are Fully Principal Protected, on final redemption of the Securities, the investor will be entitled to be paid 100 per cent of the par amount of the Securities. If the Specific Terms states the Securities are Partially Principal Protected that the Investor will, on final redemption, be entitled to receive a specified portion of the par amount of the Securities which would be less than 100 per cent. However, in both cases, the investor will suffer a loss of interest.

If the Specific Terms specifies that the Securities are "Principal Protected Credit Linked Securities", each Security shall be redeemed on the Scheduled Maturity Date by the Issuer at:

- (a) 100 per cent. of its Specified Denomination or its Nominal Amount (as applicable) if the Securities are "Fully Principal Protected" (as specified in the Specific Terms); or
- (b) a specified portion of its Specified Denomination or its Nominal Amount (as applicable), if the Securities are "Partially Principal Protected" (as specified in the Specific Terms).

5.9 Risks relating to Zero Recovery Credit Linked Securities

If the Securities are Zero Recovery Credit Linked Securities, investors will suffer a loss of all of the principal amount of the Securities as it relates to the affected Reference Entity following the occurrence of a Credit Event and related Event Determination Date.

5.10 Risks relating to asset package delivery

In certain circumstances where (a) "Financial Reference Entity Terms" and "Governmental Intervention" apply in respect of a Reference Entity and there is (i) a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such Restructuring does not constitute a Governmental Intervention or (b) a Restructuring Credit Event in respect of a Sovereign, then a related asset package resulting from a prior deliverable obligation (where "Financial Reference Entity Terms" apply) or package observable bond (where the Reference Entity is a sovereign) may also be deliverable. The asset package would be treated as having the same outstanding principal as the corresponding prior deliverable obligation or package observable bond.

If the resulting asset package is deemed to be zero where there are no resulting assets, the related credit loss will be 100 per cent. notwithstanding the recovery value on any other obligations of the Reference Entity.

The risks relating to settlement by reference to an Auction sponsored by ISDA (see "Auction" above) and risks relating to settlement otherwise than by reference to an Auction (see "Determination of Cash Settlement Amount" and "Physical Settlement" above) would apply to any asset or asset package.

If an asset in the asset package is a non-transferable instrument or non-financial instrument, the value of such asset will be the market value determined by reference to a specialist valuation or in accordance with methodology determined by the Credit Derivatives Determinations Committee. The risks in "Role Of The Credit Derivatives Determinations Committee" below would apply to valuation in accordance with the methodology of the Credit Derivatives Determinations Committee.

6. SELLER DECISION INSTRUCTIONS

- (a) The Calculation Agent shall, with respect to any Seller Decision (as defined below) and subject to the provisions of Asset Term 8.4, deem that Seller has acted (or refrained from acting) under the Reference CDS in accordance with Seller Decision Instructions.
- (b) By giving Seller Decision Instructions in accordance with Asset Term 8.4, holders of more than 50% by aggregate of the Outstanding Nominal Amount of the Securities may influence those circumstances under the Reference CDS where, in the opinion of the Calculation Agent, Seller would be entitled to make (or refrain from making) a determination or calculation, give (or refrain from giving) a notice or exercise (or refrain from exercising) a discretion under the Reference CDS (each, a "**Seller Decision**").
- (c) The Reference CDS Calculation Agent will not have regard to any instructions from Securityholders which differ from Seller Decision Instructions. Accordingly each Securityholder must understand and accept the risk that Seller Decision Instructions may be validly given, and acted upon by the Reference CDS Calculation Agent, which conflict with the interests of such Securityholder. There can be no assurance that Seller Decision Instructions will be in the interests of the Securityholders as a whole, or any of them.
- (d) None of the Issuer, the Reference CDS Calculation Agent nor any of their Affiliates shall be liable to any Securityholder for any loss suffered by any Securityholder arising from Seller Decision Instructions, or the failure to give any Seller Decision Instructions, nor any duty to give any advice in respect of the same.
- (e) Save to the extent of any valid Seller Decision Instructions duly received, the Calculation Agent shall have no duty to take any action on behalf of Seller with respect to any Seller Decision and shall have no liability to any Securityholder for failing to do so, either in a timely manner or at all.
- (f) The Calculation Agent shall however, to the extent that the same does not conflict with Seller Decision Instructions or any of the other provisions of the Asset Terms, be entitled, at its sole and absolute discretion, to deem that Seller has acted in respect of a Seller Decision. If the

Calculation Agent elects to deem that the Seller has acted in respect of a Seller Decision, it will act in a commercially reasonable manner and in good faith and may (but is not obliged to) have regard to any corresponding matters arising under any transactions entered into by the Issuer or any Affiliate to hedge the obligations of the Issuer under the Securities. There can be no assurance that, if the Calculation Agent elects to deem that Seller has acted in respect of a Seller Decision, it will do so to the best interests of the Securityholders or any of them.

- (g) There is no obligation on the Issuer, the Reference CDS Calculation Agent nor any of their Affiliates to advise Securityholders that Seller Decisions are, or may become, pending or capable of exercise. Neither the Issuer nor the Calculation Agent shall have any obligation to consult with, or convene meetings of, Securityholders to consider matters which may be the subject of Seller Decision Instructions.
- (h) Prospective investors' attention is drawn to the provisions of Asset Term 8 (*Calculation Agent*).

7. NO REQUIREMENT FOR THE ISSUER TO SUFFER LOSS

The Issuer's obligations in respect of the Securities, and its right to satisfy its obligations under the Securities in the manner described in the Asset Terms following the occurrence of a Credit Event and related Event Determination Date, arise irrespective of the existence or amount of the Issuer's and/or any of the Issuer's Affiliates' credit exposure to a Reference Entity and the Issuer and/or any of its Affiliates need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event and related Event Determination Date.

8. AUCTION SETTLEMENT

- (a) Where an Auction Final Price Determination Date occurs under the Reference CDS, the Auction Final Price will be determined according to an auction procedure set out in the relevant Credit Derivatives Auction Settlement Terms, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time. The Issuer and the Securityholders may have little or no influence in the outcome of any such auction, although the outcome of any such auction may alter the Credit Event Settlement Amount the Securityholders will receive.
- (b) There is a high probability that the Issuer or the Calculation Agent (or any of their Affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), neither the Issuer nor the Calculation Agent (nor any of their Affiliates) shall be under any obligation to consider the interests of any Securityholder. Any such action may adversely affect the Auction Final Price and accordingly the Credit Event Settlement Amount payable to any Securityholder.
- (c) In certain circumstances, as more particularly referred to in the definition of "Movement Option" under the terms of the Reference CDS, Buyer or Seller may be entitled to apply alternative auction settlement terms for the purposes of the determination of the Auction Final Price. This may result in a worse position for the Securityholders than that which would have applied if either (a) a different set of auction settlement terms had been selected by Buyer or (b) the Fallback Settlement Method specified in the applicable Reference CDS had applied.
- (d) Unless otherwise previously instructed by Seller Decision Instructions, the Calculation Agent will deem that Seller has not exercised the Movement Option.

9. POSTPONEMENT OF REDEMPTION AND SETTLEMENT SUSPENSION

- (a) Prospective investors should note that redemption of the Securities may be postponed if the Termination Date under the Reference CDS falls after the Scheduled Maturity Date. This may

occur, inter alia, where there is a Potential Failure to Pay or a Potential Repudiation/Moratorium that occurs on or prior to the Scheduled Maturity Date. Further, in certain circumstances, settlement of the Securities following the occurrence of a Credit Event may be suspended whilst the relevant Credit Derivatives Determinations Committee considers certain matters following a Credit Event Resolution Request Date. See Asset Term 2.9. This may have an adverse effect, amongst other things, on the accrual of interest.

- (b) In addition, under the terms of the Reference CDS, following the determination of an Event Determination Date, such Event Determination Date may be deemed (a) to have occurred on a date that is different from the date that was originally determined to be the Event Determination Date or (b) not to have occurred. In such circumstances the Calculation Agent may decide (i) that adjustment payments need to be paid to the Securityholders; or (ii), alternatively, that subsequent amounts payable to the Securityholders need to be reduced or that adjustment payments need to be paid by the Securityholders to the Issuer.
- (c) As a result, where the timing of an Event Determination Date is deemed to have changed or where an Event Determination Date is deemed not to have occurred or has occurred prior to the immediately preceding Interest Payment Date, Securityholders may receive lower payments than anticipated and/or may receive payments later than originally anticipated and/or may become obliged to make payments to the Issuer.
- (d) If any amount would be payable by a Securityholder, and to the extent that such amount is not accounted for by an adjustment to other amounts payable to the Securityholder under the Securities, such amount shall be payable by the Securityholder to the Issuer. For the purposes of this obligation, the Securityholder consents to the clearing system passing on the Securityholder's details to the Issuer.
- (e) If "Settlement Deferral" is specified as applicable in the relevant Specific Terms then, following the occurrence of a Credit Event and related Event Determination Date, any consequent payment or delivery to Securityholders (including, if applicable, the redemption in full of the Securities) will be deferred until the Deferred Settlement Date. In such case Securityholders will not be entitled to interest in respect of the period of deferral, and, as a result, the deferral will reduce the overall return to Securityholders from an investment in the Securities. It should also be noted that the amounts payable or deliverable in respect of the Securities will continue to be determined by reference to the settlement provisions (and related timing) under the Reference CDS. Accordingly, Securityholders will not benefit from (a) any subsequent increase in the value of any obligations used to determine the Credit Event Settlement Amount; or (b) any payments or deliveries made in respect of the Deliverable Obligations during the period of such deferral.

10. NO CLAIM AGAINST A REFERENCE ENTITY OR OBLIGATIONS

A Security will not represent a claim against any Reference Entity and, in the event of a Securityholder incurring any losses, costs and/or expenses under or in connection with a Security, it will not have recourse under a Security to any Reference Entity nor shall a Securityholder have any legal, beneficial or other interest whatsoever in any of the Obligations, the Reference Obligations or Deliverable Obligations under the Reference CDS.

11. CALCULATION AGENT DETERMINATIONS

When the determination as to whether a Credit Event has occurred is made by the Calculation Agent, such determination will be made on the basis of the Reference CDS and without regard to any related determination by, or any action taken, omitted to be taken or suffered to be taken by, any other person including, without limitation, any creditor of a Reference Entity.

12. CREDIT EVENT AND SUCCESSOR BACKSTOP DATES

An Event Determination Date may not occur under the Reference CDS unless a Credit Event Notice has been given or a request has been submitted to ISDA for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event, in either case within 60 calendar days of the occurrence of such Credit Event. For succession, the look-back

period is 90 calendar days and functions similarly, except in the case of a "Universal Successor" of a non-Sovereign Reference Entity which has ceased to exist, for which there is a single, fixed back-stop date of 1 January 2014. These provisions mean there is a time limit on the ability to act on a Credit Event or a succession. These provisions also mean that it is possible that the Reference CDS, and therefore the Securities, could be affected by a Credit Event or succession that took place prior to the Trade Date. The Issuer shall have no obligation to notify a prospective investor as to whether or not a Credit Event or succession has, or may have, taken place prior to the Trade Date.

A "**Universal Successor**" means, with respect to a Reference Entity which is not a sovereign, the single entity which assumes all of the obligations (including at least one relevant bond or loan) of the Reference Entity and at the time of determination, either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (however described) and the Reference Entity has not issued or incurred any borrowed money obligation at any time since the legally effective date of assumption.

13. **EMERGING MARKETS RISKS**

The Reference Entity is an entity which is located in an emerging market. Emerging markets are located in countries that possess one or more of the following characteristics: a certain degree of political instability, relatively unpredictable financial markets and economic growth patterns, a financial market that is still at the development state or a weak economy. Emerging markets investments usually result in higher risks such as event risk, political risk, economic risk, credit risk, currency rate risk, market risk, regulatory/legal risk and trade settlement, processing and clearing risks as further described below. Investors should note that the risk of occurrence and the severity of the consequences of such risks may be greater than they would otherwise be in relation to more developed countries.

- (a) **Event Risk:** On occasion, a country or region will suffer an unforeseen catastrophic event (for example, a natural disaster) which causes disturbances in its financial markets, including rapid movements in its currency, that will affect the value of securities in, or which relate to, that country. Furthermore, a Reference Entity can be affected by global events, including events (political, economic or otherwise) occurring in a country other than that in which such Reference Entity is located.
- (b) **Political Risk:** Many emerging markets countries are undergoing, or have undergone in recent years, significant political change which has affected government policy, including the regulation of industry, trade, financial markets and foreign and domestic investment. The relative inexperience with such policies and instability of these political systems leaves them more vulnerable to economic hardship, public unrest or popular dissatisfaction with reform, political or diplomatic developments, social, ethnic or religious instability or changes in government policies. Such circumstances, in turn, could lead to a reversal of some or all political reforms, a backlash against foreign investment, and possibly even a turn away from a market-oriented economy. For Securityholders, the results may include confiscatory taxation, exchange controls, compulsory re-acquisition, nationalisation or expropriation of foreign-owned assets without adequate compensation or the restructuring of particular industry sectors in a way that could adversely affect investments in those sectors. Any perceived, actual or expected disruptions or changes in government policies of a country, by elections or otherwise, can have a major impact on a Reference Entity located in such countries.
- (c) **Economic Risk:** The economies of emerging markets countries are by their nature in early or intermediate stages of economic development, and are therefore more vulnerable to rising interest rates and inflation. In fact, in many countries, high interest and inflation rates are the norm. Rates of economic growth, corporate profits, domestic and international flows of funds, external and sovereign debt, dependence on international trades and sensitivity to world commodity prices play key roles in economic development, yet vary greatly from country to country. Businesses and governments in these countries may have a limited history of operating under market conditions. Accordingly, when compared to more developed countries, businesses and governments of emerging markets countries are relatively inexperienced in dealing with market conditions and have a limited capital base from which to borrow funds and develop their operations and economies. In addition, the lack of an economically feasible tax regime in certain countries poses the risk of sudden imposition of arbitrary or excessive

taxes, which could adversely affect foreign Securityholders. Furthermore, many emerging markets countries lack a strong infrastructure and banks and other financial institutions may not be well-developed or well-regulated. All of the above factors, among others, can affect the proper functioning of the economy and have a corresponding adverse effect on the performance of a Reference Entity located in a particular emerging market.

- (d) **Credit Risk:** Emerging markets sovereign and corporate debt tends to be riskier than sovereign and corporate debt in established markets. Issuers and obligors of debt in these countries are more likely to be unable to make timely coupon or principal payments, thereby causing the underlying debt or loan to go into default. The sovereign debt of some countries is currently in technical default and there are no guarantees that such debt will eventually be restructured allowing for a more liquid market in that debt. The measure of a company's or government's ability to repay its debt affects not only the market for that particular debt, but also the market for all securities related to that company or country. Additionally, evaluating credit risk for foreign bonds involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult. Many debt securities are simply unrated and may already be in default or considered distressed. There is often less publicly available business and financial information about foreign issuers than those in developed countries. Furthermore, foreign companies are often not subject to uniform accounting, auditing and financial reporting standards. Also, some emerging markets countries may have accounting standards that bear little or no resemblance to, or may not even be reconcilable with, U.S. generally accepted accounting principles.
- (e) **Market Risk:** The emerging equity and debt markets of many emerging markets countries, like their economies, are in the early stages of development. These financial markets generally lack the level of transparency, liquidity, efficiency and regulation found in more developed markets. It is important, therefore, to be familiar with secondary market trading in emerging markets securities and the terminology and conventions applicable to transactions in these markets. Price volatility in many of these markets can be extreme. Price discrepancies can be common and market dislocation is not uncommon. Additionally, as news about a country becomes available, the financial markets may react with dramatic upswings and/or downswings in prices during a very short period of time. These markets also might not have regulations governing manipulation and insider trading or other provisions designed to "level the playing field" with respect to the availability of information and the use or misuse thereof in such markets. It may be difficult to employ certain risk management practices for emerging markets securities, such as forward currency exchange contracts, stock options, currency options, stock and stock index options, futures contracts and options on futures contracts.
- (f) **Regulatory/Legal Risk:** In emerging markets countries there is generally less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers and issuers than in more developed countries. Whatever supervision is in place may be subject to manipulation or control. Many emerging markets countries have mature legal systems comparable to those of more developed countries, while others do not. The process of regulatory and legal reform may not proceed at the same pace as market developments, which could result in confusion and uncertainty and, ultimately, increased investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain areas, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries are generally inexperienced in the areas of business and corporate law. Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that a foreign Securityholder would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. A Securityholder may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in foreign courts.
- (g) **Trade Settlement, Processing and Clearing Risk:** Many emerging markets have different clearance and settlement procedures from those in more developed countries. For many

emerging markets securities, there is no central clearing mechanism for settling trades and no central depository or custodian for the safekeeping of securities. Custodians can include domestic and foreign custodian banks and depositaries, among others. The registration, record-keeping and transfer of Securities may be carried out manually, which may cause delays in the recording of ownership. Where applicable, the Issuer will settle trades in emerging markets securities in accordance with the current market practice developed for such transactions by the Emerging Markets Traders Association. Otherwise, the transaction may be settled in accordance with the practice and procedure (to the extent applicable) of the relevant market. There are times when settlement dates are extended, and during the interim the market price of any Obligations and in turn the value of the Securities, may change. Moreover, certain markets have experienced times when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardised settlement procedures, settlement risk is more prominent than in more mature markets. In addition, Securityholders may be subject to operational risks in the event that Securityholders do not have in place appropriate internal systems and controls to monitor the various risks, funding and other requirements to which Securityholders may be subject by virtue of their activities with respect to emerging market securities.

- (h) **Sanctions Risk:** There is a general risk relating to emerging markets jurisdictions that countries or organisations outside of that emerging market jurisdiction impose sanctions against that emerging market jurisdiction. These sanctions could affect, without limitation, various sectors of the economy and could impact on the business of the relevant Reference Entity/Entities that is or are the subject of the Reference CDS.

14. ROLE OF THE CREDIT DERIVATIVES DETERMINATIONS COMMITTEE

14.1 Credit Derivatives Determinations Committee decisions

Credit Derivatives Determinations Committees were established in March 2009 to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. Prospective investors should note that a Credit Derivatives Determinations Committee may have the power to make binding decisions for the purposes of the Reference CDS on critical issues such as whether a Credit Event has occurred, which obligations are to constitute Deliverable Obligations and whether an auction should take place in accordance with and as more fully described in the rules which govern the Credit Derivatives Determinations Committees as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time (as amended from time to time in accordance with the terms thereof, the "**Rules**"). Consequently, Securityholders will be bound by any such relevant decisions and the payments on the Securities and the timing of any such payments may be affected by any such relevant decisions or subsequent determinations if Auction Settlement is specified as the applicable Settlement Method in the applicable Reference CDS.

14.2 Securityholders (in their capacity as Securityholders) will not be able to refer questions to the Credit Derivatives Determinations Committee

The Securityholders, in their capacity as holders of the Securities, will not have the ability to refer questions to a Credit Derivatives Determinations Committee since the Securities are not a credit default swap transaction. As a result, Securityholders will be dependent on other market participants to refer specific questions to the Credit Derivatives Determinations Committees that may be relevant to the Securityholders due to the terms of the Reference CDS. Neither the Issuer nor the Calculation Agent nor any of their Affiliates have any duty to the Securityholders to refer, or to desist from referring, specific questions to the Credit Derivatives Determinations Committees.

14.3 Securityholders will have no role in the composition of the Credit Derivatives Determinations Committees

Separate criteria apply with respect to the selection of dealer and non-dealer institutions to serve on the Credit Derivatives Determinations Committees and the Securityholders will have no role in establishing such criteria. In addition, the composition of the Credit Derivatives Determinations Committees will change from time to time in accordance with the rules which govern the Credit Derivatives Determinations Committees set forth in the Rules, as the term of a member institution may expire or a member institution may be required to be replaced. The Securityholders will have no

control over the process for selecting institutions to participate on the Credit Derivatives Determinations Committees and, to the extent provided for in the Securities, will be subject to the determinations made by such selected institutions in accordance with the Rules.

14.4 The Issuer or one of its Affiliates may be a member of a Credit Derivatives Determinations Committee

The Issuer or one of its Affiliates may be a member of a Credit Derivatives Determinations Committee, and may therefore participate and vote on decisions relating to, amongst other matters, (a) the occurrence or non-occurrence of a Credit Event with respect to a Reference Entity, (b) the occurrence or non-occurrence of a Sovereign Succession Event or determination of a Successor with respect to a Reference Entity and the determination if applicable of one or more Successors (whether in connection with a Sovereign Succession Event or otherwise); (c) the decision whether or not to publish Auction Settlement Terms with respect to a Credit Event (and/or whether or not to publish Parallel Auction Settlement Terms with respect to a Restructuring Credit Event); and (d) the list of Deliverable Obligations with respect to a Reference Entity and a Credit Event.

In participating in any such decisions the relevant member of such Credit Derivatives Determinations Committee shall not, and shall not be obliged to, have regard to the interests of any Securityholder and may ignore any conflict of interest arising from its rights and obligations under, or in respect of, the Securities.

Any of such decisions may materially affect the occurrence or non-occurrence and timing of an Event Determination Date with respect to a Reference Entity, the basis on which the Credit Event Settlement Amount is determined and the quantum (if any) of such Credit Event Settlement Amount.

14.5 Securityholders shall be responsible for obtaining information relating to the Credit Derivatives Determinations Committees and Credit Derivatives Auction Settlement Terms

The Rules in force from time to time, the Credit Derivatives Auction Settlement Terms with respect to the relevant Reference Entity, notices of questions referred to the Credit Derivatives Determinations Committees, meetings convened to deliberate such questions and the results of binding votes of the Credit Derivatives Determinations Committees will be published on ISDA's website. Neither the Issuer, the Calculation Agent nor any of their respective Affiliates shall be obliged to inform the Securityholders of such information (other than as expressly provided in the terms of the Securities). Failure by the Securityholders to be aware of information relating to determinations of a Credit Derivatives Determinations Committee will have no effect under the Securities and Securityholders are solely responsible for obtaining any such information.

Securityholders shall have no recourse against the Issuer, the Calculation Agent, any institutions serving on the Credit Derivatives Determinations Committees or the external reviewers in the event of any loss arising directly or indirectly from any action, determination or resolution taken or made by the ISDA Credit Derivatives Determinations Committee or any delay, inaccuracy or omission in any information from time to time published by or on behalf of ISDA in respect thereof.

Securityholders shall be deemed to have acknowledged and agreed to the disclaimers set out in Asset Term 10.

15. NO REPRESENTATION OR WARRANTY; PROVISION OF INFORMATION

- (a) In relation to the Securities, neither the Issuer nor any of its Affiliates (as defined herein) makes any representation or warranty as to the credit quality of any Reference Entity. Prospective investors should obtain and evaluate the same information concerning the Reference Entity/Entities as they would if they were investing directly in the securities issued by the Reference Entity/Entities.
- (b) The Issuer and/or any Affiliate may have acquired, or during the term of the Securities may acquire, information in relation to any Reference Entity under the Reference CDS that is or may be construed, in the context of the Securities, not to be publicly available or known to the Securityholders. Neither the Issuer nor any of its Affiliates is under any obligation to make such information, whether or not confidential, available to Securityholders. Prospective

investors must therefore make an investment decision based upon their own due diligence and purchase the Securities in the knowledge that non-public information which the Issuer, the Dealer(s) or any of their respective Affiliates may have will not be disclosed to investors. None of the Issuer, the Dealer(s) and any of their respective Affiliates is under any obligation (i) to review on the Securityholders' behalf, the business, financial conditions, prospects, creditworthiness, status or affairs of the Reference Entity/Entities or conduct any investigation or due diligence into the Reference Entity/Entities or (ii) other than as may be required by applicable rules and regulations relating to the Securities, to make available (a) any information relating to the Securities or (b) any non-public information they may possess in respect of the Reference Entity/Entities.

- (c) Past performance of such Reference Entity/Entities cannot be considered to be a guarantee of, or guide to, future performance.

16. BUSINESS RELATIONSHIPS

- (a) The Issuer and/or any of its Affiliates may have existing or future business relationships with a Reference Entity under the Reference CDS (including, but not limited to, lending, depository, risk management, advisory and banking relationships), and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Securityholder should their actions adversely impact the amount payable to the Securityholder on redemption.
- (b) The Issuer and its Affiliates may deal in each Obligation and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, a Reference Entity under the Reference CDS or any other person or entity having obligations relating to a Reference Entity and may act with respect to such business in the same manner as each of them would had the Securities not been in issue, regardless of whether any such action might have an adverse effect on a Reference Entity or the position of a Securityholder or otherwise (including any action which might constitute or give rise to a Credit Event).

17. HEDGING AND OTHER TRANSACTIONS

In the ordinary course of its business, including without limitation in connection with its market making activities, the Issuer and/or any of its Affiliates may effect transactions for its own account or for the account of its customers and hold long or short positions in obligations of the Reference Entity/Entities (including the Reference Obligations, if any, under the Reference CDS) or related derivatives. In addition, in connection with the offering of the Securities, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the Reference Entity/Entities, the Reference Obligations or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in the Reference Entity/Entities, the Reference Obligations or related derivatives which may affect the market price, liquidity or value of the Securities and which could be adverse to the interests of the relevant Securityholders.

18. POTENTIAL CONFLICTS OF INTEREST

- (a) The Issuer and/or any of its Affiliates may engage in trading activities (including hedging activities) related to interests underlying any Securities and other instruments or derivative products based on or related to interests underlying any Securities for their proprietary accounts or for other accounts under their management. The Issuer and its Affiliates may also issue other derivative instruments in respect of interests underlying any Securities for their proprietary accounts or for other accounts under their management. The Issuer and its Affiliates may also act as underwriter in connection with future offerings of shares or other securities of, or guaranteed by, a Reference Entity or otherwise related to an issue of Securities may act as a lender and/or agent or trustee with respect to any loan or other financing to, or guaranteed by, a Reference Entity, and/or may act as financial adviser to companies whose securities impact the return on the Securities. Such activities could present certain conflicts of

interest, could influence the prices of such shares or other securities and could adversely affect the value of the Securities.

- (b) The Issuer or the Calculation Agent (or any of their Affiliates) may act as a voting member on a Credit Derivatives Determinations Committee and may be a party to credit derivative transactions which incorporate or are deemed to incorporate the 2014 Credit Derivatives Definitions. As a consequence, it may take certain actions which may influence the process and outcome of decisions of the Credit Derivatives Determinations Committees. Such action may have an impact on the Reference CDS and therefore be adverse to the interests of the Securityholders and may result in an economic benefit accruing to the Issuer or Calculation Agent or any of their Affiliates, as the case may be. In taking action relating to the Credit Derivatives Determinations Committees or performing any duty under the rules, the Issuer or Calculation Agent or any of their Affiliates, as the case may be, shall have no obligation to consider the interests of the Securityholders and may ignore any conflict of interest arising due to its responsibilities under the Securities. See also paragraph 14.4 (*The Issuer or one of its Affiliates may be a member of a Credit Derivative Determinations Committee*) above.
- (c) The Issuer and/or its Affiliates may have access to information with respect to a Reference Entity that would (or would if available from a "Public Source" as defined in the Reference CDS), amongst other things, constitute "Publicly Available Information", as defined in the Reference CDS, with respect to a Credit Event or otherwise suggest that a Credit Event has occurred or may occur with respect to a Reference Entity. There is no obligation on the Issuer and/or any such Affiliate to disclose such information to any Securityholder, nor to respond to any enquiries from any Securityholder or requests for information with respect to any such, or similar, event from such Securityholder.
- (d) In making calculations and determinations with regard to the Securities, there may be a difference in the interests of Securityholders and the Issuer. Save where otherwise provided in the terms and conditions, the Issuer is required to act in good faith and in a commercially reasonable manner but does not have any obligations of agency or trust for any investors and has no fiduciary obligations towards them. In particular, the Issuer and its affiliated entities may have interests in other capacities (such as other business relationships and activities). Prospective investors should be aware that any determination made by the Issuer may have a negative impact on the value of the Securities.

SPECIFIC TERMS

The Securities will be subject to the General Terms and Conditions of Notes (the "**General Note Conditions**") set out herein, as supplemented and modified by the Asset Terms of Credit Linked Securities (the "**Asset Terms**") set out herein and also to the following provisions (the "**Specific Terms**"). Each reference in such General Note Conditions and Asset Terms to the "Specific Terms" shall be deemed to be deleted and replaced by the "Specific Terms". In the case of a discrepancy or conflict between the General Note Conditions and the Asset Terms, the Asset Terms shall prevail and in the event of any discrepancy or conflict between the General Note Conditions and the Asset Terms and the Specific Terms, the Specific Terms shall prevail.

PART A – CONTRACTUAL TERMS

- | | | |
|-----|--|--|
| 1. | Issuer: | Credit Suisse AG |
| | Branch: | London Branch |
| 2. | Series Number: | SPLB2015-596 |
| 3. | Tranche Number: | Not Applicable |
| 4. | Applicable General Terms and Conditions: | General Note Conditions |
| 5. | Settlement Currency: | The lawful currency of the Russian Federation (" RUB ") (the " Specified Currency ") |
| 6. | Institutional: | Applicable |
| 7. | Aggregate Nominal Amount: | |
| | (i) Series: | RUB 250,000,000 |
| | (ii) Tranche: | Not Applicable |
| 8. | Issue Price: | 100 per cent. of the Aggregate Nominal Amount |
| 9. | Specified Denomination: | RUB 50,000,000 |
| 10. | Minimum Transferable Number of Securities: | One Note |
| 11. | Minimum Trading Lot: | Not Applicable |
| 12. | Issue Date: | 29 September 2015 |
| 13. | Maturity Date: | 20 September 2018 (the " Scheduled Maturity Date ") |
| 14. | Interest Basis: | Fixed Rate |
| 15. | Premium Basis: | Not Applicable |
| 16. | Redemption/Payment Basis: | Credit-linked - see terms of the Reference CDS attached to these Specific Terms |
| | Principal Protection: | Not applicable |
| 17. | Put/Call Options: | Not Applicable |

PROVISIONS RELATING TO INTEREST AND PREMIUM

- | | | |
|-----|------------------------------|------------|
| 18. | Fixed Rate Provisions | Applicable |
|-----|------------------------------|------------|

(General Note Condition 4):

- | | |
|--|--|
| (i) Rate(s) of Interest: | 14.05 per cent. per annum subject to the occurrence of an Event Determination Date and the terms of the Reference CDS |
| (ii) Interest Commencement Date: | Issue Date |
| (iii) Interest Payment Date(s): | 20 September in each year |
| (iv) Business Day Convention: | Following Business Day Convention |
| (v) Business Centre(s): | Moscow, London and New York City |
| (vi) Interest Amount(s) per Security: | Not Applicable |
| (vii) Day Count Fraction: | Actual/Actual – ISDA |
| (viii) Determination Date(s): | Not Applicable |
| (ix) Other terms relating to the method of calculating interest for Fixed Rate Securities: | Each Interest Period shall commence on or end on, as the case may be, the date on which the relevant Interest Payment Date is scheduled to fall, disregarding any adjustment to such Interest Payment Date pursuant to the Business Day Convention.

The final scheduled Interest Period shall end on but exclude the Scheduled Maturity Date. |

19. **Floating Rate Provisions** Not Applicable

(General Note Condition 4):

20. **Premium Provisions:** Not Applicable

PROVISIONS RELATING TO REDEMPTION

- | | |
|--|---|
| 21. Redemption Amount: | The Redemption Amount in respect of each Security will be the amount determined in accordance with the Asset Terms. |
| (i) Averaging Dates: | Not Applicable |
| (ii) Initial Averaging Dates: | Not Applicable |
| (iii) Initial Setting Date: | Not Applicable |
| (iv) Interim Valuation Date: | Not Applicable |
| (v) Observation Date(s): | Not Applicable |
| (vi) Observation Period: | Not Applicable |
| (vii) Valuation Date(s): | Not Applicable |
| (viii) Valuation Time: | Not Applicable |
| (ix) Other terms and conditions: | Not Applicable |
| 22. Details relating to Instalment Securities: | Not Applicable |
| 23. Physical Settlement Provisions: | Not Applicable |

24.	Call Option:	Not Applicable
25.	Put Option:	Not Applicable
26.	Unscheduled Termination Amount – Deduction for Hedge Costs:	Not Applicable
27.	Payment Disruption:	Not Applicable
28.	Interest and Currency Rate Additional Disruption Event:	Not Applicable

UNDERLYING ASSET(S)

29.	List of Underlying Assets:	Not Applicable
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ASSET TERMS

30.	Equity-linked Securities:	Not Applicable
31.	Equity Index-linked Securities:	Not Applicable
32.	Commodity-linked Securities:	Not Applicable
33.	Commodity Index-linked Securities:	Not Applicable
34.	ETF-linked Securities:	Not Applicable
35.	Fund-linked Securities:	Not Applicable
36.	FX-linked Securities:	Not Applicable
37.	FX Index-linked Securities:	Not Applicable
38.	Inflation Index-linked Securities:	Not Applicable
39.	Interest Rate Index-linked Securities:	Not Applicable
40.	Cash Index-linked Securities:	Not Applicable
41.	Multi-Asset Basket-linked Securities:	Not Applicable
42.	Credit-Linked Securities:	Applicable see row 53 "Additional Provisions" below
	Leveraged Credit Linked Securities:	Not Applicable
	Leverage Factor:	Not Applicable
	Zero Recovery Credit Linked Securities:	Not Applicable

GENERAL PROVISIONS

43.	(i) Form of Securities:	Bearer Securities
	(ii) Global Security:	Applicable
	(iii) The Issuer intends to permit indirect interests in the Securities to be held through CREST Depository Interests to be issued by the CREST Depository:	Not Applicable

44. Financial Centre(s): Moscow, London and New York City
45. Listing and Admission to Trading: Applicable
- (i) Stock exchange(s) to which application will initially be made to list the Securities: *(Application may subsequently be made to other stock exchange(s))* Application has been made for the Securities to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the Official List of the Luxembourg Stock Exchange to take effect on or after the Issue Date provided, however, no assurance can be given that the Securities will be admitted to trading or listed on such market on the Issue Date or any specific date thereafter
- (ii) Entities (other than stock exchanges) to which application for listing and/or approval of the Securities will be made: Not Applicable
46. Security Codes and Ticker Symbols:
- (i) ISIN: XS1237070013
- (ii) Common Code: 123707001
- (iii) Swiss Security Number: 28726388
- (iv) Telekurs Ticker: Not Applicable
- (v) WKN Number: Not Applicable
- (vi) CFI Code: DTFXFB
47. Clearing and Trading:
- Clearing System(s) and any relevant identification number(s): Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme
48. Delivery: Delivery against payment
49. Agents:
- Calculation Agent: Credit Suisse International
One Cabot Square
London E14 4QJ
- Fiscal Agent: The Bank of New York Mellon, acting through its
London Branch
One Canada Square
London E14 5AL
- Paying Agent(s): The Bank of New York Mellon, acting through its
London Branch
One Canada Square
London E14 5AL
- Additional Agents: Not Applicable
50. Dealer(s): Credit Suisse International
51. Additional steps that may only be taken following approval by Extraordinary: Not Applicable

Resolution:

52. Specified newspaper for the purposes of notices to Securityholders: Not Applicable
53. Additional Provisions: The return on the Securities is linked to a hypothetical credit default swap (the "**Reference CDS**") evidenced by a confirmation, the terms of which are set out in the Annex hereto.
- Events, discretions, determinations, payments and deliveries which occur, which are exercised or made or which become due under the terms of the Reference CDS (in particular, following the occurrence of an Event Determination Date) may affect the amounts payable or deliverable under the Securities, and the timing of such payments and deliveries.
- Terms which are not defined in these Specific Terms or elsewhere in the General Note Conditions and the Asset Terms shall have the meaning ascribed thereto in the Reference CDS (and the documents expressed to be incorporated therein).
- Securityholder representations: Each Securityholder shall, by its purchase and/or acquisition or otherwise of any Security, be deemed to have represented and warranted to and agreed with the Issuer and Credit Suisse International to each of the representations and undertakings in Schedule 1 (Representations of Securityholder) hereto.
- Cash Redemption of Securities (*see Asset Term 2.2(d)*) Applicable
- Funding Unwind Costs: Applicable
- Settlement Deferral (*see Asset Term 2.2(f)*) Not Applicable

PART B – OTHER INFORMATION

Rating

Not Applicable

ANNEX TO THE SPECIFIC TERMS – REFERENCE CDS

The following sets forth the terms and conditions of a reference credit derivative transaction which is deemed to have been entered into on the Trade Date specified below in connection with the RUB 250,000,000 14.05 per cent Credit Linked Notes linked to State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)" due 2018 SPLB2015-596 (the "**Securities**") issued by Credit Suisse AG, acting through its London Branch (the "**Issuer**").

This confirmation evidences the Reference CDS (the "**Reference CDS Confirmation**") for the purposes of such Securities, and is deemed to have been entered into between the Issuer as "**Buyer**" and the Reference CDS Counterparty as "**Seller**".

The definitions and provisions contained in the 2014 ISDA Credit Derivatives Definitions (the "**Credit Derivatives Definitions**"), as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") are incorporated into this Reference CDS Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions and the Asset Terms (as defined in Part A of these Specific Terms for the Securities) and this Reference CDS Confirmation, this Reference CDS Confirmation will govern. Terms defined in section 6 (*Additional Provisions*) below shall only apply to that section.

The terms of the Transaction to which this Reference CDS Confirmation relates are as follows:

1. General Terms

Trade Date:	28 August 2015
Effective Date:	29 September 2015
Scheduled Termination Date:	20 September 2018
Floating Rate Payer:	Reference CDS Counterparty (the " Seller ").
Fixed Rate Payer:	Credit Suisse AG (the " Buyer ")
Calculation Agent:	Credit Suisse International
Calculation Agent City:	London
Business Days:	Moscow, London and New York City
Business Day Convention:	Following (which, subject to Sections 12.10 and 1.14 of the Credit Derivatives Definitions, shall apply to any date referred to in this Reference CDS Confirmation that falls on a day that is not a Business Day).
Reference Entity:	State Corporation "Bank for Development and Foreign Economic Affairs (Vnesheconombank)"
Transaction Type:	Standard Emerging European Corporate LPN
Reference Obligation(s):	Any obligation of a Reference Entity (either directly or as provider of a Qualifying Guarantee) which constitutes, or in the case of a Qualifying Guarantee is in respect of, a Bond or Loan having each of the Obligation Characteristics set out below.
Financial Reference Entity Terms:	Not Applicable
Senior Transaction:	Not Applicable
Subordinated Transaction:	Not Applicable
Reference Price:	100 per cent.

All Guarantees: As per Transaction Type in the Credit Derivatives Physical Settlement Matrix

Reference Entity Notional Amount: RUB 250,000,000

2. Fixed Payments

Fixed Amounts: Not Applicable

3. Floating Payments

Floating Rate Payer Calculation Amount: The Reference Entity Notional Amount

Credit Event Notice: Notifying Party: Buyer or Seller

Credit Events: As per Transaction Type in the Credit Derivatives Physical Settlement Matrix

Obligation Category: As per Transaction Type in the Credit Derivatives Physical Settlement Matrix

Obligation Characteristics: As per Transaction Type in the Credit Derivatives Physical Settlement Matrix

Excluded Obligations: None

Fixed Cap: Not applicable

4. Settlement Terms

Settlement Method: Auction Settlement

Fallback Settlement Method: Physical Settlement

5. Terms Relating to the Fallback Settlement Method

The terms relating to the Fallback Settlement Method shall be as follows:

Deliverable Obligations: Exclude Accrued Interest

Deliverable Obligation Category: As per Transaction Type in the Credit Derivatives Physical Settlement Matrix

Deliverable Obligation Characteristics: As per Transaction Type in the Credit Derivatives Physical Settlement Matrix

Excluded Deliverable Obligations: As per Transaction Type in the Credit Derivatives Physical Settlement Matrix

Asset Package Delivery: As per Transaction Type in the Credit Derivatives Physical Settlement Matrix

Subordinated European Insurance Terms: As per Transaction Type in the Credit Derivatives Physical Settlement Matrix

Partial Cash Settlement of Consent Required Loans: Not Applicable

Partial Cash Settlement of Assignable Loans: Not Applicable

Partial Cash Settlement of Participations: Not Applicable

6. Additional Provisions

Additional Provisions for LPN Reference Entities Applicable (as set out below)
Entities:

Additional Provisions for LPN Reference Entities

The following provisions shall be applicable to the Transaction evidenced by this Reference CDS Confirmation:

1. Multiple Holder Obligation will be Not Applicable with respect to any Reference Obligation (and any Underlying Loan).
2. Each Reference Obligation will be an Obligation notwithstanding anything to the contrary in the 2014 ISDA Credit Derivatives Definitions (the “**Credit Derivatives Definitions**”), and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity.
3. Each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in the Credit Derivatives Definitions, and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity.

For the avoidance of doubt with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the Outstanding Principal Balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation.

The Not Subordinated Obligation Characteristic and Deliverable Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity.

4. **Reference Obligation.** “**Reference Obligation**” means, as of the Trade Date, each of the obligations listed as a Reference Obligation of the Reference Entity in the Confirmation or set forth on the relevant LPN Reference Obligations List (each, a “**Markit Published LPN Reference Obligation**”), as published by Markit Group Limited, or any successor thereto, which list is currently available at <http://www.markit.com/marketing/services.php>, any Additional LPN, determined in accordance with section 5 below, and each Additional Obligation. Each Reference Obligation determined in accordance with the foregoing will be a Reference Obligation notwithstanding anything to the contrary in the Credit Derivatives Definitions, and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity. Standard Reference Obligation shall be Not Applicable. The proviso in Section 2.8 of the Credit Derivatives Definitions shall not apply.

It is intended that there may be more than one Reference Obligation, as a result of which all applicable references in the Credit Derivatives Definitions to “the Reference Obligation” shall be construed as a reference to “a Reference Obligation”, and all other provisions of the Credit Derivatives Definitions shall be construed accordingly.

Sections 2.10 and 2.11 of the Credit Derivatives Definitions shall not be applicable to LPN Reference Obligations.

5. **Additional LPN.** “Additional LPN” means any bond issued in the form of a loan participation note (an “**LPN**”) by an entity (the “**Issuer**”) for the sole purpose of providing funds for the Issuer to (A) finance a loan to the Reference Entity (the “**Underlying Loan**”); or (B) provide finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument (the “**Underlying Finance Instrument**”); provided that, (i) either (a) in the event that there is an Underlying Loan with respect to such LPN the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity; or (b) in the event that there is an Underlying Finance Instrument with respect to such LPN the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics; (ii) the LPN satisfies the following Deliverable Obligation Characteristics: Transferable, Not Bearer, Specified Currency- Standard Specified Currencies, Not Domestic

Law, Not Domestic Issuance; and (iii) the Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of the holders of the LPNs.

“First Ranking Interest” means a charge, security interest (or other type of interest having similar effect) (an “**Interest**”), which is expressed as being “first ranking”, “first priority”, or similar (“**First Ranking**”) in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any relevant insolvency jurisdiction of the Issuer).

6. **LPN Reference Obligation.** “**LPN Reference Obligation**” means each Reference Obligation other than any Additional Obligation.

For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation from constituting a Reference Obligation

Each LPN Reference Obligation is issued for the sole purpose of providing funds for the Issuer to finance a loan to the Reference Entity. For the purposes of this Transaction each such loan shall be an Underlying Loan.

7. **Additional Obligation.** “**Additional Obligation**” means each of the obligations listed as an Additional Obligation of the Reference Entity in the Confirmation or set forth on the relevant LPN Reference Obligations List, as published by Markit Group Limited, or any successor thereto, as of the Trade Date, which list is currently available at <http://www.markit.com/marketing/services.php>.

SCHEDULE 1: REPRESENTATIONS OF SECURITYHOLDER

Each Securityholder shall, by its purchase and/or acquisition or otherwise of any Security, be deemed to have represented and warranted to and agreed with the Issuer and Credit Suisse International to each of the representations and undertakings:

- (a) (i) it is a qualified investor as defined in the Prospectus Directive and has such knowledge and experience in financial and business matters and expertise in assessing credit risk such that it is capable of evaluating the merits, risks and suitability of investing in the Notes, and that it is relying exclusively on its own sources of information and credit analysis with respect to each Reference Obligation (if applicable) and/or Reference Entity; (ii) it is purchasing/acquiring the Notes in reliance upon such tax, accounting, regulatory, legal and financial and other advice as it deems appropriate and not upon any view expressed by CS or any of its Affiliates; and (iii) its purchase/acquisition of the Notes (including the legality of such purchase/acquisition) is based on independent review and professional advice as it deems appropriate, is based solely on information that it has obtained from its own sources and it has not relied on CS or any of its Affiliates in this respect;
- (b) (i) neither Credit Suisse ("CS") nor any of its Affiliates has provided, during the terms of the Notes will not, and at no point shall it be obliged to, provide it with any information or advice with respect to each Reference Obligation (if applicable) and/or Reference Entity (ii) neither CS nor any of its Affiliates has made or makes any representation as to the credit quality of any Reference Obligation (if applicable) and/or Reference Entity; and (iii) CS and its Affiliates may have, or during the term of the Notes may acquire, non-public information regarding each Reference Obligation (if applicable) and/or Reference Entity;
- (c) CS and its Affiliates may deal in any Reference Obligation (if applicable) and may have existing or future business relationships with any Reference Entity and will pursue actions and take steps deemed necessary or appropriate to protect its or their interests arising therefrom without regard to the consequences for any Securityholder (including any action which may constitute or give rise to a Credit Event);
- (d) a Note does not represent a claim against any Reference Entity and, in the event of any loss, neither it nor any subsequent Securityholder will have recourse under the Notes to any Reference Entity;
- (e) the determination as to whether a Credit Event has occurred shall be made on the basis of the conditions of the Notes without regard to any determination by any Reference Entity or action taken, omitted to be taken or suffered to be taken by any other person including, without limitation, any creditor of such Reference Entity;
- (f) Credit Suisse International as calculation agent under the Notes assumes no obligation or relationship of agency or trust to or with any Securityholder(s);
- (g) its acquisition of the Notes (i) is lawful under the laws of the jurisdiction of its incorporation and the jurisdictions in which it operates and (ii) will not contravene any law, regulation or regulatory policy or guidance of such jurisdiction applicable to it;
- (h) it has determined, based on its own independent review and professional advice as it deems appropriate that its acquisition of the Notes (i) is fully consistent with its (or, if acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity), and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes;
- (i) CS and its Affiliates (i) have acted solely in the capacity of an arm's-length contractual counterparty and (ii) have not acted as the Securityholder's financial advisor or fiduciary;

- (j) its obligations constitute legal, valid and binding obligations of the Securityholder enforceable in accordance with the terms as set out herein, subject, in the event of insolvency or analogous proceedings, to applicable laws relating to creditors' rights;
- (k) if an Event Date occurs with respect to a Reference Entity a Securityholder will receive, in respect of such Event Date, the Credit Event Redemption Amount, which may be zero;
- (l) if an Event Date occurs interest shall cease to accrue on the outstanding principal amount of the Notes, from and including the first day of the interest period during which such Event Date fell, as applicable
- (m) that its acquisition of the Notes and the execution and delivery of any related document has been duly authorised by it and that such document shall have been duly executed and delivered by it and that it has obtained all corporate approvals (including major transaction and interested transaction approvals, if necessary) required by law and its constitutional documents in connection with the acquisition of the Notes;
- (n) that it has sufficient compliance and other internal control systems to ensure that any other person who has or will have a direct or indirect beneficial interest in the Notes has sufficient knowledge and experience in financial and business matters, to evaluate matters such as the merits, risks and suitability of investing in the Notes and that it is responsible for ensuring that any such person is adequately informed of all risks relating to investment in the Notes;
- (o) that it had the opportunity to, or that it will, request and comment upon a draft of the issuance documentation prior to the Issue Date;
- (p) it had the opportunity to obtain a copy of documents relating to the relevant Reference Obligation or Reference Entity;
- (q) that it shall not contravene any offering and/or selling restrictions set out (i) herein and/or (ii) in the Issuance Documentation;
- (r) that it is not a "**US person**" as defined in, and pursuant to Regulation S under the Securities Act under the United States Securities Act of 1933, as amended (the "**Securities Act**");
- (s) IT UNDERSTANDS THAT THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES NOTES AND EXCHANGE COMMISSION (THE "**SEC**") OR ANY OTHER GOVERNMENTAL AUTHORITY OR AGENCY OF ANY JURISDICTION, NOR HAS THE SEC OR ANY OTHER GOVERNMENTAL AUTHORITY OR AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF ANY OF THE OFFERING DOCUMENTS. The Securityholder understands that any representation to the contrary is a criminal offence;
- (t) it understands that the Notes have not been registered under the Securities Act and, therefore, cannot be offered or resold in the United States or to U.S. Persons unless they are registered under the Securities Act or unless an exemption from registration is available. Accordingly, the certificates representing the Notes will bear a legend stating that the Notes have not been registered under the Securities Act and setting forth certain of the restrictions on transfer of the Notes described in the Issuance Documentation relating to the Notes. The Securityholder understands that the Issuer has no obligation to register the Notes under the Securities Act or to comply with the requirements for any exemption from the registration requirements of the Securities Act;
- (u) either that (a) it (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary) is not an employee benefit plan as described in section 3(3) of the U.S. Employee Retirement Income Note Act of 1974, as amended ("**ERISA**"), and subject to ERISA, or a plan subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or a governmental plan or church plan which is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or an entity whose assets are treated as assets of any such plan or (b) its purchase and holding of the Notes (or a beneficial interest therein) (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) does not and will not constitute a non-exempt prohibited transaction under

Section 406 of ERISA or Section 4975 of the Code as such transaction qualifies Prohibited Transaction Class Exemption 84-14 (for certain transactions determined by independent qualified professional asset managers);

- (v) it acknowledges that there exist no signs of bankruptcy with regard to it (as understood under Russian law), it has not become insolvent or unable to pay its debts or failed or admitted in writing its inability generally to pay its debts as they become due and that as a result of entering into the purchase, it will not become insolvent or unable to pay its debts or fail or admit in writing its inability generally to pay its debts as they become due and that it has no aim of defrauding its creditors by entering into the purchase;
- (w) it complies with Russian Securities law requirements relating to Securities and other financial instruments intended for "qualified investors" (as such terms are used in applicable Russian legislation and regulations);
- (x) it has been made aware and agrees that the Securities have not been, and will not be, registered with the Bank of Russia Financial Markets Service (the "**BRFM**") and will not be publicly offered into Russia. The purchase of the Securities is done in private circulation of Securities made to it as a "qualified investor" (as such terms are used in applicable Russian legislation and regulations) and are not being publicly offered to any entity or person in the Russian Federation;
- (y) it is a company duly incorporated and validly existing under the laws of the Russian Federation, with full power and authority to conduct its business;
- (z) to the extent that the Securityholder is purchasing the Notes on behalf of another entity, it hereby confirms that the investor on whose behalf it has purchased the Notes is not an entity whose financial accounts are subject to consolidation with any Reference Entity;
- (aa) to the extent that the Securityholder is an asset manager:
 - (i) it enters into and performs the purchase of these Notes as the asset manager acting under the legal, valid, binding and enforceable asset management agreement entered into with its client (the "**Asset Management Agreement**" and the "**Client**");
 - (ii) it is authorised to carry out the Securities asset management activity in the Russian Federation, inter alia, to purchase Securities in the course of its asset management activity for its clients and to recognise its clients as qualified investors pursuant to the provisions of the Federal Law No. 39-FZ "On Securities Market" dated 22 April 1996 (as amended) (the "**Securities Market Law**"), within the meaning of Russian legislation, and any other applicable regulations;
 - (iii) the Notes are eligible assets for investing the Client's funds under the Asset Management Agreement and its purchase of the Notes does not breach any limitations established by the Asset Management Agreement or other applicable legal requirements with regard to the Client's capacity and authority to invest in the Notes;
 - (iv) it is a licensed asset manager holding a license from the BRFM.
- (bb) to the extent that it is an entity regulated, licensed, supervised or controlled by any government, regulatory or supervisory body in or of the Russian Federation, there are no restrictions, conditions or restraints by such body or bodies which would prevent or otherwise inhibit it from entering into or performing its obligations arising from the Purchase of the Notes.

For these purposes:

"**Affiliates**" includes any entity controlled, directly or indirectly, by CS, any entity that controls, directly or indirectly, CS and any entity under common control with CS. As used herein, "control" means ownership of a majority of the voting power of the entity or, as the case may be, CS and "controlled by" and "controls" shall be construed accordingly.

SCHEDULE 2: ASSET TERMS

The following asset terms (the "**Asset Terms**") shall, subject to the relevant General Note Conditions and the provisions of the Specific Terms. In the case of a discrepancy or conflict between the General Note Conditions and the Asset Terms, the Asset Terms shall prevail.

1. THE REFERENCE CDS

- 1.1 The return on the Securities is linked to a hypothetical credit default swap (the "**Reference CDS**"), the terms of which will be set out in a confirmation (the "**Reference CDS Confirmation**") which appears as a schedule to the applicable Specific Terms.
- 1.2 Events, discretions, determinations, payments and deliveries which occur, which are exercised or made or which become due under the terms of the Reference CDS (in particular, following the occurrence of an Event Determination Date thereunder) may affect the amounts payable or deliverable under the Securities, and the timing of such payments and deliveries.
- 1.3 Terms which are not defined in these Asset Terms or the General Note Conditions shall have the meaning ascribed thereto in the Reference CDS Confirmation (and the documents expressed to be incorporated therein).
- 1.4 For the purposes of making calculations under the Securities, the Issuer is deemed on the Trade Date specified in the Reference CDS Confirmation to have entered into the Reference CDS with a market counterparty of the highest creditworthiness (the "**Reference CDS Counterparty**") on the terms set out in the Reference CDS. The Issuer is 'Buyer' and the Reference CDS Counterparty is 'Seller', and the Reference CDS is otherwise entered into on such terms as the Calculation Agent may in its sole discretion determine, the economic effect of which is to provide to Buyer substantially similar rights and remedies with respect to each Reference Entity as are provided to the Issuer under the Securities.
- 1.5 In the event that the terms of the Reference CDS require or entitle the Buyer, the Seller or the Calculation Agent under the Reference CDS (the "**Reference CDS Calculation Agent**") to make a determination or calculation or election or exercise a discretion pursuant to the Reference CDS (including, without limitation to the generality of the foregoing, in respect of the determination of the selection of Reference Obligations, Deliverable Obligations, Successors (whether in connection with a Sovereign Succession Event or otherwise) and Substitute Reference Obligations or following the occurrence of an Event Determination Date, in each case as defined in and in accordance with the terms of the Reference CDS), such determination, calculation, election or such exercise of a discretion, as the case may be, shall be made by the Calculation Agent.
- 1.6 Where the Calculation Agent is making a determination or calculation or election or exercising a discretion under the Reference CDS:
 - (a) on behalf of Buyer, it shall do so in its sole and absolute discretion;
 - (b) on behalf of Seller, it shall do so only in accordance with the provisions of Asset Term 8.4 below; and
 - (c) in its capacity as Reference CDS Calculation Agent, it shall do so in good faith and a commercially reasonable manner.

In all cases, the Calculation Agent may, but is not obliged to, have regard to any transactions by which the Issuer has or may have hedged or in the future may hedge, in whole or in part, its obligations under the Securities.
- 1.7 Subject to Asset Term 8.4, in the event that the terms of the Reference CDS oblige the Buyer, the Seller and/or the Reference CDS Calculation Agent to agree or consult with each other in respect of any calculation or determination in respect of the Reference CDS, such obligation shall be deemed not to apply and to be replaced by the obligation of the Calculation Agent acting in its sole and absolute discretion to make the relevant calculation or determination.

- 1.8 In the event that the terms of the Reference CDS oblige or entitle the Buyer, the Seller or the Reference CDS Calculation Agent to give or deliver notice to any person, the Calculation Agent may determine that such notice has, or has not been given, and if applicable the date and time as of which it is given and its contents. Where the Calculation Agent determines that a notice has been given, the relevant notice shall be deemed to be validly given pursuant to the terms of the Reference CDS. Where the Calculation Agent determines that a determination or an election has been made by the Buyer, the Seller or the Reference CDS Calculation Agent under the terms of the Reference CDS, the Calculation Agent will, on behalf of the Issuer, give notice of such determination or election to the Securityholders, but neither the Calculation Agent nor the Issuer shall have any liability to Securityholders for any delay in the giving of such notice, nor will such delay invalidate the corresponding notice which is deemed to have been given under the Reference CDS.
- 1.9 Nothing in these Asset Terms shall operate to confer on a Securityholder an interest in, or rights under, an actual credit default swap in relation to the Securities. The terms of the Reference CDS are used solely for the purposes of determining the amounts payable and/or deliverable under the Securities, the timing for such payments and deliveries and the other matters specified below.
- 1.10 References in these Asset Terms to any payment, delivery or other event occurring, a determination or election being made, a discretion being exercised or a notice being given under or in connection with the Reference CDS shall be construed as if they were references to a determination by the Calculation Agent that the same should be deemed to have been made, exercised or given.
- 1.11 Market and regulatory developments affecting credit derivative transactions have in the past and may in the future lead to changes in the documentation or settlement of credit derivative transactions. In some cases market participants may elect to apply such revised terms to some or all of the existing transactions entered into between them. Where the Issuer, or any of its Affiliates, elects to apply such terms to transactions under which it has hedged, in whole or in part, the risks and rewards associated with the Securities, the Calculation Agent shall be entitled (but not obliged), without the consent of the Securityholders, to apply such terms to the Reference CDS and to make such consequential changes to the terms of the Reference CDS and/or these Asset Terms as it in its absolute discretion considers appropriate to reflect such terms. Notice of any such elections and any consequential changes to the terms of the Reference CDS and/or these Asset Terms will promptly be given to the Securityholders in accordance with General Note Condition 10.
- 1.12 References to a Deliverable Obligation in these Asset Terms shall also include an asset package comprised of assets delivered to holders of the obligations of the Reference entity in exchange for conversion of those obligations, if applicable.

2. REDEMPTION

2.1 Redemption at Maturity

Unless previously redeemed, or purchased by the Issuer and cancelled, and provided that an Event Determination Date has not occurred either:

- (a) (if no Extended Maturity Period is in effect on the Maturity Date) on or prior to the Maturity Date; or
- (b) (if an Extended Maturity Period is in effect on the Maturity Date) on or prior to the expiration of such Extended Maturity Period,

each Security shall be redeemed by the Issuer at its Outstanding Nominal Amount (or as otherwise specified in the Specific Terms), in the case of (i), on the Maturity Date or, in the case of (ii), on the second Business Day following the earlier of: (A) the last day of the Extended Maturity Period as determined in accordance with Asset Term 3.7, and (B) such earlier date as the Issuer may determine in its sole and absolute discretion.

2.2 Settlement and reduction in Outstanding Nominal Amount following the occurrence of an Event Determination Date

The provisions below of this Asset Term 2.2 apply on each occasion that an Event Determination Date occurs under the Reference CDS.

On each Event Determination Date the Outstanding Nominal Amount of each Security will be reduced by an amount equal to the applicable Credit Event Writedown Amount for such Security.

The provisions of this Asset Term 2.2 and the following provisions of this Asset Term 2 may apply on multiple occasions.

- (a) If Physical Settlement is specified in the Reference CDS as the Settlement Method, or becomes applicable thereunder as the Fallback Settlement Method, and subject to Asset Terms 2.2(d), 2.2(f) and 2.9 below, on or prior to the second Business Day following the date on which the Notice of Physical Settlement is delivered under the Reference CDS, the Calculation Agent, acting on behalf of the Issuer, will use reasonable endeavours to give a copy of the Notice of Physical Settlement to the Securityholders (and the relevant date of such notice being the "**Delivery Notice Date**"), setting out the details of the obligations comprising the Portfolio; and the provisions of Asset Term 2.3, Asset Term 2.4, Asset Term 2.5 and Asset Term 2.6 shall apply. If the Calculation Agent determines that a NOPS Amendment Notice has been delivered under the Reference CDS, the Calculation Agent shall promptly give a copy thereof to the Issuer and will use reasonable endeavours to give a copy of the Notice of Physical Settlement to the Securityholders.
- (b) If Cash Settlement is specified in the Reference CDS as the Settlement Method, or becomes applicable thereunder as the Fallback Settlement Method, and subject to Asset Terms 2.2(f) and 2.9 below, on the applicable Credit Event Settlement Date the Issuer shall pay to each Securityholder the relevant Credit Event Settlement Amount related to each Security.
- (c) If Auction Settlement is specified in the Reference CDS as the Settlement Method and an Auction Final Price Determination Date occurs, then subject to Asset Term 2.2(f) and Asset Term 2.9 below, on the applicable Credit Event Settlement Date, the Issuer shall pay to each Securityholder the relevant Credit Event Settlement Amount related to each Security.
- (d) If (1) Physical Settlement is specified in the Reference CDS as the Settlement Method, or becomes applicable thereunder as the Fallback Settlement Method and (2) "Cash Redemption of Securities" is specified as Applicable in the Specific Terms then, subject to Asset Term 2.2(f) and Asset Term 2.9 below:
 - (i) on or prior to the second Business Day following the date on which the Notice of Physical Settlement is delivered under the Reference CDS, the Calculation Agent, acting on behalf of the Issuer, will use reasonable endeavours to give a copy of the Notice of Physical Settlement to the Securityholders (and the relevant date of such notice being the "**Delivery Notice Date**"), setting out the details of the obligations comprising the Portfolio. If the Calculation Agent determines that a NOPS Amendment Notice has been delivered under the Reference CDS, the Calculation Agent shall promptly give a copy thereof to the Issuer and will use reasonable endeavours to give a copy of the Notice of Physical Settlement to the Securityholders.
 - (ii) The Calculation Agent on behalf of Buyer shall determine, with respect to each Deliverable Obligation, the corresponding Delivery Date under the Reference CDS. In doing so it may have regard to any corresponding deliveries which are due to be made under any transactions entered into by the Issuer or any of its Affiliates to hedge the obligations of the Issuer in respect of the Securities.
 - (iii) The Calculation Agent shall, in respect of each Deliverable Obligation, seek to determine the market value of such Deliverable Obligation on or about, but in any event no later than the third Business Day after the relevant Delivery Date of that Deliverable Obligation by requesting each of at least three dealers in the relevant market to provide its all-in bid price (expressed as a percentage of par, the "**Market**

Value Percentage") to purchase the outstanding principal balance (or, if applicable under the Reference CDS, Due and Payable Amount) of the relevant Deliverable Obligation.

- (iv) For the purpose of making such requests, the Calculation Agent may, in its sole and absolute discretion (but, for the avoidance of doubt, shall never be obliged to):
 - (A) request prices from a dealer (which may include the Issuer and/or its Affiliates) from which the Issuer and/or its Affiliates has requested or will contemporaneously request prices in connection with other notes, transactions or proprietary holdings unrelated to these Securities or otherwise;
 - (B) request prices from dealers (which may include the Issuer and/or its Affiliates) either orally, by electronic messaging (including, without limitation, E-mail, Bloomberg or Reuters), by facsimile, courier or post;
 - (C) request prices for a Deliverable Obligation with an outstanding principal balance (or, if applicable under the Reference CDS, Due and Payable Amount) which is equal to or less than, but not less than 5% of, the corresponding amount applicable under the Reference CDS; and
 - (D) rather than making separate requests for all-in bid prices for the purposes of this provision, rely on a request or requests which were made in connection with other notes, transactions or proprietary holdings or otherwise unrelated to these Securities (with each such request constituting a request hereunder for the purposes of the Securities).

Each price provided and/or determined in accordance with this paragraph shall be a "**Quotation**".

- (v) If more than three Quotations are provided or determined (as the case may be) in respect of a Deliverable Obligation, the Calculation Agent shall disregard the highest and lowest Quotations and the respective Market Value Percentage for such Deliverable Obligation shall be the arithmetic mean of the remaining Quotations. If three Quotations are provided in respect of a Deliverable Obligation, the Calculation Agent shall disregard the highest and lowest Quotations and the respective Market Value Percentage for such Deliverable Obligation shall be the remaining Quotation. If more than one Quotation in respect of a Deliverable Obligation has the same highest or lowest value, then the Calculation Agent shall disregard one such Quotation. If two Quotations only are provided, the respective Market Value Percentage for such Deliverable Obligation shall be the arithmetic mean of such Quotations. If one Quotation only is provided, the respective Market Value Percentage for such Deliverable Obligation shall be such Quotation. If no Quotation is provided, the respective Market Value Percentage for such Deliverable Obligation shall be determined by the Calculation Agent in its absolute discretion.
- (vi) Following the determination of the Market Value Percentage in respect of each Deliverable Obligation, the Calculation Agent shall then calculate the value (expressed as a percentage, the "**Average Market Value Percentage**") equal to:
 - (A) the sum for each Deliverable Obligation of the product of (x) the relevant Market Value Percentage and (y) the outstanding principal balance (or, if applicable under the Reference CDS, Due and Payable Amount) of such Deliverable Obligation at the time of determination of such Market Value Percentage; divided by
 - (B) the sum for all Deliverable Obligations of their outstanding principal balance (or, if applicable under the Reference CDS, Due and Payable Amount), in each case as at the time of determination of their respective Market Value Percentage.
- (vii) On the Credit Event Settlement Date, the Issuer shall pay to the Securityholders the Credit Event Settlement Amount related to each Security.

- (e) Where the Credit Event relates to a Reference Entity which is a Successor (such entity, the "**Applicable Entity**") so that multiple Classes of the Securities exist pursuant to Asset Term 4, then:
 - (i) the provisions of Asset Terms 2.2 to 2.11 inclusive and Asset Term 3 shall apply only in respect of the relevant Class(es) of Securities for which the Applicable Entity is a Reference Entity;
 - (ii) the relevant Class(es) of such Securities shall be partially redeemed upon the satisfaction of the Issuer's obligations under Asset Terms 2.2 to 2.11 inclusive and Asset Term 3;
 - (iii) the Securities comprising each Class for which the Applicable Entity is not a Reference Entity shall remain outstanding unless and until otherwise redeemed in accordance with the General Note Conditions or General Certificate Conditions, these Asset Terms and the Specific Terms and shall continue to accrue interest, if applicable; and
 - (iv) all references to "the Securities" in Asset Terms 2.2 to 2.11 inclusive and Asset Term 3 shall be read and construed as references to "the relevant Class(es) of Securities for which the Applicable Entity is a Reference Entity".
- (f) Settlement Deferral
 - (i) This Asset Term 2.2(f) applies only if "Settlement Deferral" is specified as applicable in the Specific Terms.
 - (ii) Notwithstanding the occurrence of an Event Determination Date and, if applicable, a Settlement Date (and the other settlement provisions) under the Reference CDS, on or prior to the Deferred Settlement Date, any payment or delivery to Securityholders which would be required under this Asset Term 2 on a date prior to the Deferred Settlement Date will be deferred to the Deferred Settlement Date.
 - (iii) In such circumstances:
 - (A) the amounts which (subject to Asset Terms 2.4 and 2.5) are payable and/or deliverable under the Securities will continue to be determined by reference to the settlement provisions of the Reference CDS, and at the times and in the manner provided for therein and in these Asset Terms;
 - (B) the Outstanding Nominal Amount of each Security shall continue to be reduced by the applicable Credit Event Writedown Amount with effect from and including the Event Determination Date;
 - (C) the references in Asset Terms 2.2(a) (and corresponding references) to the "Delivery Notice Date" shall be construed as references to such Deferred Settlement Date;
 - (D) the references in these Asset Terms 2.2 to the "Credit Event Settlement Date" shall be construed as references to the later of (1) such Credit Event Settlement Date and (2) such Deferred Settlement Date;
 - (E) the Calculation Agent shall make such other amendments to the Conditions as it considers appropriate or necessary to give effect to the foregoing.
 - (iv) For the avoidance of doubt, no additional payments shall be made, or compensation otherwise provided, in respect of any Security in respect of which the provisions of Asset Term 2.2(f) apply.
 - (v) The provisions of this Asset Term 2.2(f) may apply on multiple occasions.

2.3 Delivery in respect of Physical Settlement

- (a) The Issuer or its Designated Affiliate shall deliver, in accordance with the applicable provisions of this Asset Term 2.3, to each Securityholder, or to such party as such Securityholder may specify, a portion of the Portfolio equal to the proportion which the aggregate Outstanding Nominal Amount of the Securities of such Securityholder as of the Delivery Notice Date bears to the Aggregate Nominal Amount of all the Securities outstanding on the Delivery Notice Date (x) reduced by an amount of Deliverable Obligations comprised within the Portfolio determined by the Calculation Agent, in its sole and absolute discretion, to be equal in value to (i) if specified as applicable in the Specific Terms, the Funding Unwind Costs in respect of such proportion of the Portfolio plus (ii) the Delivery Expenses in respect of such proportion of the Portfolio and (y) rounded down to the nearest integral authorised denomination of the relevant Deliverable Obligation(s) to be delivered, all as determined by the Calculation Agent in its sole and absolute discretion, and irrespective of whether the relevant Credit Event is continuing; subject to the provisions of this Asset Term 2.3 and the provisions of Asset Terms 2.4, 2.5, 2.6 and 2.9. If the Outstanding Nominal Amount or Aggregate Nominal Amount has been reduced to zero as a consequence of the relevant Event Determination Date, each shall be deemed, for the purposes only of determining the proportion above, to have their respective values immediately prior to such reduction.
- (b) If the Calculation Agent determines that it is not practicable to deliver in respect of each Security of a particular Specified Denomination or Nominal Amount as applicable an identical Outstanding Amount of each Deliverable Obligation comprised in the Portfolio it may in its sole and absolute discretion elect that the Deliverable Obligations (and in which Outstanding Amount) to be delivered in respect of each Security shall be determined by lot.
- (c) The procuring of delivery of Deliverable Obligations pursuant to Asset Term 2.3(a) above shall be effected in such commercially reasonable manner as the Issuer shall, in its sole and absolute discretion, determine to be appropriate and customary for such delivery and settlement of the applicable Deliverable Obligation in order to convey all right, title and interest to the relevant Securityholder free and clear of any liens, charges, claims or encumbrances created or incurred by the Issuer or any of its Affiliates, but subject to any applicable counterclaim or defence of a Reference Entity.
- (d) The Issuer shall deliver each Deliverable Obligation on or prior to the date (the "**Securities Physical Settlement Date**") which falls on the tenth Business Day after the Physical Settlement Date under the Reference CDS, provided that if the Calculation Agent determines, in its sole and absolute discretion, that any of the circumstances described in Asset Terms 2.4(a)(i), 2.4(a)(ii) or 2.4(a)(iii) apply in respect of a Deliverable Obligation, the obligation to procure the delivery and settlement of such Deliverable Obligation as provided above shall be deferred until such time that such circumstances cease to exist (subject to Asset Terms 2.4 and 2.5).
- (e) Notwithstanding the foregoing, in the case of a Deliverable Obligation which is a Loan, the Issuer and the Securityholders agree to comply, for the purposes of settlement of the relevant Securities, with the provisions of any documentation (which term shall be deemed to include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for delivery of such Loan at that time, as such documentation may be amended to the extent that the relevant Credit Derivatives Determinations Committee Resolves is appropriate, which is consistent with the payment and delivery obligations of the parties hereunder. The Issuer and the Securityholders further agree that compliance by the Issuer and the Securityholders with the provisions of any such documentation shall be required for, and, without further action, constitute, delivery for the purposes of this Asset Term 2.3 (to the extent that such documentation contains provisions describing how delivery should be effected).
- (f) The Issuer's obligation to procure the delivery of Deliverable Obligations to Securityholders shall not require or oblige the Issuer and/or any of its Affiliates to:
 - (i) open any account for the purpose of any such delivery or to arrange any other formality or other action to be taken with respect to such delivery; or

- (ii) arrange for or effect delivery to a trustee or fiduciary to hold Deliverable Obligations on behalf of the Securityholders.
- (g) It shall be the responsibility of the relevant Securityholder to open any account for the purpose of any delivery of Deliverable Obligations or to arrange any other formality or other action to be taken with respect to such delivery.
- (h) Delivery of the relevant portion of the Portfolio in the manner provided above will be at the risk of the relevant Securityholder.
- (i) To the extent that the Deliverable Obligations consist of a Qualifying Guarantee, the Issuer's obligation to deliver such Deliverable Obligation shall be satisfied by delivering the Underlying Obligation along with the benefit of the Qualifying Guarantee.
- (j) As a precondition to the delivery of the relevant portion of the Portfolio to a Securityholder in the manner provided in this Asset Term 2.3, the relevant Securityholder must deliver to the Fiscal Agent or the Principal Certificate Agent, as applicable, at the address specified in the Specific Terms (or such other address as the Issuer may notify to Securityholders, from time to time, in accordance with Asset Term 11) no later than 5.00 p.m., London time on the fifth Business Day following the Delivery Notice Date, a duly completed Asset Delivery Notice substantially in the form set out in the pro-forma Asset Delivery Notice attached to the Specific Terms (the "**Asset Delivery Notice**") a copy of which may be obtained from the Paying Agent.
- (k) The Asset Delivery Notice must be delivered in writing.
- (l) If the Asset Delivery Notice is not delivered in accordance with this provision, the obligations of the Issuer to commence procuring the delivery of the relevant portion of the Portfolio to such Securityholder shall, subject to Asset Terms 2.3, 2.4 and 2.9 be deferred until the third Business Day following the date on which such Securityholder delivers the Asset Delivery Notice. The relevant Securityholder shall not be entitled to any payment, whether of interest or otherwise, in the event of such deferred delivery.
- (m) On receipt of such Securities and Asset Delivery Notice, the Fiscal Agent shall issue to the Securityholder as a receipt for such Securities a copy of such Asset Delivery Notice duly acknowledged on behalf of the Fiscal Agent or Principal Certificate Agent, as applicable, and shall deliver to the Custodian, the Calculation Agent, the Issuer and, in the case of Registered Securities, the Registrar a copy of such Asset Delivery Notice as soon as practicable after receipt thereof. A copy of the Asset Delivery Notice shall act as a receipt for both the Securities and the Asset Delivery Notice. Such copy shall be non-transferable and shall be prima facie evidence of entitlement of the person named therein to the relevant portion of the Portfolio in respect of the Securities specified therein. However, the records of the Fiscal Agent or Principal Certificate Agent, as applicable, shall be conclusive evidence of such entitlement.
- (n) Securityholders should note, in relation to Securities held in Euroclear or Clearstream, Luxembourg, that such Securities will be presented and the Asset Delivery Notice in respect thereof delivered, on behalf of Securityholders by Euroclear or Clearstream, Luxembourg, as the case may be, and that holders of Securities held in Euroclear or Clearstream, Luxembourg will be required to instruct Euroclear or Clearstream, Luxembourg, as the case may be, to present such Securities and to deliver such Asset Delivery Notice not later than 10.00 a.m., Brussels or Luxembourg time, as the case may be, on the Clearance System Business Day prior to the date on which such Asset Delivery Notice is to be delivered. For these purposes, "**Clearance System Business Day**" means a day on which Euroclear and Clearstream, Luxembourg are open for business.
- (o) The Asset Delivery Notice referred to in Asset Term 2.3(j) must:
 - (i) specify the name and address of the relevant Securityholder and the person from whom the Issuer may obtain details for the transfer or assignment of the relevant portion of the Portfolio and specify the account details for payment in the Specified Currency as

- set out in the Specific Terms to the relevant Securityholder (in case such payment should be required);
- (ii) authorise the production of such notice in any applicable administrative or legal proceedings;
 - (iii) if the Securities are in bearer form, include or be accompanied by evidence, satisfactory to the Calculation Agent, of the ownership of the Securities by the relevant Securityholder; and
 - (iv) include a covenant from the Securityholder to comply with the provisions of Asset Term 14.2 below, and authorising and instructing the Clearing System to disclose to the Issuer the Securityholder's account and other details.
- (p) Failure to properly complete and deliver such notice will result in such notice being null and void for the purposes of Asset Term 2.3(j) above. Any determination as to whether such notice has been properly completed and delivered as provided in the General Note Conditions, the Asset Terms and/or the Specific Terms shall be made by the Calculation Agent, in its sole and absolute discretion, and shall be conclusive and binding on the Issuer and the relevant Securityholder. The Asset Delivery Notice is irrevocable and may not be withdrawn after receipt thereof by the Issuer.
- (q) None of the Issuer, its Affiliates or any other such person shall, prior to or following the delivery of Deliverable Obligations in accordance with the Conditions, be under:
- (i) any obligation to deliver or procure the delivery to any Securityholder, or any subsequent beneficial owner of the relevant Deliverable Obligations, of any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such Deliverable Obligations;
 - (ii) any obligation to exercise or procure exercise of any or all rights (including, without limitation, voting rights) attaching to the relevant Deliverable Obligations; or
 - (iii) any liability to any Securityholder or any subsequent beneficial owner of the relevant Deliverable Obligations in respect of any loss or damage which such Securityholder or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of the Deliverable Obligations.
- (r) Additional Physical Settlement provisions
- (i) If Physical Settlement is specified in the Reference CDS as the Settlement Method, or becomes applicable as the Fallback Settlement Method, and in either case the Calculation Agent determines that the provisions of Section 9.1 of the Credit Derivatives Definitions would apply under the Reference CDS, the Issuer will satisfy its obligations under this Asset Term in part in accordance with the provisions of Asset Term 2.2(a) or 2.2(d) as applicable and (to the extent of the "Undeliverable Obligations", as such term is defined in Section 9.1 of the Credit Derivatives Definitions) in accordance with the provisions of Asset Term 2.2(b). The Calculation Agent shall make such adjustments to these Asset Terms as it deems necessary to give effect to the same, having regard (without limitation) to the Partial Cash Settlement Terms set out at Section 9.6 of the Credit Derivatives Definitions.
 - (ii) If Physical Settlement is specified in the Reference CDS as the Settlement Method, or becomes applicable as the Fallback Settlement Method, and in either case the Calculation Agent determines that the provisions of Section 9.7 of the Credit Derivatives Definitions would apply under the Reference CDS, the Calculation Agent shall make such adjustments to the Conditions as it deems necessary to give effect to the same.
 - (iii) If the Calculation Agent determines that the Termination Date would occur under the Reference CDS as a consequence of the provisions of Section 9.10 of the Credit

Derivatives Definitions the Calculation Agent shall make such adjustments to the Conditions as it deems necessary to give effect to the same.

This Asset Term 2.3(r) applies only with respect to physical settlement under the Reference CDS, and without prejudice to the operation of Asset Terms 2.4 and 2.5 below which relate to the delivery of Deliverable Obligations to Securityholders.

2.4 Alternative Settlement in respect of Physical Settlement

- (a) Subject to Asset Term 2.5 and Asset Term 2.6 if, in the determination of the Calculation Agent, acting on behalf of the Issuer:
- (i) due to circumstances beyond the control of the Issuer, it is or would be impossible, illegal or in breach of any restriction (whether regulatory, fiduciary or contractual) which may be claimed by any person, for the Issuer or Designated Affiliate to obtain in order to deliver or deliver some or all of the Deliverable Obligations forming part of the Portfolio to a Securityholder or Securityholders (each an "**Affected Securityholder**"), including, but not limited to, circumstances in which the Issuer or Designated Affiliate is or would be unable to obtain or deliver Deliverable Obligations as a result of a Settlement Disruption Event subsisting or due to any law, regulation or court order;
 - (ii) due to circumstances beyond the control of the Issuer, it is or would be impracticable (whether on grounds of illiquidity or otherwise) for the Issuer or Designated Affiliate to obtain in order to deliver or deliver some or all of the Deliverable Obligations forming part of the Portfolio to a Securityholder or Securityholders and/or it is not commercially reasonable for the Issuer or Designated Affiliate to make such delivery (each also an "**Affected Securityholder**") as provided in Asset Term 2.3; and/or
 - (iii) due to circumstances within the control of the relevant Securityholder (including, without limitation, its failure to take delivery of the Deliverable Obligations), the Issuer or Designated Affiliate is unable to arrange, or conditions are not fulfilled, for the delivery of some or all of the Deliverable Obligations forming part of the Portfolio to such Securityholder or Securityholders (each also an "**Affected Securityholder**"),

and such circumstances continue for a period ending on the sixtieth (60th) Business Day following the Securities Physical Settlement Date (the "**Delivery Cut-Off Date**"), then:

- (A) the Issuer shall have no further delivery obligations under the Securities to the Affected Securityholder(s) with respect to those Deliverable Obligations the delivery of which to such Affected Securityholder is affected by circumstances described in (i), (ii) and/or (iii) above (each such Deliverable Obligation an "Undeliverable Obligation" with respect to such Affected Securityholder) and the Calculation Agent, acting on behalf of the Issuer, shall, on the Business Day following the Delivery Cut-Off Date, designate a Business Day (the "**Undeliverable Obligation Valuation Date**") within five Business Days of the Delivery Cut-Off Date;
- (B) the Issuer will pay to each Affected Securityholder in accordance with the Asset Delivery Notice within five Business Days following the Undeliverable Obligation Valuation Date the respective Affected Securityholder Cash Settlement Amount irrespective of whether the relevant Credit Event and the circumstances described in (i), (ii) and/or (iii) above are continuing; and
- (C) If the Outstanding Nominal Amount of any Security of an Affected Securityholder immediately after the relevant Event Determination Date is zero then, upon such payment being made by the Issuer in respect of all Undeliverable Obligations, the Issuer will be discharged from its obligations and liabilities under such Security to the Affected Securityholder and such Security of the Affected Securityholder will be cancelled.

- (b) For the purposes of determining the Affected Securityholder Cash Settlement Amount, the Calculation Agent shall determine the value ("**Value**") of the Outstanding Amount of each Undeliverable Obligation comprised within the Portfolio by requesting each of at least three dealers (which may include the Issuer and/or its Affiliates) in the relevant market to provide its all-in bid price, in the Specified Currency, to purchase on the Undeliverable Obligation Valuation Date a nominal amount of each Undeliverable Obligation.

For the purpose of making such requests, the Calculation Agent may, in its sole and absolute discretion (but, for the avoidance of doubt, shall never be obliged to):

- (i) request all-in bid prices from a dealer (which may include the Issuer and/or its Affiliates) from which the Calculation Agent and/or its Affiliates has requested or will contemporaneously request prices in connection with other notes, transactions or proprietary holdings unrelated to these Securities or otherwise;
- (ii) request all-in bid prices from dealers (which may include the Issuer and/or its Affiliates) either orally, by electronic messaging (including, without limitation, E-mail, Bloomberg or Reuters), by facsimile, courier or post;
- (iii) request all-in bid prices for a type of Undeliverable Obligation in a nominal amount which is equal to or less than, but not less than 5% of, the Outstanding Amount of such Undeliverable Obligation comprised within the Portfolio; and
- (iv) rather than making separate requests for all-in bid prices for the purposes of this provision, rely on a request or requests which were made in connection with other securities, transactions or proprietary holdings or otherwise unrelated to these Securities (with each such request constituting a request hereunder for the purposes of the Securities).

In the event that the Calculation Agent receives an all-in bid price for an Outstanding Amount of the Undeliverable Obligation that differs from the Outstanding Amount of that Undeliverable Obligation comprised within the Portfolio it shall determine the all-in bid price for the Outstanding Amount of such Undeliverable Obligation comprised within the Portfolio as a pro rata amount of the price obtained.

Each all-in bid price provided and/or determined in accordance with this paragraph shall be a "Quotation".

- (c) If, following the Calculation Agent's request, more than three Quotations are provided or determined (as the case may be) in respect of an Undeliverable Obligation, the Calculation Agent shall disregard the highest and lowest Quotations and the respective Value for such Undeliverable Obligation shall be the arithmetic mean of the remaining Quotations. If three Quotations are provided in respect of an Undeliverable Obligation, the Calculation Agent shall disregard the highest and lowest Quotations and the respective Value for such Undeliverable Obligation shall be the remaining Quotation. If more than one Quotation in respect of an Undeliverable Obligation has the same highest or lowest value, then the Calculation Agent shall disregard one such Quotation. If two Quotations only are provided, the respective Value for such Undeliverable Obligation shall be the arithmetic mean of such Quotations. If one Quotation only is provided, the respective Value for such Undeliverable Obligation shall be such Quotation. If no Quotation is provided, the respective Value for such Undeliverable Obligation shall be determined by the Calculation Agent in its absolute discretion.
- (d) The "**Affected Securityholder Cash Settlement Amount**" for an Affected Securityholder shall be the sum of each Affected Securityholder Value for each Undeliverable Obligation comprised within the Portfolio, less (if Funding Unwind Costs is specified as applicable in the Specific Terms) an amount equal to the Affected Securityholder Funding Unwind Costs.
- (e) The "**Affected Securityholder Value**" for an Affected Securityholder in respect of an Undeliverable Obligation or amount of Undeliverable Obligations of the same type, shall be the product of the respective Affected Securityholder Proportion and the Value for such Undeliverable Obligation or amount of Undeliverable Obligations of the same type.

- (f) The "**Affected Securityholder Proportion**" for an Affected Securityholder in respect of an Undeliverable Obligation or amount of Undeliverable Obligations of the same type, shall be the proportion which the Outstanding Amount of such Undeliverable Obligation(s) which would otherwise be deliverable to such Affected Securityholder bears to the aggregate Outstanding Amount of such Undeliverable Obligations comprised in the Portfolio.
- (g) The "**Affected Securityholder Funding Unwind Costs**" for an Affected Securityholder shall be the product of the Affected Securityholder Proportion and the Undeliverable Obligations Funding Unwind Costs.
- (h) The "**Undeliverable Obligations Funding Unwind Costs**" shall be an amount equal to the product of (i) the Funding Unwind Costs and (ii) the proportion which the aggregate Outstanding Amount of Undeliverable Obligations bears to the aggregate Outstanding Amount of all Deliverable Obligations comprised in the Portfolio.

2.5 **Optional Physical Settlement in case of an Alternative Settlement**

- (a) If specified as being applicable in the Specific Terms, the Securityholder(s) shall have the option, as an alternative to receiving the Affected Securityholder Cash Settlement Amount in accordance with Asset Term 2.4, to request on the Business Day following the Delivery Cut-Off Date, that the Issuer or the Designated Affiliate shall, from time to time, deliver to the Securityholder(s) any amounts received by it in respect of such Undeliverable Obligations during the period commencing on the Event Determination Date and expiring on the Business Day which is 5 years after the Delivery Notice Date (the "**Alternative Settlement End Date**"), provided that such amounts received are able to be transferred to the Securityholder(s).
- (b) On the Alternative Settlement End Date the Calculation Agent shall designate a Business Day (the "**5 Year Valuation Date**") within five Business Days following the Alternative Settlement End Date and the Issuer will pay to the Securityholder(s) the Affected Securityholder Cash Settlement Amount (provided that for the purposes of calculating the Affected Securityholder Cash Settlement Amount, Undeliverable Obligation Valuation Date shall mean the 5 Year Valuation Date), on the fifth Business Day following the 5 Year Valuation Date, determined by means of requesting quotes from dealers as more particularly set out in the Specific Terms and after taking account of any deliveries or payments made by the Issuer or its Designated Affiliates prior to the Alternative Settlement End Date pursuant to this Asset Term 2.5, provided that if the Issuer or its Designated Affiliate, at any time before the Alternative Settlement End Date, is able to make delivery of some or all of the Undeliverable Obligations and any amounts received in respect thereof the Issuer or its Designated Affiliate, may, or if it is requested by the Affected Securityholder(s), shall use reasonable endeavours to deliver such Undeliverable Obligation(s) and any amounts received in respect thereof to the Affected Securityholder(s).
- (c) If the Calculation Agent, in its sole and absolute discretion, determines on any due date for payment under Asset Term 2.5 that a Non-Convertibility Condition exists (the "**Non-Convertibility Condition Determination Date**") then the Issuer shall satisfy the relevant payment obligations by paying to the Securityholders (pro-rata according to the aggregate Outstanding Nominal Amount of Securities held by each Securityholder), on such due date an amount in the currency in which the relevant Undeliverable Obligation is denominated equal to any payment a Hypothetical Holder receives on or around such date, including any interest, fees or principal repayments that such Hypothetical Holder receives by virtue of holding the relevant Undeliverable Obligation, less any Regulatory Change Costs (if any); provided that if, prior to the payment of such amount, an event beyond the control of the Issuer exists as a result of which the Issuer cannot make payment of such amount in a commercially reasonable manner, then payment shall be postponed (without the accrual of interest thereon) until such event ceases to exist. If such condition still exists on the Business Day which is 5 years after the Non-Convertibility Condition Determination Date, then the Issuer's outstanding obligations to pay such amount in the currency in which the relevant Undeliverable Obligation is denominated will be deemed to be discharged in full.
- (d) For these purposes:

- (i) **"Hypothetical Holder"** means a hypothetical holder of the relevant Undeliverable Obligation in an amount equal to the outstanding principal balance (or, if applicable under the Reference CDS, Due and Payable Amount) of such Undeliverable Obligation comprised in the Portfolio. The Hypothetical Holder shall be deemed to be resident for tax and other purposes in the same jurisdiction as the Issuer or any Designated Affiliate.
- (ii) **"Non-Convertibility Condition"** means, in the opinion of the Calculation Agent, in its sole and absolute discretion, a condition created by or resulting from any action of or failure to act by any Governmental Authority, or a local market condition that has the effect of prohibiting, restricting or materially delaying the exchange of the currency in which an Undeliverable Obligation is denominated for the Specified Currency, or the free and unconditional transferability of the resulting Specified Currency, or the free and unconditional transfer of the currency in which such Undeliverable Obligation is denominated between non-resident accounts, when compared to the position on the Trade Date.

2.6 **Alternative Settlement for Certain Loans in respect of Physical Settlement**

- (a) If the Issuer is unable to deliver by way of assignment or novation certain Loan(s) comprising the Portfolio ("**Undeliverable Loan Obligation(s)**") due to the non-receipt of any requisite consents and such consents are not obtained or deemed given by the 30th day after the Securities Physical Settlement Date, the Issuer shall be released from any obligation to deliver such Undeliverable Loan Obligation and the Issuer shall, from time to time, deliver to each Securityholder any amounts received by it in respect of the Undeliverable Loan Obligation(s) during the period commencing on the Event Determination Date and expiring on the Business Day which is 1 year after the Securities Physical Settlement Date ("**End Date**"), provided that such amounts received are able to be transferred to the Securityholder(s). On the End Date the Issuer shall be released from its requirement to perform any outstanding or future (contingent or otherwise) obligation with respect to the Undeliverable Loan Obligations. If the Outstanding Nominal Amount of a Security of an Affected Securityholder on or prior to the End Date is zero such Security shall be cancelled forthwith on the End Date.
- (b) If the Issuer or its Designated Affiliate, at any time before the End Date, obtains or is deemed to be given consent to assign or novate any outstanding Undeliverable Loan Obligation(s) the Issuer or its Designated Affiliate may, or if it is requested by the Securityholder, shall, use reasonable endeavours to assign or novate such Undeliverable Obligation(s) to the Securityholder(s). If the Outstanding Nominal Amount of a Security at the time of such assignment or novation is zero then, upon such assignment or novation (or, if applicable, following the use of reasonable endeavours by the Issuer or its Designated Affiliate to procure such assignment or novation), the Security shall be cancelled forthwith and all obligations (outstanding or otherwise) of the Issuer with respect to the Security shall be immediately discharged thereafter.

2.7 **Discharge and Cancellation following Outstanding Nominal Amount reduction to zero**

If the Outstanding Nominal Amount of a Security is reduced to zero on an Event Determination Date then, upon the performance by the Issuer of its obligations under these Asset Terms with respect to such Event Determination Date and all prior occurring Event Determination Dates, the Issuer will be discharged from its obligations and liabilities to the Securityholder in respect of such Security, and such Security will forthwith be cancelled by the Paying Agent.

2.8 **Performance of Issuer Obligations**

Any obligation of the Issuer may be performed by its Designated Affiliate or any of its Affiliates or a person designated by the Issuer. If a Designated Affiliate and/or an Affiliate of the Issuer and/or a designee performs the obligations of the Issuer hereunder, the Issuer shall be discharged of its obligations to the extent of such performance.

2.9 **Settlement Suspension**

- (a) If Settlement Suspension occurs under Section 10.1 of the Credit Derivatives Definitions, the timing requirements of this Asset Term 2 and the definitions of "Cash Settlement Date", "Delivery Notice Date" and "Valuation Date" and any other provision or definition of these Asset Terms pertaining to settlement as determined by the Calculation Agent acting in its sole discretion, shall be suspended and remain suspended for so long as Settlement Suspension continues under Section 10.1 of the Credit Derivatives Definitions.
- (b) The Calculation Agent shall make such adjustments to the accrual and payment of interest and/or principal payments due under the Securities as it shall consider necessary to give effect to the foregoing, which adjustments shall be binding upon the Issuer and the Securityholders.

2.10 DC Resolutions

Neither the Issuer nor any Affiliate shall have any duty to monitor or to notify Securityholders of the announcement by ISDA of any DC Resolution with respect to the Reference CDS.

2.11 Credit Event Notice after Restructuring Credit Event

If, pursuant to Section 1.33 of the Credit Derivatives Definitions, an Event Determination Date occurs with respect to a Reference Entity where M(M)R is specified as applicable, and where the related Credit Event Notice delivered by Calculation Agent on behalf of Seller (subject to Asset Term 8.4) or Buyer specifies an "Exercise Amount" (as defined therein) that is less than the then Reference Entity Notional Amount of such Reference Entity under such Reference CDS, then:

- (a) the provisions of Asset Term 2 shall, with respect to such Event Determination Date, be deemed to apply to the Exercise Amount only;
- (b) the Reference Entity Notional Amount in respect of such Reference Entity shall be deemed to be reduced by the applicable Exercise Amount;
- (c) one or more further Event Determination Dates (and related settlements under the provisions of Asset Term 2) may occur with respect to the applicable Reference Entity; and
- (d) if different Event Determination Dates have been determined with respect to different Credit Event Writedown Amounts of the same Reference Entity, the Calculation Agent will:
 - (i) determine such adjustment(s) to the Specific Terms as may be required to achieve as far as practicable the same economic effect as if each such Credit Event Writedown Amounts were applicable to a separate series of Securities or otherwise reflect or account for the effect of the above provisions of this Asset Term 2.11; and
 - (ii) determine the effective date of such adjustment(s).

2.12 Accrual of interest

- (a) General Note Condition 4(d) and General Certificate Condition 4(d) shall each be amended by the addition of a new second paragraph as follows:

"Without prejudice to the foregoing, with respect to each Event Determination Date, Interest shall cease to accrue on the amount by which the Outstanding Nominal Amount of a Security is reduced pursuant to Asset Term 2.2 as a consequence of such Event Determination Date from and including the first day of the Interest Period during which such Event Determination Date fell (or, where redemption of the Securities has been deferred to the Extended Maturity Date, from and including the Maturity Date)."

- (b) General Note Condition 4(f) and General Certificate Condition 4(f) shall each be deleted and replaced with the following:

"(f) Calculations

The amount of interest or premium payable in respect of any Security for any period shall be calculated by multiplying the product of the Rate of Interest or Rate of

Premium and the Outstanding Nominal Amount of such Security as of the last day of such period (after taking account of any reduction in such Outstanding Nominal Amount on such last day) by the Day Count Fraction, unless an Interest Amount or Premium Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest or premium payable in respect of such Security for such period shall equal such Interest Amount or Premium Amount (or be calculated in accordance with such formula)."

2.13 **Zero Recovery Credit Linked Securities**

Notwithstanding Asset Term 2.2, no Credit Event Settlement Amount shall be payable in respect of Zero Recovery Credit Linked Securities.

3. **MATURITY DATE EXTENSION**

3.1 In the circumstances described in Asset Terms 3.2 and 3.3 below, the Maturity Date will be postponed and will fall on such date (the "**Extended Maturity Date**") as the Issuer may designate in accordance with such provisions.

3.2 If the Termination Date under the Reference CDS would fall after the Scheduled Maturity Date, the Issuer may designate as the Extended Maturity Date a date falling not later than the fifth Business Day after the Termination Date.

3.3 If the Calculation Agent, acting on behalf of the Issuer, reasonably determines:

- (a) that the Termination Date under the Reference CDS may fall after the Scheduled Termination Date under the Reference CDS; or
- (b) (i) that a Credit Event may have occurred on or prior to the Scheduled Termination Date, and
- (ii) that, if such a Credit Event had occurred, it would be possible for an Event Determination Date to occur (regardless of whether an Event Determination Date has occurred at the time of such determination),

it shall notify the Issuer who may then designate as the Extended Maturity Date a date falling not later than the Business Day following the 14th day after the Scheduled Termination Date.

3.4 Any designation of an Extended Maturity Date shall be without prejudice to any of the other provisions of these Conditions (including without limitation the provisions of Asset Term 2 relating to the consequences of an Event Determination Date). The provisions of Asset Terms 3.2 and 3.3 are not mutually exclusive and an Extended Maturity Date may be specified on more than one occasion with respect to any Securities.

3.5 The Calculation Agent, acting on behalf of the Issuer will, within ten Business Days of the commencement of an Extended Maturity Period, use reasonable endeavours to give notice to the Securityholders (which notice will be given in accordance with Asset Term 11) of the Extended Maturity Period briefly describing the facts or events which have given rise to such period.

3.6 Without prejudice to the provisions of Asset Term 2, no payment shall be made during the period (the "**Extended Maturity Period**") from and including the scheduled Maturity Date up to but excluding the day as is referred to in 3.7(a) or 3.7(b) of Asset Term 3.7 below.

3.7 If on or prior to:

- (a) the Extended Maturity Date; or
- (b) if earlier and if specified in the Specific Terms, the Long-Stop Date,

an Event Determination Date has not occurred then, on the second Business Day following such day as is referred to in (a) or (b) as applicable, the Issuer shall pay to the Securityholders an amount equal to

any scheduled payment that was due in respect of the Securities plus an additional amount representing interest that has accrued on such scheduled payment during the Extended Maturity Period at the relevant overnight rate for deposits in the Specified Currency.

4. **ADDITIONAL PROVISIONS RELATING TO SUCCESSORS**

Where New Credit Derivative Transactions arise under a Reference CDS pursuant to Section 2.2 of the Credit Derivatives Definitions the Securities shall be deemed to be split into a number of "Classes" equal to the number of New Credit Derivative Transactions whereby each Class shall be linked to the related New Credit Derivative Transaction and such New Credit Derivative Transaction shall become the Reference CDS with respect to such Class.

5. **NO REQUIREMENT FOR LOSS**

Nothing in the General Note Conditions, General Certificate Conditions, these Asset Terms or the Specific Terms shall require the Issuer to hold the whole or any part of any Reference Obligation at any time and the Specific Terms will apply irrespective of the Issuer's credit exposure to the Reference Entity or the Reference Obligation, and the Issuer need not suffer any loss nor provide evidence of any loss as the result of the occurrence of a Credit Event and related Event Determination Date.

6. **TAXATION AND DELIVERY EXPENSES**

Notwithstanding any other provisions of the Conditions, the Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Security and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. For the avoidance of doubt the Issuer shall have no obligation to 'gross up' payments hereunder and shall be entitled to reduce any amount payable by it by, or reduce the amount of Deliverable Obligations deliverable by it by an amount of any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. All expenses including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, and/or other taxes or duties arising from the holding, delivery and/or transfer of Obligations or any other assets in connection with the issue or performance of the Securities shall be for the account of the Securityholders (the "**Delivery Expenses**").

7. **MODIFICATION AND WAIVER**

7.1 Notwithstanding the provisions of General Note Condition 10 and General Certificate Condition 14, the Issuer may, without the consent of the Securityholders, make any modification to any of the General Note Conditions, General Certificate Conditions, these Asset Terms or the Specific Terms (including the Reference CDS Confirmation) or any of the provisions of the Agency Agreement which is of a formal, minor or technical nature, to cure an ambiguity or to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction of incorporation of the Issuer.

7.2 Any modification shall be binding on the Securityholders and any modification shall be notified by the Issuer to the Securityholders as soon as practical thereafter in accordance with General Note Condition 10 and General Certificate Condition 14.

8. **CALCULATION AGENT**

8.1 The Issuer reserves the right at any time to vary or terminate the appointment of the Calculation Agent provided that it shall at all times maintain a Calculation Agent. Notice of any such termination or appointment will promptly be given to the Securityholders in accordance with General Note Condition 10 and General Certificate Condition 14.

8.2 Subject to the express provisions of these Asset Terms or the relevant Specific Terms, if any provision of this document permits a determination or calculation to be made by the Calculation Agent, acting in any capacity, during a particular period of time, it may make it at any time during that period and no failure or delay to make it at a particular time within such period shall be deemed to be a waiver of its ability to make it later in that period or in any subsequent period during which it may make it.

- 8.3 Without prejudice to the provisions of Asset Term 1 above, in acting under the Agency Agreement in respect of the Securities, the Calculation Agent is acting solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, any Securityholder, and any determination and/or calculation by the Calculation Agent shall, in the absence of manifest error, be final and binding on the Issuer and the Securityholders.
- 8.4 **Determinations by Calculation Agent on behalf of Seller**
- (a) The provisions of this Asset Term 8.4 shall apply in all circumstances where, in the opinion of the Calculation Agent, Seller would be entitled to make (or refrain from making) a determination or calculation, give (or refrain from giving) a notice or exercise (or refrain from exercising) a discretion under the Reference CDS (each, a "**Seller Decision**").
- (b) With respect to any Seller Decision, the Calculation Agent shall deem that Seller has acted (or refrained from acting) under the Reference CDS in accordance with Seller Decision Instructions (as defined below), and shall incur no liability to Securityholder for any loss, cost or expense, howsoever arising, which arises as a consequence of its doing so.
- (c) For these purposes, "Seller Decision Instructions" means instructions in writing given to the Calculation Agent by or on behalf of the holders of more than 50% of the aggregate Outstanding Nominal Amount of the Securities then outstanding, accompanied by evidence satisfactory to the Calculation Agent of such holding. The Calculation Agent, acting in its sole and absolute discretion, shall be entitled to disregard any instructions if, in the opinion of the Calculation Agent:
- (i) such instructions are ambiguous;
 - (ii) such instructions conflict with any of the other provisions of these Asset Terms;
 - (iii) compliance with such instructions may (x) be illegal or contrary to applicable law or regulation; or (y) cause the Calculation Agent to expend or risk its own funds or otherwise incur any actual or potential liability, loss, damage or cost;
 - (iv) such instructions are received at a time which falls less than 2 Business Days prior to the latest date on which such Seller Decision may be made under the terms of the Reference CDS; or
 - (v) it would otherwise be inappropriate, unreasonable or contrary to market practice to act in accordance with such instructions,
- in which case any such instructions shall not constitute Seller Decision Instructions.
- (d) Notwithstanding the foregoing, the Calculation Agent shall have no obligation to consult with, or convene meetings of, Securityholders to consider matters which may be the subject of Seller Decision Instructions.
- (e) Save to the extent of any valid Seller Decision Instructions duly received, the Calculation Agent shall have no duty to take any action on behalf of Seller with respect to any Seller Decision (or to deem that such action has been taken under the Reference CDS) and shall have no liability to any Securityholder for failing to do so, either in a timely manner or at all.
- (f) The Calculation Agent shall, unless otherwise previously instructed in accordance with Seller Decision Instructions and to the extent that there is no conflict with any of the other provisions of these Asset Terms or the applicable Specific Terms, be entitled, at its sole and absolute discretion, to act in respect of a Seller Decision (without prejudice to the provisions of Asset Term 8.4(g) below) or to deem that Seller has done so under the Reference CDS. If the Calculation Agent elects so to do, it will act in a commercially reasonable manner and in good faith and may (but is not obliged to) have regard to any corresponding matters arising under any transactions entered into by the Issuer or any Affiliate to hedge the obligations of the Issuer under the Securities.

- (g) Unless otherwise previously instructed by Seller Decision Instructions, the Calculation Agent will:
 - (i) deem that any Movement Option under the Reference CDS is not exercised by Seller; and
 - (ii) if a DC Credit Event Announcement Date occurs in respect of a Credit Event which is a Restructuring, deem that a Credit Event Notice has not been given by Seller.

8.5 Nothing in Asset Term 8.4 shall affect or limit the ability of the Calculation Agent to make (or refrain from making) a determination or calculation, give (or refrain from giving) a notice or exercise (or refrain from exercising) a discretion under the Reference CDS on behalf of Buyer or as Reference CDS Calculation Agent.

9. SET-OFF

9.1 The Issuer may, without prior notice to any person, set off any obligation (whether or not matured and whether or not contingent) owed by any Securityholder to the Issuer or any of its Affiliates (for which purpose the Issuer is acting as agent for its Affiliates) against any matured obligation owed by the Issuer to the relevant Securityholder in respect of a Security, regardless of the place of payment or booking office or currency of either obligation. If either obligation is unliquidated or unascertained, the Issuer may set off in an amount estimated by the Calculation Agent in good faith to be the amount of that obligation. Any payment or delivery obligation in respect of a Security may, at the option of the Issuer, be reduced by the amount of any obligation owed by the holder of such Security to the Issuer or any of its Affiliates accordingly.

9.2 This right of set-off is in addition to and not in limitation of any other right or remedy (including any other right to set-off, counterclaim or otherwise withhold payment) under applicable law. Nothing in the General Note Conditions, General Certificate Conditions, these Asset Terms or the Specific Terms will be deemed to create a charge or other security interest.

10. ACKNOWLEDGMENTS AND DISCLAIMERS

10.1 The Issuer and the Securityholders agree:

- (a) that no DC Party (as such term is defined in the Rules) and no legal counsel or other third-party professional hired by a DC Party in connection with such DC Party's performance of its respective duties under the Rules and/or any Transaction Auction Settlement Terms, as applicable, shall be liable, whether for negligence or otherwise, to the Issuer or the Securityholders for any form of damages, whether direct, indirect, special, consequential or otherwise, that might arise in connection with such DC Party's performance of its duties, or any advice given by legal counsel or any other third-party professional hired by such DC Party in connection with such DC Party's performance of its respective duties, under the Rules and/or any Transaction Auction Settlement Terms, as applicable, except in the case of fraud or wilful misconduct on the part of such DC Party, legal counsel or other third-party professional, as applicable; provided that, notwithstanding the foregoing, legal counsel or any other third-party professional hired by a DC Party in connection with such DC Party's performance of its duties under the Rules and/or any Transaction Auction Settlement Terms, as applicable, may still be liable to such DC Party;
- (b) to waive any claim, whether for negligence or otherwise, that may arise against a DC Party and any legal counsel or other third-party professional hired by such DC Party in connection with such DC Party's performance of its duties under the Rules, except in the case of fraud or wilful misconduct on the part of such DC Party, legal counsel or other third-party professional, as applicable; provided that, notwithstanding the foregoing, legal counsel or any other third-party professional hired by a DC Party in connection with such DC Party's performance of its duties under the Rules and/or any Transaction Auction Settlement Terms, as applicable, may still be liable to such DC Party;
- (c) any DC Resolution of the relevant Credit Derivatives Determinations Committee that is, in the sole discretion of the Calculation Agent, relevant to the Securities or would be applicable to

the Reference CDS shall, with respect to the Securities, be binding on the Issuer and the Securityholders to the extent that such DC Resolution is made either by reference to the terms of the Credit Derivatives Definitions or by reference to the terms of any additional provisions published by ISDA and incorporated in the Reference CDS:

- (i) until such time as ISDA publicly announces that such DC Resolution has been reversed by a subsequent DC Resolution of the relevant Credit Derivatives Determinations Committee, if any, (subject to Asset Term 10.1(c)(ii)); and/or
 - (ii) unless the effect of such DC Resolution would be to reverse a prior DC Resolution of the relevant Credit Derivatives Determinations Committee, any prior determination by the Calculation Agent or determination that an Event Determination Date has occurred, that has resulted in:
 - (A) the identification of one or more Successors (whether in connection with a Sovereign Succession Event or otherwise);
 - (B) the identification of one or more Substitute Reference Obligations; or
 - (C) the occurrence of an Auction Final Price Determination Date or to the extent that a Valuation Date, Cash Settlement Date, Auction Settlement Date or redemption of the Securities in full, as applicable, has occurred, in each case, on or prior to the date that ISDA publicly announces such DC Resolution of the relevant Credit Derivatives Determinations Committee);
 - (iii) notwithstanding the fact that:
 - (A) the Specific Terms may require such determination to be made by the Calculation Agent; or
 - (B) in order to reach such DC Resolution, the relevant Credit Derivatives Determinations Committee may be required to Resolve one or more factual matters before being able to reach such DC Resolution; and
 - (iv) notwithstanding any actual or perceived conflict of interest on the part of a DC Party, legal counsel or other third-party professional hired by such DC Party in connection with such DC Party's performance of its duties under the Rules;
- (d) that no DC Party is:
- (i) under any obligation to research, investigate, supplement, or verify the veracity of, any information on which the relevant Credit Derivatives Determinations Committee bases its decision; or
 - (ii) acting as a fiduciary for, or as an advisor to, the Issuer or the Securityholders in connection with any actions or determinations of the Credit Derivatives Determinations Committee;
- (e) that, in reaching any DC Resolution that is applicable to the Reference CDS, the relevant Credit Derivatives Determinations Committee shall be under no requirement to consult with, or individually notify, the Issuer or the Securityholders, notwithstanding any provision of the Specific Terms; and
- (f) that, with respect to any DC Resolution of the relevant Credit Derivatives Determinations Committee, in the event of any inconsistency between any provision of the Credit Derivatives Definitions and the terms of the Reference CDS, the terms of the Reference CDS will govern.
- 10.2 At the time Securities are issued, the Issuer and the Securityholders shall be deemed to acknowledge the disclaimers set out above.

11. NOTICES

Notwithstanding General Note Condition 10 and General Certificate Condition 14, notices given to Securityholders under these Asset Terms and the Specific Terms shall be validly given if delivered to the relevant Clearing System (in the case of Bearer Securities) or the Registrar (in the case of Registered Securities) and shall be effective on the date of such delivery.

12. NO DUTIES

None of the Issuer nor any of its Affiliates has any duty, obligation or responsibility towards a Securityholder unless otherwise agreed in writing with that Securityholder or specified in the relevant Specific Terms. In particular, without limiting the foregoing, none of the Issuer nor any of its Affiliates need provide information to, act on the instruction or request of, find alternative mechanisms for realising money for, or take into account the views of any, Securityholder. In taking action against third parties, the Issuer and its Affiliates may combine holdings of debt, securities or other interests as they shall see fit and apply proceeds thereof, as they shall see fit. The Issuer may only waive contractual obligations in respect of the Securities in writing.

13. UNSCHEDULED TERMINATION AMOUNT

If an Unscheduled Termination Amount becomes payable under the Securities such amount shall be payable on a date selected by the Issuer in its sole discretion unless specified otherwise in the applicable Specific Terms.

14. ADJUSTMENTS TO EVENT DETERMINATION DATE AND RELATED PAYMENTS

- 14.1 If (i) following the determination of an Event Determination Date, such Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Event Determination Date or (B) not to have occurred or (ii) an Event Determination Date is deemed to have occurred prior to the immediately preceding Interest Payment Date, the Calculation Agent will determine in its sole discretion (x) the adjustment payment (if any) that is payable to reflect any scheduled payment that was due but not paid in respect of the Securities or any change that may be necessary to the amounts previously calculated and/or paid to the Securityholder(s); or (y) the adjustment payment (if any) that is payable by the Securityholders to the Issuer; and (iii) in the case of either (x) or (y) above, the date on which such adjustment payment, if any, is payable. For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any such adjustment payment and the Calculation Agent may effect such adjustment by requiring an additional amount to be payable to the Securityholder(s) and/or, as applicable, reducing any subsequent amount payable to the Securityholder(s).
- 14.2 If any amount would be payable by a Securityholder pursuant to Asset Term 14.1 above, and to the extent that such amount is not accounted for by an adjustment to other amounts payable to the Securityholder under the Securities, such amount shall be payable by the Securityholder to the Issuer. For the purposes of this obligation, the Securityholder consents to the clearing system passing on the Securityholder's details to the Issuer.
- 14.3 In the case of Securities represented by a Global Security or a Global Certificate, if an amount would be payable to a Securityholder pursuant to Asset Term 14.1 above, but such amount is not determined until after the date on which the Securities are redeemed in full, the Issuer shall make such payment to the persons who are shown in the records of the Clearing Systems as being the Accountholder at, failing which immediately prior to, the time of redemption subject to receipt from such persons from such evidence and indemnities as the Issuer may require.

15. DEFINITIONS

"5 Year Valuation Date" has the meaning given to it in Asset Term 2.5(b);

"Affected Securityholder" has the meaning given to it in Asset Term 2.4(a);

"Affected Securityholder Cash Settlement Amount" has the meaning given to it in Asset Term 2.4(d);

"Affected Securityholder Proportion" has the meaning given to it in Asset Term 2.4(f);

"Affected Securityholder Value" has the meaning given to it in Asset Term 2.4(e);

"Affiliate" means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly the person or any entity under direct or indirect common control with the person. As used herein "control" means the ownership of a majority of the voting power of the entity or, as the case may be, the person and "controlled by" and "controls" shall be construed accordingly;

"Aggregate Nominal Amount" means, at any time, an amount equal to the aggregate of the Outstanding Nominal Amounts of all Securities at that time;

"Alternative Settlement End Date" has the meaning set out in Asset Term 2.5(a);

"Applicable Entity" has the meaning given to it in Asset Term 2.2(e);

"Asset Delivery Notice" has the meaning set out in Asset Term 2.3(j);

"Average Market Value Percentage" has the meaning given to it in Asset Term 2.2(d)(vii);

"Cash Alternative Settlement Amount" means the greater of (a) (i) the Reference Entity Notional Amount of the relevant Reference Entity which is the subject of such Event Determination Date (or, if the provisions of Asset Term 2.11 apply, the applicable Exercise Amount) multiplied by (ii) the Average Market Value Percentage and (b) zero;

"Class" has the meaning set out in Asset Term 4;

"Clearance System Business Day" has the meaning set out in Asset Term 2.3(n);

"Credit Event Loss Amount" means, in relation to an Event Determination Date, the product of:

- (a) 100 per cent. minus the Auction Final Price or, if applicable, Final Price;
- (b) the Leverage Factor; and
- (c) the Reference Entity Notional Amount (or, as applicable, the Exercise Amount);

"Credit Event Settlement Amount" means, in respect of a Security and with respect to an Event Determination Date such Security's pro rata proportion of an amount equal to (i) the Reference Entity Notional Amount (or, as applicable the Exercise Amount) minus (ii) the Credit Event Loss Amount, less, if Funding Unwind Costs is specified as applicable in the Specific Terms, an amount equal to the Funding Unwind Costs Proportion;

"Credit Event Settlement Date" means, in respect of a Security and with respect to an Event Determination Date (and subject to Asset Term 2.2(f)):

- (a) where the provisions of Asset Term 2.2(c) apply, the date falling 10 Business Days after the corresponding Auction Settlement Date under the Reference CDS; or
- (b) where the provisions of Asset Term 2.2(b) apply, the date falling 10 Business Days after the corresponding Cash Settlement Date under the Reference CDS; or
- (c) where the provisions of Asset Term 2.2(d) apply, the date falling 10 Business Days after the first date on which the Average Market Value Percentage has been determined.

"Credit Event Writedown Amount" means, in respect of a Security and with respect to an Event Determination Date, an amount equal to the lesser of

- (a) the Outstanding Nominal Amount of such Security; and
- (b) the product of (i) the Reference Entity Notional Amount of the relevant Reference Entity which is the subject of such Event Determination Date (or, if the provisions of Asset Term

2.11 apply, the applicable Exercise Amount) multiplied by (ii) the Relevant Proportion as of the Event Determination Date,

in each case determined immediately prior to such Event Determination Date;

"Deferred Settlement Date" means the date specified as such in the Specific Terms or, if no such date is specified, the later of the Scheduled Maturity Date and the Extended Maturity Date.

"Delivery Cut-Off Date" has the meaning set out in Asset Term 2.4(a);

"Delivery Expenses" has the meaning set out in Asset Term 6;

"Delivery Notice Date" has the meaning given to it in Asset Term 2.2(a);

"Designated Affiliate" means any Affiliate of the Issuer designated as such by the Issuer from time to time which may, at the time of such designation, engage in the trading or holding of obligations of a Reference Entity, such Designated Affiliate being as set out in the Specific Terms;

"Extended Maturity Date" has the meaning given to it in Asset Term 3.1;

"Extended Maturity Period" has the meaning given to it in Asset Term 3.6;

"Funding Unwind Costs" means an amount equal to the products of (i) A, multiplied by (ii) B, multiplied by (iii) C, where:

- (a) "A" means the Credit Suisse AG internal treasury funding rate for the currency that the relevant Security is denominated in;
- (b) "B" means the Aggregate Nominal Amount; and
- (c) "C" means the actual number of days remaining in the period from (and including) the date of determination of A for the purposes of determining the Funding Unwind Costs to (but excluding) the Scheduled Maturity Date;

"Funding Unwind Costs Proportion" means an amount equal to the product of (i) the Funding Unwind Costs and (ii) the Relevant Proportion as of the Event Determination Date;

"Leverage Factor" has the meaning given in the Specific Terms, or if no such meaning is given, one;

"Outstanding Nominal Amount" means, in respect of a Security, an amount equal to its Specified Denomination or Nominal Amount, as applicable, as reduced from time to time in accordance with Asset Term 2;

"Portfolio" means the Deliverable Obligations specified in the Notice of Physical Settlement (as amended by any NOPS Amendment Notice in accordance with the terms of the Reference CDS) (or an asset package comprised of assets delivered to holders of the obligations of the Reference Entity in exchange for conversion of those obligations);

"Quotation" has the meaning given to it in Asset Term 2.2(d);

"Reference CDS Calculation Agent" has the meaning given to it in Asset Term 1.5;

"Reference CDS Counterparty" has the meaning given to it in Asset Term 1.4;

"Reference Entity Notional Amount" has, in respect of a Reference Entity, the meaning ascribed thereto in the Reference CDS or, if none, means the notional amount for the time being of credit protection which is purchased by Buyer in respect of such Reference Entity under the terms of such Reference CDS;

"Relevant Proportion" means, in respect of any day, an amount, expressed as a fraction, equal to (a) the Outstanding Nominal Amount of the Security, divided by (b) the aggregate of the Outstanding Nominal Amounts of all Securities then outstanding, in each case as of such day;

"Rules" means the rules which govern the Credit Derivatives Determinations Committees set forth in the Credit Derivatives Determinations Committees Rules as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof;

"Securities Physical Settlement Date" has the meaning given to it in Asset Term 2.3(d);

"Settlement Disruption Event" means an event has occurred or condition exists as a result of which the relevant Deliverable Obligation(s) cannot be cleared or transferred through the relevant clearance system or by the relevant settlement procedure for such Deliverable Obligations;

"Specified Currency" means the currency specified in the applicable Specific Terms, or if none is specified in the Specific Terms, the Settlement Currency;

"Undeliverable Loan Obligation(s)" has the meaning given to it in Asset Term 2.6(a);

"Undeliverable Obligation" has the meaning set out in Asset Term 2.4(a);

"Undeliverable Obligation Valuation Date" has the meaning set out in Asset Term 2.4(a);

"Value" has the meaning set out in Asset Term 2.4(b); and

"Zero Recovery Credit Linked Security" means a Security specified as such in the relevant Specific Terms.

SCHEDULE 3: GENERAL NOTE CONDITIONS

The following is the text of the general terms and conditions ("**General Note Conditions**") that, together with the Asset Terms and subject to the provisions of the Specific Terms, shall be applicable to the Securities.

The Securities (which expression shall include any Securities issued pursuant to General Note Condition 13) are issued pursuant to an agency agreement dated 30 June 2015 (as amended, restated or supplemented from time to time, the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon, acting through its London Branch (or such other entity as may be specified in the relevant Specific Terms) as fiscal agent and the other agents named in it and with the benefit of a deed of covenant dated 30 June 2015 (as amended or supplemented as at the Issue Date, the "**CS Deed of Covenant**") executed by Credit Suisse AG ("**CS**") in relation to Securities issued by CS. The fiscal agent, the registrar, the transfer agents, the calculation agent(s) and the paying agents for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Registrar**", the "**Transfer Agents**", the "**Calculation Agent(s)**" and the "**Paying Agents**" (which expression shall include the Fiscal Agent, the Registrar, the Transfer Agents and the Calculation Agent(s) and together with any other agents specified in the relevant Specific Terms, the "**Agents**"). The Securityholders (as defined in General Note Condition 1) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement and the CS Deed of Covenant are, and, so long as any Security remains outstanding, will be available for inspection during normal business hours at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

The Securities of any Series are subject to these General Note Conditions, as modified and/or supplemented by the Asset Terms, and the relevant Specific Terms (the "**Specific Terms**") containing the final terms relating to the relevant Securities (together, the "**Terms and Conditions**" or the "**Conditions**").

Expressions used herein and not defined shall have the meaning given to them in the Asset Terms or the relevant Specific Terms. In the event of any inconsistency between the General Note Conditions, the Asset Terms and the relevant Specific Terms, the prevailing terms will be determined in accordance with the following order of priority (where (a) prevails over the other terms):

- (a) the relevant Specific Terms;
- (b) the Asset Terms; and
- (c) the General Note Conditions.

Except in relation to General Note Conditions 8, 11 and 19 references herein to the "**Issuer**" shall be to CS acting through its London Branch (the "**Branch**"). In relation to General Note Conditions 8, 11 and 19, references to "**Issuer**" shall be to CS.

1. **Form, Denomination and Title**

The Securities are issued in bearer form ("**Bearer Securities**") or in registered form ("**Registered Securities**") in each case with a nominal amount (the "**Nominal Amount**") equal to the Specified Denomination(s) specified in the relevant Specific Terms.

All Registered Securities shall have the same Specified Denomination.

Bearer Securities are represented by a bearer global security (a "**Global Security**"). No definitive Bearer Securities will be issued.

Notes which are Registered Securities ("**Registered Notes**") are represented by registered certificates ("**Certificates**") and, save as provided in General Note Condition 2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder. Where Registered Notes are held by or on behalf of one or more Clearing Systems, a global certificate (a "**Global Certificate**") will be issued in respect of them.

Title to the Global Security shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with

the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Security shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

For so long as any of the Securities is represented by a Global Security or a Global Certificate held by or on behalf of one or more clearing systems specified in the relevant Specific Terms (each a "**Clearing System**"), each person (other than one Clearing System to the extent that it appears on the books of another Clearing System) who is for the time being shown in the records of the relevant Clearing System as the holder of a particular nominal amount of such Securities (in which regard any certificate or other document issued by the relevant Clearing System as to the nominal amount of such Securities 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 and each Agent as the holder of such nominal amount of such Securities for all purposes other than with respect to the right to payment on such nominal amount or interest (if any) of such Securities, the right to which shall be vested, as against the Issuer and any Agent, solely in the bearer of the relevant Global Security or the person in whose name the Registered Security is registered in accordance with and subject to its terms (and the expressions "Securityholder" and "holder" of Securities and related expressions shall be construed accordingly). Rights in respect of Securities which are held by or on behalf of a Clearing System will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System and, if so specified in the relevant Specific Terms, will be subject to a Minimum Transferable Number of Securities or a Minimum Trading Lot, as specified in the relevant Specific Terms. Where a Global Security is held by or on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**", and together with Euroclear, the "**ICSDs**" and each, an "**ICSD**"), the Global Security may be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"), or if the Global Security is issued in new global note form ("**NGN Form**"), as specified in the relevant Specific Terms, such Global Security will be delivered on or prior to the Issue Date to a common safekeeper for the ICSDs (the "**Common Safekeeper**").

Where a Global Certificate is held by or on behalf of Euroclear and Clearstream, Luxembourg, the Global Certificate may be registered in the name of a nominee for Euroclear and Clearstream, Luxembourg and delivered to the Common Depositary, or if the Global Certificate is to be held under the new safekeeping structure ("**NSS**"), as specified in the relevant Specific Terms, such Global Certificate will be registered in the name of a nominee of the Common Safekeeper and delivered on or about the Issue Date to the Common Safekeeper.

Any reference to a Clearing System shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer.

2. **Transfers of Registered Securities**

(a) **Transfer of Registered Securities**

One or more Registered Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (which shall be available at the specified office of the Registrar or the Transfer Agent) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed, and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Securities and entries on the Register will be made subject to the regulations concerning transfers of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any holder of a Registered Security upon request.

(b) **Exercise of Options or Partial Redemption in Respect of Registered Securities**

In the case of an exercise of an Issuer's or Securityholders' option in respect of, or a partial redemption of, a holding of Registered Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Securities to a person who is already a holder of Registered Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to General Note Conditions 2(a) or (b) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in General Note Condition 5(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this General Note Condition 2(c), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Transfers Free of Charge

The transfer of Registered Securities and Certificates shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) Closed Periods

No Securityholder may require the transfer of a Registered Security to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Security, (ii) during the period of 15 days before any date on which Securities may be called for redemption by the Issuer at its option pursuant to General Note Condition 5(d), (iii) after any such Security has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

3. Status

The Securities are unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* and rateably without any preference among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer from time to time outstanding.

4. Interest and Premium

(a) Interest on Fixed Rate Securities

Each Fixed Rate Security bears interest on its outstanding nominal amount from and including the Interest Commencement Date either (i) at the rate per annum (expressed as a percentage) equal to the Rate of Interest or (ii) in an Interest Amount, such interest being payable in arrear on each Interest Payment Date. If so specified in the relevant Specific Terms, the Rate of Interest or Interest Amount may be different for different Interest Periods.

(b) Premium

If so specified in the relevant Specific Terms, the Issuer shall pay a premium in respect of the derivative element of the Securities. Such premium shall be payable in respect of each Security on its outstanding nominal amount from the Premium Commencement Date either (i) at the rate per annum (expressed as a percentage) equal to the Rate of Premium or (ii) in an amount equal to a fixed Premium Amount, such premium being payable in arrear on each Premium Payment Date. If so specified in the relevant Specific Terms, the Rate of Premium or Premium Amount may be different for different Premium Periods.

(c) **Interest on Floating Rate Securities**

(i) **Interest Payment Dates**

Each Floating Rate Security bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date specified in the relevant Specific Terms.

(ii) **Business Day Convention**

If any date that is specified in the relevant Specific Terms to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding Business Day and (2) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) **Rate of Interest for Floating Rate Securities**

The Rate of Interest in respect of Floating Rate Securities for each Interest Period shall be determined by the Calculation Agent (as defined in the ISDA Definitions) as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Specific Terms) the Margin (if any). For the purposes of this sub-paragraph (iii), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (A) the Floating Rate Option is as specified in the relevant Specific Terms;
- (B) the Designated Maturity is a period so specified in the relevant Specific Terms;
and
- (C) the relevant Reset Date is (1) if the applicable Floating Rate Option is based on LIBOR or EURIBOR, the first day of that Interest Period or such days as so specified in the relevant Specific Terms, or (2) if the applicable Floating Rate Option is neither based on LIBOR nor EURIBOR, such other day as so specified in the relevant Specific Terms,

provided that if the Issuer determines that such ISDA Rate cannot be determined in accordance with the ISDA Definitions read with the above provisions, the value of the ISDA Rate for an Interest Period shall be such rate as is determined by the Calculation Agent in good faith and in a commercially reasonable manner having regard to comparable benchmarks then available.

For the purposes of this sub-paragraph (iii), "**Floating Rate**", "**Floating Rate Option**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(d) **Accrual of Interest and Premium**

Interest and Premium shall cease to accrue on each Security on the due date for redemption unless payment is improperly withheld or refused, in which event interest and premium shall continue to accrue (both before and after judgment) in the manner provided in this General Note Condition 4 to the Relevant Date (as defined in General Note Condition 7).

(e) **Maximum/Minimum Rates of Interest, Rate Multipliers and Rounding**

- (i) If any rate multiplier (a "**Rate Multiplier**") is specified in the relevant Specific Terms (either (A) generally, or (B) in relation to one or more Interest Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Periods, in the case of (B), calculated in accordance with (c) above by multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest is specified in the relevant Specific Terms, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (B) all figures shall be rounded to seven significant figures (with halves being rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of (1) any currency amounts denominated in Japanese yen, which shall be rounded down to the nearest Japanese yen, or (2) any currency amounts payable in respect of Securities where the Specified Denomination or Nominal Amount (as the case may be) is specified in the relevant Specific Terms to be 1.00 in any currency, which shall be rounded up to 4 decimal places. For these purposes "unit" means the lowest transferable amount of such currency.

(f) **Calculations**

The amount of interest or premium payable in respect of any Security for any period shall be calculated by multiplying the product of the Rate of Interest or Rate of Premium and the outstanding nominal amount of such Security by the Day Count Fraction, unless an Interest Amount or Premium Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest or premium payable in respect of such Security for such period shall be equal to such Interest Amount or Premium Amount (or be calculated in accordance with such formula).

(g) **Determination and Publication of Rates of Interest/Premium and Interest/Premium Amounts**

On such date as the Issuer may be required under this General Note Condition 4 to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate, calculate such amounts, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amount and/or the Rate of Premium and Premium Amount for each Interest Period and Premium Period and the relevant Interest Payment Date and Premium Payment Date to be notified to the Fiscal Agent, the Issuer (if the Issuer is not the Calculation Agent), each of the Agents, the Securityholders and, if the Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than the fourth Business Day after such determination and, in the event such relevant exchange is the Luxembourg Stock Exchange, no later than the first Business Day of the Interest Period. Where any Interest Payment Date or Premium Payment Date is subject to adjustment pursuant to General Note Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date or Premium Amount and Premium

Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period or Premium Period. If the Securities become due and payable under General Note Condition 8, the accrued interest and the Rate of Interest and/or Rate of Premium payable in respect of the Securities shall nevertheless continue to be calculated as previously in accordance with this General Note Condition 4 but no publication of the Rate of Interest and/or Rate of Premium or the Interest Amount or Premium Amount so calculated need be made.

(h) **Definitions**

Unless the context otherwise requires and subject to the relevant Specific Terms, the following terms shall have the meanings set out below:

"Aggregate Nominal Amount" means the aggregate nominal amount of the Securities set out in the relevant Specific Terms.

"Day Count Fraction" means, in respect of the calculation of an amount of interest and/or premium on any Security for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period and/or a Premium Period, the "Calculation Period"):

- (a) if "Actual/Actual" or "Actual/Actual – ISDA" is specified in the relevant Specific Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (b) if "Actual/365 (Fixed)" is specified in the relevant Specific Terms, the actual number of days in the Calculation Period divided by 365;
- (c) if "Actual/360" is specified in the relevant Specific Terms, the actual number of days in the Calculation Period divided by 360;
- (d) if "30/360", "360/360" or "Bond Basis" is specified in the relevant Specific Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (e) if "30E/360" or "Eurobond Basis" is specified in the relevant Specific Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (f) if "30E/360 (ISDA)" is specified in the relevant Specific Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

- (g) if "Actual/Actual–ICMA" is specified in the relevant Specific Terms:
- (i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (ii) if the Calculation Period is longer than one Determination Period, the sum of:
 - (A) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (aa) the number of days in

such Determination Period and (bb) the number of Determination Periods normally ending in any year; and

- (B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (aa) the number of days in such Determination Period and (bb) the number of Determination Periods normally ending in any year;

where:

"Designated Maturity" means the period set out in the relevant Specific Terms;

"Determination Date" means each date so specified in the relevant Specific Terms or, if none is so specified, each Interest Payment Date and/or Premium Payment Date; and

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"Interest Amount" means the amount of interest (which shall not be less than zero) payable in respect of a Security on an Interest Payment Date as specified in the relevant Specific Terms or calculated under this General Note Condition 4.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the relevant Specific Terms.

"Interest Payment Date" means each date so specified in the relevant Specific Terms, and if so specified in the relevant Specific Terms, subject to adjustment in accordance with the Business Day Convention.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date, and if the relevant Specific Terms specifies that if the Interest Period(s) or any particular Interest Period(s) shall be (i) "Adjusted", then each such Interest Period shall commence on or end on, as the case may be, the relevant Interest Payment Date after all applicable adjustments to such Interest Payment Date pursuant to the General Note Conditions, or (ii) "Unadjusted", then each such Interest Period shall commence on or end on, as the case may be, the date on which the relevant Interest Payment Date is scheduled to fall, disregarding all applicable adjustments to such Interest Payment Date pursuant to the General Note Conditions.

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.

"Premium Amount" means the amount of any premium (which shall not be less than zero) payable in respect of a Security on a Premium Payment Date as specified in the relevant Specific Terms or calculated under this General Note Condition 4.

"Premium Commencement Date" means the Issue Date or such other date as may be specified in the relevant Specific Terms.

"Premium Payment Date" means each date so specified in the relevant Specific Terms.

"Premium Period" means the period beginning on (and including) the Premium Commencement Date and ending on (but excluding) the first Premium Payment Date and each successive period beginning on (and including) a Premium Payment Date and ending on (but excluding) the next succeeding Premium Payment Date.

"Rate of Interest" means the rate of interest payable from time to time in respect of a Security as specified in the relevant Specific Terms or calculated under this General Note Condition 4.

"Rate of Premium" means the rate of premium payable from time to time in respect of a Security as specified in the relevant Specific Terms.

5. Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption

- (i) Unless previously redeemed or purchased and cancelled, each Security that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Specific Terms. The outstanding nominal amount of each such Security shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Security, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed or purchased and cancelled or unless the Securities are to be redeemed by way of physical settlement pursuant to General Note Condition 5(f), each Security shall be redeemed on the Maturity Date specified in the relevant Specific Terms at its Redemption Amount (which, unless otherwise provided, shall be its Nominal Amount) or, in the case of a Security falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption

The amount payable in respect of any Security upon redemption of such Security pursuant to General Note Condition 5(c) or upon any Security becoming due and payable as provided in General Note Condition 8, shall be the amount determined by the Issuer that, in the case of redemption pursuant to General Note Condition 5(c) on a day prior to the due date for redemption selected by the Issuer in its discretion or, in the case of redemption pursuant to General Note Condition 8, on the due date for redemption of such Security, is equal to the Unscheduled Termination Amount.

(c) Redemption for Illegality Reasons

If the Issuer shall have determined, acting in good faith and in a commercially reasonable manner, that the performance of any of its obligations under the Securities or that any arrangement made to hedge its obligations under the Securities shall have or will become, in whole or in part, unlawful, illegal, or otherwise contrary to any present or future law, rule, regulation, judgment, order, directive, policy or request of any governmental, administrative, legislative or judicial authority or power (but, if not having the force of law, only if compliance with it is in accordance with the general practice of persons to whom it is intended to apply), or any change in the interpretation thereof (an "**Illegality**"), then the Issuer may, if and to the extent permitted by applicable law, either (i) make such adjustment to the Conditions as may be permitted by the Asset Terms or (ii) having given notice to Securityholders as soon as practicable in accordance with General Note Condition 14, redeem the Securities at their Unscheduled Termination Amount. In the case of (ii) no payment of the Redemption Amount (or physical delivery of the Share Amount or payment of the Fractional Cash Amount, as applicable) or any other amounts on account of interest or otherwise shall be made after such notice has been given.

(d) Redemption at the Option of the Issuer

If "Call Option" is specified in the relevant Specific Terms, the Issuer may (i) on giving not less than 15 nor more than 30 days' irrevocable notice to the Securityholders (or such other notice period as may be specified in the relevant Specific Terms), or (ii) on exercising its call option on an Optional Redemption Exercise Date by giving notice to the Securityholders on or before such Optional Redemption Exercise Date, as specified in the relevant Specific Terms, redeem all or, if so provided, some of the Securities on any Optional Redemption Date specified in the relevant Specific Terms at their Optional Redemption Amount specified in the relevant Specific Terms. Any such redemption must relate to Securities of a nominal amount at least equal to the minimum nominal amount to be redeemed and no greater than the maximum nominal amount to be redeemed, as specified in the relevant Specific Terms. All Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this General Note Condition 5(d).

In the case of a partial redemption, the Securities to be redeemed shall be selected in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange, the rules and procedures of any Clearing System (in the case of Global Securities in NGN Form and Global Certificates held under the NSS, such partial redemption shall be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and other relevant requirements, and holders of Registered Notes shall be notified separately if their Securities have been selected.

(e) **Redemption at the Option of Securityholders**

If "Put Option" is specified in the relevant Specific Terms, the Issuer shall, at the option of the holder of any such Security, upon the holder of such Security giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Specific Terms) redeem such Security on the Optional Redemption Date(s) specified in the relevant Specific Terms at its Optional Redemption Amount specified in the relevant Specific Terms. No such option may be exercised if the Issuer has given notice of redemption of the Securities.

In the case of Securities not held in or on behalf of a Clearing System, to exercise such option the holder must deposit a duly completed option exercise notice ("**Exercise Notice**") substantially in the form set out in the Agency Agreement (or such other form as the Issuer, the Fiscal Agent and the Registrar may approve) within the notice period together with the Certificate representing such Registered Securities with the Registrar or any Transfer Agent at its specified office. In the case of Bearer Securities, the holder must deposit an Exercise Notice with the Fiscal Agent at the same time presenting the Global Security representing such Bearer Securities to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation according to the terms set out in such Global Security.

(f) **Delivery of Shares (Physical Settlement)**

If Physical Settlement Provisions are specified to be applicable in the relevant Specific Terms, the terms and conditions contained in the Annex hereto shall apply.

(g) **Purchases**

The Issuer and any subsidiary or affiliate of the Issuer may at any time purchase Securities (provided that such Securities are purchased with all rights to receive all future payments of interest and Instalment Amounts (if any)) in the open market or otherwise at any price and may hold, resell or cancel them.

(h) **Reference to Principal**

References to "principal" shall be deemed to include, wherever the context so admits, any amounts payable under the Securities other than by way of interest.

6. **Payments**

(a) **Bearer Securities**

Payments in respect of Bearer Securities shall be made against presentation and annotation or, if no further payment is to be made, surrender of the Global Security at the specified office of any Paying Agent outside the United States by transfer to an account denominated in the Settlement Currency with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

In the case of Bearer Securities represented by a Global Security issued in NGN Form, the Issuer shall procure that the details of each such payment shall be entered in the records of the ICSDs. Any failure to make such entries in the records of the ICSDs shall not affect the discharge of the Issuer's obligations in respect thereof.

(b) **Registered Securities**

Payments in respect of Registered Securities shall be made to the person shown on the Register at the close of business on the date (the "**Record Date**") which is (i) in the case of Securities represented by a Global Certificate held by or on behalf of one or more Clearing Systems, the Clearing System Business Day immediately prior to the due date for payment thereof, where "Clearing System Business Day" means each day from Monday to Friday inclusive except 25 December and 1 January and (ii) otherwise, the fifteenth day before the due date for payment thereof, and if no further payment is to be made, against presentation and surrender of the relevant Certificates at the specified office of any Transfer Agent or the Registrar. Payments on each Registered Security shall be made in the Settlement Currency by cheque drawn on a bank and mailed to the holder (or to the first-named of joint holders) of such Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment may be made by transfer to an account in the Settlement Currency specified by the payee with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

In the case of Registered Securities represented by a Global Certificate to be held under the NSS, the Issuer shall procure that the details of each such payment shall be entered in the records of the ICSDs. Any failure to make such entries in the records of the ICSDs shall not affect the discharge of the Issuer's obligations in respect thereof.

(c) Discharge of Obligation

The holder of a Global Security or Global Certificate shall be the only person entitled to receive payments in respect of Securities represented by such Global Security or Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Security or Global Certificate in respect of each amount so paid. Each of the persons shown in the records of the relevant Clearing System as the holder of a particular nominal amount of Securities represented by such Global Security or Global Certificate must look solely to such Clearing System for its share of each payment so made. No person other than the holder of such Global Security or Global Certificate shall have any claim against the Issuer in respect of any payments due on that Global Security or Global Certificate.

(d) Payments Subject to Laws

All payments are subject in all cases to any applicable fiscal and other laws, regulations and directives.

(e) Appointment of Agents

The Agents initially appointed by the Issuer and their respective specified offices are specified in the relevant Specific Terms. The Agents act solely as agents of the Issuer and neither the Issuer nor any of the Agents assumes any obligation or relationship of agency or trust or of a fiduciary nature for or with any Securityholder. The Issuer may at any time vary or terminate the appointment of any Agent and appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Securities, (iii) a Transfer Agent in relation to Registered Securities, and (iv) so long as the Securities are listed on any stock exchange and the rules of that stock exchange or the relevant competent authority so require, such Paying Agents or other agents as may be required by the rules of such stock exchange or competent authority.

Notice of any such change or any change of any specified office shall promptly be given to the Securityholders.

(f) Non-Business Days

If any date for payment in respect of any Security is not a business day, the holder shall not be entitled to payment until the next following business day or to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day which is a Currency Business Day and, where presentation is required, a Banking Day in the relevant place of presentation.

(g) Payment Disruption

This General Note Condition 6(g) shall apply only to each Series of Securities in respect of which "Payment Disruption" is specified to be applicable in the relevant Specific Terms.

- (i) If the Issuer determines that a Payment Disruption Event has occurred in relation to any amount due (or shortly to be due) in respect of the Securities, the Issuer shall give notice as soon as practicable to Securityholders of such determination in accordance with General Note Condition 14.
 - (ii) Upon the occurrence of a Payment Disruption Event:
 - (A) the relevant Interest Payment Date, Maturity Date or any other date on which any amount may be due and payable (and the Issuer's obligation to pay the relevant Interest Amount, Redemption Amount or such other amounts in respect of the Securities) shall be postponed to a date (the "**Extended Date**") falling on the earlier of:
 - (1) two Business Days following the date on which the Issuer (acting in good faith and in a commercially reasonable manner) determines that the Payment Disruption Event is no longer continuing; and
 - (2) the date falling 45 calendar days following the original Interest Payment Date, Maturity Date or other payment date, as the case may be (the "**Cut-Off Date**").
 - (B) In the event that the Payment Disruption Event is still occurring on the second Currency Business Day immediately preceding the Cut-Off Date, then:
 - (1) if "Payment in Alternate Currency" is specified to be applicable in the relevant Specific Terms, the Issuer shall, on giving notice as soon as practicable to Securityholders in accordance with General Note Condition 14, make payment of the Equivalent Amount on the relevant Extended Date; or
 - (2) if "Payment of Adjusted Amount" is specified to be applicable in the relevant Specific Terms, the Issuer shall make payment of the relevant Interest Amount, Redemption Amount or such other amount payable under the Securities on the relevant Extended Date, and in such case, the Issuer may make such adjustment to such amount as it shall determine in good faith and in a commercially reasonable manner to be appropriate to account for any difference between the amount originally payable and the amount that a hypothetical investor would receive if such hypothetical investor were to enter into and maintain any theoretical hedging arrangements in respect of the Securities.
- Upon the payment of the Equivalent Amount or the relevant Interest Amount, Redemption Amount or such other amount (as the case may be) pursuant to this General Note Condition 6(g)(ii) in respect of the Securities, the Issuer shall have discharged its obligations to pay such Interest Amount, Redemption Amount or other amount in respect of such Securities in full and shall have no other liability or obligation whatsoever in respect thereof except in the event of a loss resulting directly from the fraud, wilful default or gross negligence of the Issuer or the Calculation Agent.
- (C) Any payments made in accordance with this General Note Condition 6(g)(ii) shall be made after deduction of any costs, expenses or liabilities incurred or to be incurred by the Calculation Agent or the Issuer in connection with or arising from the resolution of the relevant Payment Disruption Event.
 - (iii) Securityholders shall not be entitled to any interest or any other payment on account of any postponement or delay which may occur in respect of the payment of any amounts due and payable in respect of the Securities pursuant to this General Note Condition 6(g).

(h) **Interest and Currency Rate Additional Disruption Event**

This General Note Condition 6(h) shall apply only to each Series of Securities in respect of which "Interest and Currency Rate Additional Disruption Event " is specified to be applicable in the relevant Specific Terms.

If the Issuer determines that an Interest and Currency Rate Additional Disruption Event has occurred, the Issuer may (but need not) determine:

- (i) the appropriate adjustment, if any, to be made to any one or more of the terms of the Securities, including without limitation, any variable or term relevant to the settlement or payment under such Securities, as the Issuer determines appropriate to account for the economic effect of such Interest and Currency Rate Additional Disruption Event on the Securities, and determine the effective date of that adjustment. Upon making any such adjustment, the Issuer shall give notice as soon as practicable to the Securityholders stating the adjustment to any amount payable under the Securities and/or any of the other relevant terms and giving brief details of the Interest and Currency Rate Additional Disruption Event, provided that any failure to give such notice shall not affect the validity of the Interest and Currency Rate Additional Disruption Event or any action taken; or
- (ii) that no adjustments to the terms of the Securities would achieve a commercially reasonable result, on giving notice to Securityholders as soon as practicable in accordance with the General Note Condition 14, the Issuer may redeem the Securities in whole but not in part, in which case the Issuer will cause to be paid to each Securityholder in respect of each Security held by it an amount equal to the Unscheduled Termination Amount on such day as the Issuer shall select in its sole and absolute discretion. For the avoidance of doubt, no other amounts shall be payable in respect of the Securities on account of interest or otherwise following such determination by the Issuer.

7. **Prescription**

Claims against the Issuer for payment in respect of Bearer Securities shall be prescribed and become void unless the Global Security is presented for payment within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date. "Relevant Date" means, in respect of any payment, (a) the date on which such payment first becomes due and payable or (b) if the full amount of moneys payable has not been received by the Fiscal Agent on or prior to such date, the date on which, the full amount of such moneys having been so received, notice to that effect is given to the Securityholders in accordance with General Note Condition 14.

8. **Events of Default**

If any one or more of the following events (each an "**Event of Default**") has occurred and is continuing:

- (a) the Issuer fails to pay any amount due on the Securities within 30 days after the due date; or
- (b) where the Issuer is CS acting through its London Branch, CS (i) is (or could be deemed by law or court to be) insolvent or bankrupt or unable to pay its debts, (ii) stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, (iii) initiates or becomes subject to proceedings relating to itself under any applicable bankruptcy, liquidation, insolvency, composition administration or insolvency law, (iv) proposes or makes a stay of execution, 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 (v) 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 CS,

then the holder of any Security may, by notice in writing given to the Fiscal Agent at its specified office, declare such Security immediately due and payable, whereupon such Security shall become redeemable at an amount equal to its Unscheduled Termination Amount unless prior to the time when the Fiscal Agent receives such notice all Events of Default have been cured.

9. **Meetings of Securityholders**

The Agency Agreement contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Conditions. Such a meeting may be convened by Securityholders holding not less than one tenth in nominal amount of the Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Securityholders whatever the nominal amount of the Securities held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (a) to amend any date for payment on the Securities, (b) to reduce or cancel the nominal amount of, or any other amount payable or deliverable on redemption of, the Securities, (c) to reduce the rate or rates of interest in respect of the Securities, (d) to vary any method of, or basis for, calculating any amount payable on the Securities or deliverable in respect of the Securities, (e) to vary the currency or currencies of payment or denomination of the Securities, (f) to take any steps that may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass the Extraordinary Resolution in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed).

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

10. Modification

The Issuer may modify the Conditions (and (a) the CS Deed of Covenant and (b) together with the other parties thereto, the Agency Agreement, save that, in relation to the regulations concerning transfers of Securities scheduled to the Agency Agreement, any modifications will be made in accordance with General Note Condition 2(a)) without the consent of any Securityholder for the purposes of (a) curing any ambiguity or correcting or supplementing any provision contained in them in any manner which the Issuer may deem necessary or desirable provided that such modification is not, in the determination of the Issuer, prejudicial to the interests of the Securityholders or (b) correcting a manifest error. Notice of any such modification will be given to the Securityholders in accordance with General Note Condition 14.

11. Substitution of the Issuer

The Issuer, or any previously substituted company, may at any time, without the consent of the Securityholders, substitute for itself as principal obligor under the Securities any company (the "**Substitute**"), being any Affiliate of the Issuer or another company with which it consolidates, into which it merges or to which it sells, leases, transfers or conveys all or substantially all its property, subject to:

- (a) where the Substitute is an Affiliate of the Issuer, the Substitute having a long-term unsecured debt rating equal to or higher than that of the Issuer given by Moody's Investors Service, Inc. (or an equivalent rating from another internationally recognised rating agency) or having the benefit of a guarantee from the Issuer or another Affiliate of the Issuer with such a debt rating;
- (b) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect; and
- (c) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Securityholders in accordance with General Note Condition 14.

In the event of any substitution of the Issuer, any reference in the Conditions to the "Issuer" shall thenceforth be construed as a reference to the Substitute.

For these purposes, "Affiliate" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer.

The Issuer shall also have the right upon notice to Securityholders in accordance with General Note Condition 14 to change the office through which it is acting for the purpose of the Securities, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

12. Taxation

The Issuer is not liable for or otherwise obliged to pay, and the relevant Securityholder shall pay, any tax, duty, charges, withholding or other payment which may arise as a result of, or in connection with, the ownership, transfer, redemption or enforcement of any Security, including, without limitation, the payment of any amount thereunder. The Issuer shall have the right to withhold or deduct from any amount payable to the Securityholder such amount (a) for the payment of any such taxes, duties, charges, withholdings or other payments or (b) for effecting reimbursement to the Issuer for any payment by it of any tax, duty, charge, withholding or other payment referred to in this General Note Condition 12.

13. Further Issues

The Issuer may from time to time without the consent of the Securityholders create and issue further Securities having the same terms and conditions as the Securities (save possibly for the amount and date of the first payment of interest and premium and for the issue price) (so that, for the avoidance of doubt, references in the Conditions to "Issue Date" shall be to the first issue date of the Securities) and so that the same shall be consolidated and form a single series with such Securities, and references in the Conditions to "Securities" shall be construed accordingly.

14. Notices

Notices to the holders of Securities which are listed on a stock exchange shall be given in such manner as the rules of such exchange or the relevant authority may require. Where the Securities are listed on the Luxembourg Stock Exchange, such Notices may also be published on the website thereof (www.bourse.lu). In addition, so long as any Securities are held in or on behalf of a Clearing System, notices to the holders of such Securities may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders or by delivery of the relevant notice to the holder of the relevant Global Security or Global Certificate. Notices to the holders of Securities may also be given by publication in the newspaper specified in the relevant Specific Terms or such other leading newspaper of general circulation as the Issuer may determine. Any such notice shall be deemed to have been given on the weekday following such delivery or, where notices are so published, on the date of such publication or, if published more than once or on different dates, on the date of the first such publication. Notices to the holders of Registered Securities may alternatively be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

Notices to be given by a Securityholder shall (in the case of a Security not held in or on behalf of a Clearing System) be in writing and given by being lodged with an Agent. Where Securities are held in or on behalf of a Clearing System, such notices may be given by the holder of a Security through the relevant Clearing System in such manner as the relevant Clearing System may approve for this purpose together with confirmation from the Clearing System of the Securityholder's holding of Securities.

Where Securities are held in or on behalf of a Clearing System but such Clearing System does not permit notices to be sent through it, such notices may be given by the relevant Securityholder in writing by being lodged with an Agent, subject to the Securityholder providing evidence from the Clearing System satisfactory to the Issuer of the Securityholder's holding of Securities.

15. Replacement of Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificate) and otherwise as the Issuer may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

16. Calculations and Determinations

Where any calculations or determinations are required in the Conditions to be made by the Issuer, the Issuer may delegate the performance of such determinations and/or calculations to a Calculation Agent on its behalf. In such event, the relevant references to the "Issuer" shall be construed as references to such Calculation Agent.

All calculations and determinations of the Issuer and the Calculation Agent in the Conditions shall be made in accordance with the terms of the relevant Conditions having regard in each case to the criteria stipulated therein (if any) and (where relevant) on the basis of information provided to or obtained by employees or officers of the Issuer or the Calculation Agent (as applicable) responsible for making the relevant calculation or determination.

In making any discretionary determinations under the Conditions, each of the Issuer and the Calculation Agent may take into account such factors as it determines to be appropriate (including, but not limited to, any circumstances or events which it determines has a material effect on the hedging arrangements entered into by the Issuer (and/or its affiliates) at any time with respect to the Securities). Where provided in the Conditions, the Issuer or the Calculation Agent will calculate any amount(s) payable using the information, price sources or factors, whether official or estimated, as specified in the Conditions. However, should the Issuer or the Calculation Agent not be able to obtain the necessary information or be able to use the specified price sources or factors, then, after using reasonable efforts and after applying all applicable fallback provisions specified in the Conditions in relation to such calculation, the Issuer or the Calculation Agent shall be permitted to use its estimate (acting in good faith and in a commercially reasonable manner) of the relevant information, price source or factor in making the relevant calculations should it determine that such estimate is reasonably necessary.

Notwithstanding anything else in the Conditions (save as provided in the next sentence) and if (a) the relevant Specific Terms specifies that "Institutional" is not applicable, and (b) the terms of the Securities provide for the amount payable on the Maturity Date to be subject to a minimum amount, no modification or adjustment to, or calculation under, the Conditions may be made by the Issuer to reduce the amount so payable on such date to less than such minimum amount. For the avoidance of doubt, the preceding sentence shall not apply in relation to the rights of the Issuer to modify the Terms and Conditions pursuant to General Note Condition 10.

All calculations and determinations and exercises of discretion made by the Issuer or the Calculation Agent in such capacity under the Conditions whether or not already expressed to be the case therein shall be made in good faith and in a commercially reasonable manner and (where there is a corresponding applicable regulatory obligation) shall take into account whether fair treatment is achieved by any such calculation, determination and exercise of discretion in accordance with its applicable regulatory obligations.

All calculations made by the Issuer or the Calculation Agent under the Conditions shall, in the absence of manifest error, be final, conclusive and binding on Securityholders.

Neither the Issuer nor the Calculation Agent assumes any obligation or relationship of agency or trust or of a fiduciary nature for or with any Securityholder. Nothing in the Conditions shall exclude or restrict any duty or liability arising under the regulatory framework applicable to any person authorised by the Financial Conduct Authority.

17. Third Parties

No person shall have any right to enforce any of the Conditions of the Securities under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Securities expressly provide that it shall apply to any of their terms.

18. **Miscellaneous Definitions**

References to "**AUD**" are to Australian dollars, references to "**CAD**" are to Canadian dollars, references to "**DKr**" are to Danish Krone, references to "**EUR**" and "**€**" are to euro, being the lawful single currency of the member states of the European Union that have adopted and continue to retain a common single currency through monetary union in accordance with European Union treaty law (as amended from time to time), references to "**GBP**" and "**£**" are to pounds sterling, references to "**HK\$**" and "**HKD**" are to Hong Kong dollars, references to "**JPY**" and "**¥**" are to Japanese yen, references to "**Nkr**" and "**NOK**" are to Norwegian Krone, references to "**SGD**" are to Singapore dollars, references to "**SEK**" and "**SKr**" are to Swedish Krona, references to "**CHF**" and "**Sfr**" are to Swiss Francs and references to "**USD**" and "**U.S.\$**" are to United States dollars.

"**Alternate Currency**" means the currency so specified in the relevant Specific Terms.

"**Banking Day**" means, in respect of any city, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in such city.

"**Business Centre**" means each of the places so specified in the relevant Specific Terms.

"**Business Day**" means:

- (a) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (b) in the case of euro, a TARGET Business Day; and/or
- (c) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

"**Currency Business Day**" means a day which is a Banking Day in the Financial Centre(s) if any (as specified in the relevant Specific Terms) and on which (unless the Settlement Currency is euro) commercial banks and foreign exchange markets are generally open to settle payments in the city or cities determined by the Issuer to be the principal financial centre(s) for the Settlement Currency, and if the Settlement Currency is euro, which is also a TARGET Business Day.

"**Dealer**" means any dealer specified in the relevant Specific Terms.

"**Equivalent Amount**" means, in respect of the relevant Interest Amount, Redemption Amount or any other amount payable on the Extended Date (for these purposes, the "Relevant Amount"), an amount in the Alternate Currency determined by the Issuer by converting the Relevant Amount into the Alternate Currency using the Equivalent Amount FX Rate for the Extended Date.

"**Equivalent Amount FX Rate**" means, in respect of any relevant date, an amount equal to the spot rate of exchange of the Reference Currency for the Alternate Currency, expressed as either (a) a number of units of the Reference Currency for a unit of the Alternate Currency, or (b) a number of units of the Alternate Currency for a unit of the Reference Currency, as specified in the relevant Specific Terms, as reported and/or published and/or displayed on the Equivalent Amount FX Rate Page at the Equivalent Amount FX Rate Time on such date, or if the Equivalent Amount FX Rate is not reported, published or displayed on the Equivalent Amount FX Rate Page at the Equivalent Amount FX Rate Time or is otherwise unavailable on such date for any reason, the rate determined by Issuer acting in good faith and in a commercially reasonable manner, taking into account prevailing market conditions.

"Equivalent Amount FX Rate Page" means the page of the relevant screen provider or other price source as specified in the relevant Specific Terms or any successor page or price source on which the Issuer determines that the relevant Equivalent Amount FX Rate is displayed or otherwise derived.

"Equivalent Amount FX Rate Time" means the time specified as such in the relevant Specific Terms or, if no such time is specified, the time as determined in good faith and in a commercially reasonable manner by the Issuer.

"Extraordinary Resolution" means a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75 per cent. of the votes cast.

"Financial Centre" means each of the places so specified in the relevant Specific Terms.

"Fractional Cash Amount" has the meaning given to it in the Annex hereto.

"Hedging Arrangements" means any hedging arrangements entered into by the Issuer (and/or its affiliates) at any time with respect to the Securities, including without limitation the purchase and/or sale of any securities, commodities, currency or other asset, the entry into or termination of interest rate swap transactions, any options or futures on any securities, commodities or other asset, any depository receipts in respect of any securities, and any associated foreign exchange transactions.

"Instalment Amount" means the amount so specified in the relevant Specific Terms.

"Interest and Currency Rate Additional Disruption Event" means an Interest and Currency Rate Hedging Disruption and/or an Interest and Currency Rate Increased Cost of Hedging.

"Interest and Currency Rate Hedging Disruption" means that the Issuer and/or its affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the interest and currency rate risk of the Issuer entering into and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Interest and Currency Rate Increased Cost of Hedging" means that the Issuer and/or its affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date of the relevant Securities) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the interest and currency rate risk of the Issuer entering into and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or its affiliates shall not be deemed an Interest and Currency Rate Increased Cost of Hedging.

"Issue Date" means one of the following as specified in the relevant Specific Terms:

- (a) the date so specified in the relevant Specific Terms; or
- (b) the number of Currency Business Days following the Initial Setting Date (or, if such date falls on different dates for different Underlying Assets, the latest of such dates to occur), as specified in the relevant Specific Terms.

"Issue Price" means the amount so specified in the relevant Specific Terms.

"Maturity Date" means one of the following as specified in the relevant Specific Terms:

- (a) the date so specified in the relevant Specific Terms; or
- (b) the number of Currency Business Days following the relevant date (or, if such date falls on different dates for different Underlying Assets, the latest of such dates to occur), in each case, as specified in the relevant Specific Terms; or
- (c) the later of (i) the date so specified in the relevant Specific Terms, and (ii) the number of Currency Business Days following the relevant date (or, if such date falls on different dates

for different Underlying Assets, the latest of such dates to occur), in each case, as specified in the relevant Specific Terms.

"**NGN Form**" has the meaning given to it in General Note Condition 1.

"**NSS**" has the meaning given to it in General Note Condition 1.

"**Option**" means, in respect of a Security, the option component of such Security which provides exposure to the underlying asset(s) (if any), the terms of which are fixed on the trade date in order to enable the Issuer to issue such Security at the relevant price and on the relevant terms. The terms of the Option will vary depending on the terms of the Security.

"**Option Value**" means, in respect of a Security and any day, the value of the Option relating to such Security on such day, as calculated by the Calculation Agent by reference to such factors as it determines to be appropriate (including, but not limited to, the value, expected future performance and/or volatility of the underlying asset(s) (if any)).

"**Optional Redemption Amount**" means, in respect of an Optional Redemption Date and each Security in respect of which the Call Option has been exercised, an amount equal to a percentage of the Nominal Amount as specified in the relevant Specific Terms in respect of such Optional Redemption Date.

"**Optional Redemption Date**" means one of the following, as specified in the relevant Specific Terms:

- (a) each date so specified in the relevant Specific Terms; or
- (b) each date so specified in the relevant Specific Terms, or, if such date is not a Currency Business Day, the next following Currency Business Day; or
- (c) the number of Currency Business Days following the Optional Redemption Exercise Date on which the Issuer has exercised its Call Option, as specified in the relevant Specific Terms.

"**Optional Redemption Exercise Date**" means each date so specified in the relevant Specific Terms.

"**Payment Disruption Event**" means the occurrence of any of the following:

- (a) any event that, in the determination of the Issuer, has the effect of prohibiting, preventing, restricting or materially delaying:
 - (i) the exchange of the Reference Currency into the Settlement Currency (whether directly or, pursuant to any Hedging Arrangements, indirectly by exchange into a third currency (the "Intermediate Currency") and exchange therefrom into the Settlement Currency) through customary legal channels; or
 - (ii) the exchange of the Reference Currency or the Intermediate Currency for the Settlement Currency or the Intermediate Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Jurisdiction; or
 - (iii) the free and unconditional transferability of the Reference Currency, the Intermediate Currency or the Specified Currency from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction; or
 - (iv) the free and unconditional transferability of the Reference Currency, the Intermediate Currency or the Settlement Currency (A) between accounts inside the Reference Jurisdiction or (B) to a party that is a non-resident of the Reference Jurisdiction,

in each case, as compared to the position on the Trade Date;

- (b) the imposition by the Reference Jurisdiction (or any political or regulatory authority thereof) of any capital controls, or the publication of any notice of an intention to do so, which the Issuer determines in good faith and in a commercially reasonable manner is likely to materially affect the Securities, and notice thereof is given by the Issuer to the Securityholders in accordance with General Note Condition 14; and

- (c) the Issuer determines that the Reference Currency or Settlement Currency is no longer being used by the government of the country (or countries of the currency block) issuing such currency or by public institutions within the international banking community for the settlement of transactions, or is replaced by another currency.

"Redemption Amount" has the meaning given to it in the relevant Specific Terms.

"Reference Currency" means the currency(ies) so specified in the relevant Specific Terms, or if no currency(ies) is/are specified in the relevant Specific Terms, "Reference Currency" shall have the meaning given to it in the Asset Terms.

"Reference Jurisdiction" means, in respect of the Reference Currency, the country (or countries of the currency block) for which the Reference Currency is the lawful currency.

"Settlement Currency" means the currency in which a payment is to be made.

"Share Amount" has the meaning given to it in the Annex hereto.

"TARGET Business Day" means a day on which the TARGET2 System or any successor thereto is operating, where **"TARGET2 System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

"Trade Date" means the date so specified in the relevant Specific Terms.

"Unscheduled Termination Amount" means, in respect of a Security:

- (a) if "Unscheduled Termination at Par" is specified to be applicable in the relevant Specific Terms, an amount in the Settlement Currency equal to the sum of:
- (i) the Nominal Amount (or, if less, the outstanding nominal amount); plus
 - (ii) any interest accrued on the Security up to the date of redemption of the Security which has not been paid out; or
- (b) if "Unscheduled Termination at Par" is specified to be not applicable in the relevant Specific Terms, and:
- (i) if "Institutional" is specified to be not applicable in the relevant Specific Terms, and provided that (A) the terms of such Security provide for the amount payable at maturity to be subject to a minimum amount (the "Minimum Payment Amount"), and (B) such Security is not redeemed pursuant to General Note Condition 5(c) or becomes due and payable as provided in General Note Condition 8, an amount in the Settlement Currency payable on the Maturity Date equal to the sum of:
 - (1) the Minimum Payment Amount, plus
 - (2) the Option Value (which may be equal to or greater than zero) as at the Unscheduled Termination Event Date (the "Termination Option Value"), plus
 - (3) any interest accrued on the Termination Option Value, from, and including, the Unscheduled Termination Event Date to, but excluding, the date on which the Securities are redeemed (calculated by reference to the prevailing interbank overnight interest rates in the relevant currency); or
 - (ii) otherwise, an amount in the Settlement Currency (which may be greater than or equal to zero) equal to the value of the Security immediately prior to its redemption, as calculated by the Calculation Agent using its internal models and methodologies and which may be based on, amongst other things, the following:
 - (A) the time remaining to maturity of the Security;
 - (B) the interest rates at which banks lend to each other;

- (C) the interest rate at which the Issuer (or its affiliates) is charged to borrow cash;
- (D) if the Security is linked to one or more underlying assets, the value, expected future performance and/or volatility of such underlying asset(s); and
- (E) any other information which the Issuer deems relevant (including, without limitation, the circumstances that resulted in the events causing such redemption),

provided that:

- (1) if "Deduction for Hedge Costs" is specified to be applicable in the relevant Specific Terms, the Unscheduled Termination Amount shall be adjusted to account for any associated losses, expenses or costs that are, or would be, incurred by the Issuer and/or its affiliates as a result of unwinding, establishing, re-establishing and/or adjusting any hedging arrangements in relation to such Security, as determined by the Issuer in its discretion acting in good faith and in a commercially reasonable manner; and
- (2) in the case of a redemption pursuant to General Note Condition 8, the calculation of the Unscheduled Termination Amount shall not take into account the financial position of the Issuer immediately prior to the Event of Default (for the avoidance of doubt, the Issuer shall be presumed to be able to fully perform its obligations under such Security for such purposes).

"Unscheduled Termination Event Date" means, in respect of a Security, the date on which the Issuer determines that an event resulting in the unscheduled redemption of such Security pursuant to the relevant Asset Terms has occurred.

19. **Governing Law and Jurisdiction**

The Securities, the Global Security, the Certificates, the Global Certificates and any non-contractual obligations arising out of or in relation to them are governed by, and shall be construed in accordance with, English law.

The Issuer irrevocably agrees for the benefit of the Securityholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Securities and accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "Proceedings") may be brought in such courts.

The Issuer irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and, where the Issuer is CS, the relevant Branch and may be enforced in the courts of any other jurisdiction. Nothing in this General Note Condition 19 shall limit any right to take Proceedings against the Issuer or, where the Issuer is CS, the relevant Branch in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

CS appoints its London Branch as its agent for service of process in England in respect of any Proceedings against CS.

INFORMATION RELATING TO THE UNDERLYING ASSET

Details of the past and further performance and volatility of the Reference Entity may be obtained from Bloomberg, number CY068745 (but the information appearing on such website does not form part of this Prospectus or the terms and conditions of the Securities). Past performance is not indicative of future performance.

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Securities. The issue of the Securities is made in accordance with the Organisational Guideline and Regulation of Credit Suisse AG dated 19 June 2014. No specific resolution of the Board of Directors of the Issuer was required.
2. Copies of the Agency Agreement and CS Deed of Covenant will be available for inspection during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the offices of the Paying Agent. In addition copies of the following documents will be available free of charge at the principal office of the Paying Agent and at the registered office of the Issuer, normal business hours on any business day (except Saturdays, Sundays and legal holidays):
 - (i) the Memorandum and Articles of Association of the Issuer;
 - (ii) the audited accounts of the Issuer for the last two years; and
 - (iii) a copy of this Prospectus together with any supplements to this Prospectus.
3. There has been no material adverse change in the prospects of the Issuer and its consolidated subsidiaries since 31 December 2014. There has been no significant change in the financial position of the Issuer and its consolidated subsidiaries since 30 June 2015.
4. Save as disclosed in the Issuer's Form 6-K Dated 31 July 2015 under the heading "Litigation" (note 29 to the condensed consolidated financial statements of the Credit Suisse Group AG on pages 164-165 of the third exhibit (Credit Suisse Financial Report 2Q15) to the Issuer's Form 6-K dated 31 July 2015) and the Annual Report 2014 under the heading "Litigation" (note 38 to the condensed consolidated financial statements of Credit Suisse Group AG on pages 352-359), there are no, and have not been during the period of 12 months ending on the date of the Registration Document, governmental, legal or arbitration proceedings which may have, or have had in the past, significant effects on the Issuer's financial position or profitability, and the Issuer is not aware of any such proceedings being either pending or threatened.
5. KPMG AG, Badenerstrasse 172, 8004 Zurich, Switzerland, have audited the accounts of the Issuer for the years ended 31 December 2014 and 31 December 2013. KPMG AG is a member of the Swiss Institute of Certified Accountants and Tax Consultants and is 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.
6. The Issuer's registered head office is located at Paradeplatz 8, CH-8001, Zurich, Switzerland and the telephone number is +41 44 333 11 11. The London branch is located at One Cabot Square, London E14 4QJ, England and the telephone number is +44 207 888 8888.
7. The Issuer has been issued a senior unsecured long-term debt rating of "A (Stable Outlook)" by Standard & Poor's, a senior long-term debt rating of "A (Stable Outlook)" by Fitch and a senior long-term debt rating of "A1 (Stable Outlook)" by Moody's Inc.

Explanation of ratings as of the date of this document:

"A" by Standard's & Poor's: An obligor rated "A" has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

"A" by Fitch: An "A" rating denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

"A1" by Moody's Inc.: Obligations rated "A" are judged to be upper-medium grade and are subject to low credit risk; the modifier "1" indicates that the obligation ranks in the higher end of its generic rating category.

8. The Securities may be accepted for clearance through the following clearing systems (which are the entities in charge of keeping the relevant records):
 - (a) Euroclear Bank S.A./N.V. (1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium); and
 - (b) Clearstream Banking, société anonyme, Luxembourg (42 Avenue JF Kennedy, L-1855 Luxembourg).
9. An application has been made to the Luxembourg Stock Exchange for the Securities to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange. If the application for listing and admission to trading is granted, notices may be published on the website of the Luxembourg Stock Exchange (accessible at www.bourse.lu) in accordance with the relevant listing requirements.
10. Additional Information
 - (a) The Issuer is not dependent upon other members of its group.
 - (b) So far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the issue, save for any fees payable to the distributor(s).
 - (c) The net proceeds from the issue of the Securities will be used by the Issuer for its general corporate purposes (including hedging arrangements). The estimated total expenses related to the admission to trading is EUR 3,500.

TAXATION

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income payments ("**Savings Income**") made by a person within its jurisdiction to or collected by such a person for an individual or to certain other persons, resident in that other Member State (interest payments on the Securities will for these purposes be Savings Income). However, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at 35 per cent. This transitional period will terminate at the end of the first fiscal year following agreement with certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted and implemented similar measures (either provision of information or transitional withholding) in relation to payments of Savings Income made by a person within its jurisdiction to an individual, or to certain other persons, resident in a Member State. In addition, Member States have entered into reciprocal arrangements with certain of those non-EU countries and dependent or associated territories of certain Member States in relation to payments of Savings Income made by a person in a Member State to an individual, or to certain other persons, resident in certain dependent or associated territories or non-EU countries.

Where an individual holder of Securities receives a payment of Savings Income from any Member State or dependent or associated territory employing the withholding arrangement, the individual holder of Securities may be able to elect not to have tax withheld. The formal requirements may vary slightly from jurisdiction to jurisdiction. They generally require the individual holder of Securities to produce certain information (such as his tax number) and consent to details of payments and other information being transmitted to the tax authorities in his home state. Provided that the other Tax Authority receives all of the necessary information the payment will not suffer a withholding under EC Council Directive 2003/48/EC or the relevant law conforming with the directive in a dependent or associated territory.

Prospective holders of Securities should note that on 24 March 2014, the Council of the European Union adopted a Council Directive (the "**Amending Directive**") amending and broadening the scope of the requirements described above. EU 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. They will also expand the circumstances in which payments that indirectly benefit an individual resident in an EU 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.

The Organisation for Economic Co-operation and Development ("**OECD**") has been tasked by the G20 with undertaking the technical work needed to take forward the single global standard for automatic exchange of financial account information endorsed by the G20 in 2013. The OECD has released a full version of the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the "Common Reporting Standard"), which calls on governments to obtain detailed account information from their financial institutions and exchange that information automatically with other jurisdictions on an annual basis. On 9 December 2014, the Economic and Financial Affairs Council of the European Union officially adopted the revised Directive on Administrative Cooperation 2011/16/EU (the "**ACD**") (regarding mandatory automatic exchange of information in the field of taxation), which effectively incorporates the Common Reporting Standard. EU Member States are required to adopt and publish the laws, regulations and administrative provisions necessary to comply with the ACD by 31 December 2015. They are required to apply these provisions from 1 January 2016 and to start the automatic exchange of information no later than end of September 2017 and from September 2018 in the case of Austria.

Therefore, the European Commission has proposed the repeal of the EU Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States

(subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and the ACD (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

United Kingdom

The following statements are by way of a general guide only to holders of Securities. They are not exhaustive and do not constitute tax advice. Holders of Securities are therefore advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Securities under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

The information below relates only to United Kingdom taxation and is applicable to United Kingdom residents who are the beneficial owners of Securities and hold the Securities as an investment, and does not apply to other categories of taxpayers such as dealers in shares and securities. It is based on United Kingdom tax law and HM Revenue and Customs ("**HMRC**") published practice at the date of this Prospectus. The United Kingdom tax treatment of prospective holders of Securities depends on their individual circumstances and may be subject to change in the future. Anyone who is unsure of their tax treatment in relation to Securities should seek independent professional advice.

Withholding taxes

Provided that the Issuer continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the "**Act**"), and provided that the interest on the Securities is paid in the ordinary course of its business within the meaning of section 878 of the Act, CS, acting through its London Branch will be entitled to make payments of interest under the Securities without withholding or deduction for or on account of United Kingdom income tax.

Payments of interest on the Securities may also be made without withholding or deduction for or on account of United Kingdom income tax if the Securities are listed on a "recognised stock exchange" within the meaning of section 1005 of the Act.

Interest on the Securities may also be paid without withholding or deduction for or on account of United Kingdom tax where interest on the Securities is paid to a person who belongs in the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Securities is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HM Revenue & Customs have not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Securities may also be paid without withholding or deduction for or on account of United Kingdom tax where the maturity of the Securities is less than 365 days and which are not issued under arrangements the effect of which is to render such Securities as part of a borrowing with a total period of a year or more.

In other cases, an amount must generally be withheld from payments of interest on the Securities issued by CS, acting through its London Branch, on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Securityholder, HM Revenue & Customs can issue a notice to the Issuer to pay interest to the Securityholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions. The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of,

another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities. The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions.

The references to "interest" above mean "interest" as understood in United Kingdom tax law (which in certain cases could include a premium or a discount). The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Securities or any related documentation.

United Kingdom Corporation Tax Payers

The United Kingdom taxation treatment of a Securityholder that is within the charge to United Kingdom corporation tax will depend on, among other things, the accounting treatment of the Securities in the Securityholder's hands, including, in particular, whether or not the Securities are bifurcated into a host contract and an "embedded derivative" as an accounting matter. The accounting treatment will also affect the tax treatment of a disposal of the Securities (including a disposal occurring on redemption of the Underlying Securities).

Securityholders within the charge to United Kingdom corporation tax should consult their own accounting and tax advisers concerning their tax liabilities that may arise as a result of holding the Securities, or as a result of the disposal of the Securities.

Other United Kingdom Tax Payers

Taxation of Gains

Where Notes are issued at an issue price of less than 100 per cent. of their nominal amount they may constitute "deeply discounted securities" depending on the level of the discount. It is not considered that Notes would be regarded as deeply discounted securities merely by reason of the fact that they are denominated in a currency other than sterling. Where Notes constitute "deeply discounted securities", a Holder of such Notes who is within the scope of United Kingdom income tax may be liable to United Kingdom income tax on any profit (the amount by which any sum payable on the transfer or redemption of the Note exceeds its acquisition price) made on the sale or other disposal (including redemption) of such Notes.

Where Notes are issued at a redemption premium as opposed to being issued at a discount, then where such premium does not constitute a payment of interest such Notes may constitute "deeply discounted securities".

Notes which are deeply discounted securities are qualifying corporate bonds and therefore not subject to tax on chargeable gains.

Prospective holders of Notes should obtain independent professional advice as to the United Kingdom tax consequences of acquiring, holding, redeeming or otherwise disposing of Notes.

Individual Savings Accounts

The Notes should qualify for inclusion in an ISA. United Kingdom tax resident holders of Securities who acquire their investment in the Securities through an ISA and who satisfy the requirements for tax exemption in the Individual Savings Account Regulations 1998 will not be subject to either United Kingdom income tax or United Kingdom capital gains tax on income and gains realised from their Securities and any losses on their investment will be disregarded for the purposes of United Kingdom capital gains tax.

Individual investors who are considering investing in Securities which may provide capital growth and who are considering holding such Securities within an ISA may wish to consider whether it may be more beneficial for them to hold such Securities as a direct investment outside an ISA (leaving them free to invest in an income producing asset for inclusion in an ISA). This will depend on an investor's individual circumstances, including the availability of the capital gains tax annual exemption which may significantly reduce the amount of tax payable on capital gains. It may be more appropriate for some investors to hold an income generating investment within their ISA and assets generating capital gains as a direct investment so that, overall, less tax is paid on income and capital gains.

United Kingdom Self-Invested Personal Pensions (SIPP) and Small Self-Administered Schemes (SSAS)

The Securities should be capable of being held within a SIPP or SSAS that is a registered pension scheme subject to the individual circumstances of the Securityholders. Securityholders should obtain independent advice in relation to the tax treatment of Securities held within a SIPP or SSAS.

Other United Kingdom tax considerations

Transfer of Assets Abroad

The attention of individual Securityholders who are resident in the United Kingdom is drawn to the provisions of sections 714 to 751 of ITA 2007 contained in Chapter 2 of Part 13 of ITA 2007 (the Transfer of Assets Abroad Legislation). Under sections 714 to 751 of ITA 2007, the income accruing to an Issuer may be attributed to such a Securityholder and may (in certain circumstances) be subject to United Kingdom income tax in the hands of the Securityholder. However, under section 737 of ITA 2007, sections 714 to 751 ITA of 2007 will not apply if the Securityholder can satisfy HMRC that either:

- (a) it would not be reasonable to draw the conclusion, from all the circumstances of the case, that the purpose of avoiding a liability to United Kingdom taxation was the purpose or one of the purposes for which an investment in the Securities or any "associated operations" within the meaning of section 719 of ITA 2007 (together, the Security Transactions) was effected; or
- (b) the Security Transactions were "genuine commercial transactions" and it would not be reasonable to draw the conclusion, from all the circumstances of the case, that any one or more of the Security Transactions was designed, more than incidentally, for the purpose of avoiding United Kingdom taxation.

Sections 737 and 738 of ITA 2007 provide that, in interpreting these provisions:

- (a) the intentions and purposes of any person who, whether or not for consideration, designs or effects any of the Security Transactions or provides advice in relation to any of the Security Transactions would have to be taken into account in determining the purposes for which the Security Transactions were effected;
- (b) for the purposes of (b) above, a Security Transaction would only be a "commercial transaction" if, broadly, it was on arm's length terms and, in addition, if it was effected in the course of a trade or business, or with a view to setting up and commencing a trade or business and, in either case, for the purposes of that trade or business; and
- (c) the making and managing of investments, or the making or managing of investments, can only constitute a trade or business for the purposes of the preceding paragraph to the extent that the person carrying out the activity and the person for whom it is done are independent persons dealing at arm's length.

Transactions in securities

The attention of Securityholders who are corporation tax payers is drawn to the provisions of sections 731 to 751 CTA 2010. Securityholders who are income tax payers should have regard to sections 682 to 713 of ITA 2007. These provisions could potentially apply to counteract United Kingdom tax advantages arising to a Securityholder but the provisions will not apply provided the Securityholder can demonstrate that:

- (a) in the case of a Securityholder who is a corporation tax payer:
 - (i) its investment in the Securities was made for genuine commercial reasons or in the ordinary course of making or managing investments, and
 - (ii) the main object or one of the main objects of the investment in the Securities was not to obtain a corporation tax advantage within the meaning of section 732 of CTA 2010;
- (b) in the case of a Securityholder who is an income tax payer, it is not the case that the main purpose or one of the main purposes of the investment in the Securities was to obtain an income tax advantage within the meaning of sections 687 of ITA 2007.

Restrictions on allowable losses

The attention of Securityholders is drawn to section 16A of TCGA 1992. This provision could potentially prevent Securityholders from claiming an allowable loss in respect of a disposal of their Securities if the main purpose or one of the main purposes connected with their investment and/or disposal of the Securities was to secure a tax advantage within the meaning of section 16A(2) of TCGA 1992.

Stamp Duty and Stamp Duty Reserve Tax (SDRT)

Issue

No UK stamp duty or stamp duty reserve tax ("**SDRT**") should generally be payable on the issue of Securities save that SDRT at 1.5 per cent. is likely to be payable on an issue of Securities where all three of the conditions in (a), (b) and (c) below are met:

- (a) the Securities do not constitute exempt loan capital (see below);
- (b) the Securities are not covered by article 5(2) of the capital duties directive (Council Directive 2008/7/EC); and
- (c) the Securities are issued to an issuer of depositary receipts or a clearance service (or their nominees).

For the purposes of this UK tax section, the clearing systems run by Euroclear Bank and Clearstream Luxembourg constitute a "clearance service" however the CREST system run by Euroclear UK & Ireland does not.

Securities will constitute "exempt loan capital" if the Securities constitute "loan capital" (as defined in section 78 Finance Act 1986) and do not carry (and in the case of (ii)-(iv) below have never carried) any one of the following four rights:

- (i) a right for the holder of the securities to opt for conversion into shares or other securities or to acquire shares or other securities, including loan capital of the same description;
- (ii) a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the capital;
- (iii) a right to interest the amount of which falls or has fallen to be determined to any extent by reference to the results of, or of any part of, a business or to the value of any property; or
- (iv) a right on repayment to an amount which exceeds the nominal amount of the capital and is not reasonably comparable with what is generally repayable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital listed in the Official List of the London Stock Exchange.

Transfer of Securities

Transfers of interests in Securities held through a clearance service do not attract UK stamp duty or SDRT provided that no section 97A election has been made.

Where Securities do not comprise exempt loan capital and are not held through a clearance service, then, where the issuer of the Securities is a body corporate incorporated in the United Kingdom or where the Securities are registered in a register kept in the United Kingdom by or on behalf of the relevant issuer or are the shares are "paired" with shares in a United Kingdom incorporated company within the meaning of section 99(6B) of the Finance Act 1986, agreements to transfer such Securities may attract SDRT at 0.5 per cent. of the chargeable consideration.

SDRT at 0.5 per cent. may also be payable in relation to any agreement to transfer Securities such as Warrants which give the holder the right on exercise to acquire stock, shares or loan capital in certain companies with a United Kingdom connection unless such stock, shares or loan capital would itself qualify as "exempt loan capital". A company will have a United Kingdom connection for these purposes if:

- (a) the company is incorporated in the United Kingdom;
- (b) a register of the relevant stock, shares or loan capital is kept in the United Kingdom by or on behalf of the company; or
- (c) the shares are "paired" with shares in a United Kingdom incorporated company within the meaning of section 99(6B) of the Finance Act 1986.

In addition, stamp duty at 0.5 per cent. may arise in respect of any document transferring any Security that does not comprise exempt loan capital. However, where a liability to stamp duty is paid within six years of a liability to SDRT arising the liability to SDRT will be cancelled or repaid as appropriate.

Redemption or Settlement of Securities

Stamp duty or SDRT at 0.5 per cent. may arise on Physical Settlement in certain cases.

Higher Rate Charges

Where stamp duty is payable as outlined above, it may be charged at the higher rate of 1.5 per cent. (rather than at the 0.5 per cent. rate) in respect of any document transferring or agreement to transfer Securities to a depositary receipts system or clearance service.

Luxembourg

The comments below are intended as a basic overview of certain tax consequences in relation to the purchase, ownership and disposal of the Securities under Luxembourg law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

This description is based on the laws, regulations and applicable tax treaties as in effect in Luxembourg on the date hereof, all of which are subject to change, possibly with retroactive effect. It is not intended to be, nor should it be construed to be, legal or tax advice.

The following overview does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular prospective holder with regard to a decision to purchase, own or dispose of Securities.

The residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only.

Additionally, a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharges (*contributions au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*) generally. Prospective holders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes.

Corporate income tax, municipal business tax as well as the solidarity surcharge apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Withholding Tax and Self-Applied Tax

Taxation of Luxembourg non-residents

Under Luxembourg general tax laws currently in force, there is no withholding tax to be withheld by the debtor of Securities on payments of principal, premium or arm's length interest (including accrued but unpaid interest) to non-Luxembourg tax resident holders. Nor is any Luxembourg withholding tax payable upon redemption or repurchase of Securities held by non-Luxembourg tax resident holders to the extent said Securities do not (i) give entitlement to a share of the profits generated by the issuing company and (ii) the issuing company is not thinly capitalised.

Taxation of Luxembourg residents

Under Luxembourg general tax laws currently in force and subject to the law of December 23, 2005, as amended (the "**Law**"), there is no withholding tax to be withheld by the debtor of Securities on payments of principal, premium or arm's length interest (including accrued but unpaid interest) to Luxembourg tax resident holders. Nor is any Luxembourg withholding tax payable upon redemption or repurchase of Securities held by Luxembourg tax resident holders to the extent said Securities do not (i) give entitlement to a share of the profits generated by the issuing company and (ii) the issuing company is not thinly capitalised.

Under the Law, 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 who is tax resident of Luxembourg will be subject to a withholding tax of 10 per cent. In case the individual beneficial owner is an individual acting in the course of the management of his/her private wealth, said withholding tax will be in full discharge of income tax. Responsibility for the withholding tax will be assumed by the Luxembourg paying agent. Payments of interest under Securities coming within the scope of the Law would be subject to withholding tax at a rate of 10 per cent.

Income Taxation on Principal, Interest, Gains on Sales or Redemption

Luxembourg tax residence of the Investors

Investors will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Securities.

Taxation of Luxembourg non-residents

Investors who are non-residents of Luxembourg and who do not have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Securities is connected, will not be subject to taxes (income taxes and net wealth tax) or duties in Luxembourg with respect to payments of principal or interest (including accrued but unpaid interest), payments received upon redemption, repurchase or exchange of the Securities or capital gains realised upon disposal or repayment of the Securities.

A non-Luxembourg tax resident corporate holder of Securities or a non-Luxembourg tax resident individual holder of Securities acting in the course of the management of a professional or business undertaking, who has a permanent establishment or a permanent representative in Luxembourg to which Securities are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts under Securities and on any gains realised upon sale or disposal, in any form whatsoever, of Securities.

Taxation of Luxembourg residents

A Luxembourg tax resident corporate holder, must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form

whatsoever, of Securities, in its taxable income for Luxembourg income tax assessment purposes. The same inclusion applies to an individual holder of Securities, acting in the course of the management of a professional or business undertaking.

Luxembourg resident corporate Investors which are companies benefiting from a special tax regime (such as family wealth management companies subject to the law of 11 May 2007, undertakings for collective investment subject to the law of 17 December 2010 or specialised investment funds subject to the law of 13 February 2007) are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax) other than the subscription tax calculated on their share capital or net asset value.

A Luxembourg tax resident individual holder, acting in the course of the management of his / her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under Securities, except if withholding tax has been levied on such payments in accordance with the Law (as this withholding tax would represent the final tax liability in his/her hands). A gain realised by a Luxembourg tax resident individual holder, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Securities is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after Securities were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax (in case it would not have suffered the 10 per cent. withholding tax under the Law).

In addition, pursuant to the Luxembourg law of 17 July 2008 (amending the Luxembourg law of 23 December 2005), Luxembourg tax resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. flat tax on interest payments made after 31 December 2007 by certain paying agents not established in Luxembourg (defined in the same way as in the EC Council Directive 2003/48/EC) i.e., paying agents located in an EU member state other than Luxembourg, a member state of the European Economic Area (i.e., Iceland, Norway and Liechtenstein) or in a state which has concluded an international agreement relating directly to EC Council Directive 2003/48/EC. In case such option is exercised, such interest does not need to be reported in the annual tax return.

Net Wealth tax

Luxembourg net wealth tax will not be levied on a holder of Securities, unless (i) such holder of Securities is a company resident in Luxembourg for the purpose of the relevant legal provisions; or (ii) the Securities are attributable to an enterprise or a part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg. In such a case, the holder of Securities must take the Securities into account for the purposes of Luxembourg wealth tax, except, under certain circumstances, if the holder of Notes is governed by any of the following: (i) the law of 17 December 2010 on undertakings for collective investment; (iii) the law of 22 March 2004 on securitisation; and (iv) the law of 15 June 2004 on the investment company in risk capital and (v) the law of 11 May 2007 on the Société de Gestion de Patrimoine Familial.

Subscription tax

Subscription tax implications may arise (depending on the facts and circumstances) for the following based Luxembourg entities:

- Private family asset holding companies ("*Société de Gestion de Patrimoine Familial*") governed by the law of May 11, 2007;
- Investment funds governed by the law of 17 December, 2010 on UCITS ("**Undertakings for collective investment in transferable securities**");
- Investment funds governed by the law of 13 February, 2007 on SIF ("Specialised investment funds").

Other taxes

No stamp, registration, transfer or similar taxes or duties will be payable in Luxembourg by Investors in connection with the issue of the Securities, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption of the Securities, unless the documents relating to the Securities

are voluntarily registered in Luxembourg. There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Securities or in respect of the payment of interest or principal under the Securities or the transfer of the Securities. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Under Luxembourg tax law, where an individual holder of Securities is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, Securities are included in his/her taxable basis for inheritance tax or estate purposes.

Gift tax may be due on a gift or donation of Securities, if embodied in a Luxembourg deed or otherwise registered in Luxembourg.

Switzerland

The following statements and discussions of certain Swiss tax considerations relevant to the purchase, ownership and disposition of Securities are of a general nature only and do not address every potential tax consequence of an investment in Securities under Swiss law. This overview is based on treaties, laws, regulations, rulings and decisions currently in effect, all of which are subject to change. It does not address the tax consequences of the Securities in any jurisdiction other than Switzerland. Potential investors will therefore need to consult their own tax advisers to determine the special tax consequences of the receipt, ownership and sale or other disposition of a Security.

Tax treatment depends on the individual tax situation of each investor and may be subject to change.

The Securityholders shall assume and be responsible to the proper governmental or regulatory authority for any and all taxes of any jurisdiction or governmental or regulatory authority, including without limitation, any state or local taxes, transfer taxes or fees, occupation taxes or other like assessments or charges that may be applicable to any payment delivered to them by the Issuer hereunder or applicable to the transactions covered hereby. The Issuer shall have the right, but not the duty, to withhold from any amounts otherwise payable to a Securityholder such amount as is necessary for the payment of any such taxes, fees, assessments or charges.

Swiss Withholding Tax

According to current Swiss tax law and the present practice of the Swiss Federal Tax Administration, payments in respect of the Securities and repayment of principal of the Securities by the Issuer Credit Suisse AG acting through one of its branches outside of Switzerland should not be subject to Swiss withholding tax provided that the Issuer Credit Suisse AG uses the proceeds outside of Switzerland. Payments in respect of the Securities and repayment of principal of the Securities by the Issuer Credit Suisse International are principally out of scope for Swiss withholding taxes. If the issuance is guaranteed by a Swiss group entity (e.g., Credit Suisse Group AG) payments in respect of the Securities and repayment of principal of the Securities by the Issuer Credit Suisse International should still not be subject to Swiss withholding tax provided that the Issuer Credit Suisse International uses the proceeds outside of Switzerland.

Swiss Value Added Tax ("VAT")

The issue, transfer (i.e., through a sale or a purchase), exercise or redemption of Securities or any income derived therefrom will normally not be subject to Swiss VAT. However, any respective input VAT will correspondingly not be recoverable.

Issue Stamp Tax and Securities Transfer Stamp Tax

According to current Swiss tax law and the present practice of the Swiss Federal Tax Administration, the issue of Securities is not subject to Issue Stamp Tax and Securities Transfer Stamp Tax. The Securities Transfer Stamp Tax is applicable to Securities which, due to specific features, are considered bond-like, share-like or fund-like products for purposes of Swiss tax law. In this case, a Securities Transfer Stamp Tax of up to 0.3 per cent. of the consideration could be due on secondary market transactions in Securities, if a Swiss securities dealer (*Effektenhändler*), as defined in art. 13 para. 3 of

the Swiss Federal Act on Stamp Duties (*Stempelabgabengesetz*), is a party to the transaction or acts as an intermediary thereto. This applies likewise for primary market transaction of fund-like instruments which are not issued out of Switzerland. Further, certain exemptions may, inter alia, apply with regard to institutional investors such as mutual funds, non-Swiss listed companies and their non-Swiss subsidiaries, non-Swiss life insurance companies and non-Swiss social security institutions.

If, upon the exercise or redemption of a Security, an underlying security is delivered to the holder of the Security, the transfer of the underlying security may be subject to Swiss Securities Transfer Tax of up to 0.15 per cent. in the case of an underlying security which has been issued by a Swiss resident issuer and of up to 0.3 per cent. in the case of an underlying security which has been issued by a non-Swiss issuer, provided in both cases that a Swiss securities dealer is a party to the transaction or acts as an intermediary thereto. Certain exemptions may, inter alia, apply with regard to institutional investors such as mutual funds, non-Swiss listed companies and their non-Swiss subsidiaries, non-Swiss life insurance companies and non-Swiss social security institutions.

Income Taxation of Non-Swiss tax resident Investors

Under present Swiss tax law, payments of interest on the Securities and repayment of principal of the Securities to a holder who is a non-resident of Switzerland and who, during the taxation year has not engaged in a trade or business through a permanent establishment within Switzerland and who is not subject to income taxation in Switzerland for any other reason will not be liable to Swiss federal, cantonal or communal income taxation. Such an investor that is not a tax resident in Switzerland, will also not be liable to Swiss federal, cantonal or communal income taxation on gains realised during the taxation year on the sale or redemption of a Security.

Income Taxation of Securities held by Swiss tax resident Individuals as part of Private Property

Gains or losses realised upon a sale or other disposition by individuals holding a Security as part of their private property (private capital gain) are as a rule not subject to income taxation or are not deductible from taxable income respectively. This applies likewise to option premium received or paid by the holder of a Security that is treated for Swiss tax purposes as a transparent structured product consisting of part debt and part option.

Capital gains may, however, be subject to income taxation if a Security or a distinguishable part thereof qualifies as a bond where the predominant part of the annual yield on which is paid in the form of a one-time payment (*überwiegende Einmalverzinsung*). Losses arising from such bonds may be deducted from gains recognised from similar instruments during the same tax period.

Income derived from a Security, which is neither a private capital gain, as set out above nor a repayment of paid in capital (or face value in the case of share-like instruments) nor an option premium is as a rule subject to tax. This applies, inter alia, to any issuance discount, repayment premium, other guaranteed payments (except repayment of capital or option premium) or any combination thereof. Payments or credits received by a holder because of dividends, interest etc. of the underlying may be subject to income tax for such holder. This may apply likewise to payments or credits derived from underlying funds.

Income Taxation of Securities held by Swiss tax resident Individuals or Entities as part of Business Property

Income realised and losses justified by business reasons incurred on Securities as part of the business property of individuals (including deemed securities dealers due to frequent dealing, debt financing or similar criteria; so called Wertschriftenhändler) or entities subject to tax in Switzerland are included in the taxable income or may be deducted from the taxable income, respectively, of such person or entity.

EU Savings Tax

European Union Directive on the Taxation of Savings Income, Swiss Agreement: The European Union ("EU") adopted a directive on the taxation of savings income in the form of interest payments (European Directive 2003/48/EC of 3 June 2003) (the "**Directive**"). The Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria will instead impose a withholding system for a transitional period unless during such period they elect

otherwise. A number of third countries and territories, including Switzerland, have adopted similar measures to the Directive. On 26 October 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland adopted measures equivalent to those of the Directive.

On the basis of this Agreement, Switzerland introduced a withholding tax on interest payments and other similar income paid in Switzerland by a paying agent to an individual resident in an EU Member State ("**EU Withholding Tax**"). The rate of withholding is currently 35 per cent. with the option for such an individual to authorise the paying agent to disclose details of the payments to the tax authorities of the relevant Member State in lieu of the withholding. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding in its country of residence, if any, provided that certain conditions are met.

Final Foreign Withholding Taxes

The Swiss Federal Council signed treaties with the United Kingdom and Austria providing, inter alia, for a final withholding tax. The treaties entered into force as of 1 January 2013. According to the treaties, a Swiss paying agent must, inter alia, levy a final withholding tax on certain income items, including capital gains, interest and dividends, deriving from assets held on accounts or deposits with a Swiss paying agent, including, as the case may be, Structured Notes and Shares. The final withholding tax will substitute the ordinary income tax due by an individual resident of a contracting state on such gains and income items. In lieu of the final withholding, individuals may opt for a voluntary disclosure of the relevant capital gains and income items to the tax authorities of their state of residency.

SELLING RESTRICTIONS

General

Except as set out in this Prospectus, no action has been or will be taken that would permit a public offering of the Securities or possession or distribution of any offering material in relation to the Securities in any jurisdiction where action for that purpose is required.

No offers, sales or deliveries of the Securities, or distribution of any offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the Dealer.

United States

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act and applicable state securities laws. Terms used in this section have the meanings given to them by Regulation S under the Securities Act.

The Dealer may not offer, sell or deliver the Securities (A) within the United States or (B) to, or for the account or benefit of, U.S. persons (other than distributors) (i) as part of the Dealer's distribution at any time or (ii) otherwise until 40 days after the later of the date on which the Securities were first offered to persons other than distributors and the Issue Date (the "distribution compliance period"). The Dealer will send to each other distributor to which it sells the Securities during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until the expiration of the 40-day distribution compliance period, an offer or sale of Securities (A) within the United States by a distributor (whether or not participating in the offering) or (B) for the account or benefit of U.S. persons by a person that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Dealer represents, warrants and agrees that:

- (a) Financial promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Securities in circumstances in which section 21(1) of FSMA would not, if the Issuer was not an authorised person, apply to the Issuer;
- (b) General compliance: it has complied and will comply with all applicable provisions of FSMA and the Financial Conduct Authority Handbook with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom; and
- (c) Commissions and fees:
 - (i) if it is distributing Securities that are "retail investment products" (as such term is defined in the Financial Conduct Authority Handbook) into the United Kingdom and it is entitled to receive any commission or fee from the Issuer, it will not transfer any part of that commission or fee to any third party who may advise retail investors to purchase a Security that is a retail investment product; or
 - (ii) if it is authorised and regulated by the Financial Conduct Authority to provide investment advice to retail investors in the United Kingdom and it is providing advice to retail investors in respect of a Security that is a retail investment product, it undertakes not to request any commission or fee from the Issuer and to otherwise reject any such payment offered to it other than in circumstances where the Issuer has agreed

to facilitate the payment of an adviser fee and has the express consent of the retail investor(s) to do so.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), the Dealer has represented and agreed 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 Securities which are the subject of the offering contemplated by this Prospectus as completed by the Specific Terms in relation thereto 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 Securities in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 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
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Securities to the public" in relation to any Securities 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 Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State, and by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC, as amended from time to time, including by Directive 2010/73/EU, and includes any relevant implementing measure in the Relevant Member State.

Each Dealer has represented and agreed, and each further Dealer appointed under this Programme will be required to represent and agree that, in relation to any offering of Securities for which the Directive 2004/39/EC on Markets in Financial Instruments, as amended ("**MiFID**") applies, any commission or fee received from the Issuer complies with the applicable rules set out in MiFID.

Russian Federation

Each Securityholder shall, by its purchase and/or acquisition or otherwise of any Security, be deemed to have represented and warranted to and agreed with the Issuer to each of the representations and undertakings:

- (1) it complies with Russian Securities law requirements relating to Securities and other financial instruments intended for "qualified investors" (as such terms are used in applicable Russian legislation and regulations);
- (2) it has been made aware and agrees that the Securities have not been, and will not be, registered with the Bank of Russia Financial Markets Service (the "**BRFM**") and will not be publicly offered into Russia. The purchase of the Securities is done in private circulation of Securities made to it as a "qualified investor" (as such terms are used in applicable Russian legislation and regulations) and are not being publicly offered to any entity or person in the Russian Federation;
- (3) it is a company duly incorporated and validly existing under the laws of the Russian Federation, with full power and authority to conduct its business;

- (4) to the extent that the Securityholder is purchasing the Securities on behalf of another entity, it hereby confirms that the investor on whose behalf it has purchased the Securities is not an entity whose financial accounts are subject to consolidation with any Reference Entity;
- (5) to the extent that the Securityholder is an asset manager:
 - (i) it enters into and performs the purchase of these Securities as the asset manager acting under the legal, valid, binding and enforceable asset management agreement entered into with its client (the "**Asset Management Agreement**" and the "**Client**");
 - (ii) it is authorised to carry out the Securities asset management activity in the Russian Federation, inter alia, to purchase Securities in the course of its asset management activity for its clients and to recognise its clients as qualified investors pursuant to the provisions of the Federal Law No. 39-FZ "On Securities Market" dated 22 April 1996 (as amended) (the "**Securities Market Law**"), within the meaning of Russian legislation, and any other applicable regulations;
 - (iii) the Securities are eligible assets for investing the Client's funds under the Asset Management Agreement and its purchase of the Securities does not breach any limitations established by the Asset Management Agreement or other applicable legal requirements with regard to the Client's capacity and authority to invest in the Securities;
 - (iv) it is a licensed asset manager holding a license from the BRFM.
- (6) to the extent that it is an entity regulated, licenced, supervised or controlled by any government, regulatory or supervisory body in or of the Russian Federation, there are no restrictions, conditions or restraints by such body or bodies which would prevent or otherwise inhibit it from entering into or performing its obligations arising from the Purchase of the Securities.

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