



# Credit Suisse AG

## Credit Suisse International

### Trigger Redeemable and Phoenix Securities Base Prospectus

#### Pursuant to the Structured Products Programme for the issuance of Notes, Certificates and Warrants

Under this Base Prospectus, Credit Suisse AG ("**CS**") and Credit Suisse International ("**CSi**") (each, an "**Issuer**" and, together, the "**Issuers**") may issue Notes, Certificates or Warrants (the "**Securities**" and each, a "**Security**") on the terms set out herein and in the relevant Final Terms.

Where the Issuer is CS, the relevant Final Terms will specify whether CS is issuing the Securities through its London Branch, its Nassau Branch, its Luxembourg Branch or its Singapore Branch. Investors should be aware that certain tax and regulatory consequences may follow from issuing Securities through a particular branch, including whether payments on the Securities are subject to withholding tax: see "Taxation" below. A branch located in a particular jurisdiction will also be subject to certain regulatory requirements and rules, breach of which may result in regulatory sanction and, possibly, investor claims. Investors should be aware that a branch is not a subsidiary and does not comprise a separate legal entity and that, in respect of any Securities issued by CS, obligations under such Securities are those of CS only, and investors' claims under such Securities are against CS only, notwithstanding the branch through which it will have issued such Securities.

Credit Suisse AG, Singapore Branch is licensed as a wholesale bank under the Banking Act, Chapter 19 of Singapore and is subject to restrictions on the acceptance of deposits in Singapore dollars. The Securities do not constitute or evidence a debt repayable by Credit Suisse AG, Singapore Branch on demand to the Securityholders and the value of the Securities, if sold on the secondary market, is subject to market conditions prevailing at the time of the sale. Please refer to the section entitled "Terms and Conditions" together with the relevant Final Terms for the terms and conditions under which the Securityholders may recover amounts payable or deliverable to them on the Securities from the Issuer.

This document constitutes a base prospectus (the "**Base Prospectus**") prepared for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**"). The Base Prospectus contains information relating to the Issuers and the Securities. The Base Prospectus shall be read in conjunction with the documents incorporated herein by reference (see the section entitled "Documents Incorporated by Reference").

This document has been filed with the Financial Services Authority in its capacity as competent authority under the UK Financial Services and Markets Act 2000 (the "**UK Listing Authority**") for the purposes of the Prospectus Directive.

This Base Prospectus has not been and will not be registered with the Monetary Authority of Singapore.

Each of the Issuers has requested the UK Listing Authority to provide the competent authorities for the purposes of the Prospectus Directive in Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Spain and Sweden with a certificate of approval in accordance with Article 18 of the Prospectus Directive attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive.

The final terms relevant to an issue of Securities will be set out in a final terms document (the "**Final Terms**") which will be provided to investors and, where so required under the Prospectus Directive, filed with the UK Listing Authority and made available free of charge to the public at the registered office of the relevant Issuer and at the offices of the relevant Distributors and Paying Agents.

Securities issued by CS or CSi may (a) be listed and admitted to trading on a regulated market(s) for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, (b) listed on a market not regulated for such purpose, or (c) not listed on any market, in each case as shall be specified in the relevant Final Terms. In relation to any Securities of CS (but not CSi) to be listed on the regulated market in the UK, application has been made to the UK Listing Authority under the Financial Services and Markets Act 2000 ("**FSMA**") for Securities issued by CS under this Base Prospectus during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc for such Securities to be admitted to trading on the London Stock Exchange's Regulated Market. The London Stock Exchange's Regulated Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Base Prospectus. This Base Prospectus identifies the information that an investor should consider prior to making an investment in Securities. The relevant 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 purchasers 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 Base Prospectus. This Base Prospectus 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 Base Prospectus.

Any person (an "**Investor**") intending to acquire or acquiring any Securities from any person (an "**Offeror**") should be aware that, in the context of an offer to the public as defined in section 102B of FSMA, the relevant Issuer may only be responsible to the Investor for this Base Prospectus under section 90 of FSMA if such Issuer has authorised the Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by such Issuer. If the Offeror is not so authorised by the relevant Issuer, the Investor should check with the Offeror whether anyone is responsible for this Base Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents, it should take legal advice. **Where information relating to the terms of the relevant offer required pursuant to the Prospectus Directive is not contained in this Base Prospectus or the relevant Final Terms, it will be the responsibility of the relevant Offeror at the time of such offer to provide the Investor with such information.** This does not affect any responsibility which the relevant Issuer may otherwise have under applicable laws.

Base Prospectus dated 28 June 2012

This Base Prospectus (excluding the CSi Information, as defined below) constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive for the purpose of giving information with regard to Securities to be issued by CS. This Base Prospectus (excluding the CS Information, as defined below) also comprises a separate base prospectus for the purposes of Article 5.4 of the Prospectus Directive for the purpose of giving information with regard to Securities to be issued by CSi. This Base Prospectus has also been prepared for the purpose of giving information with regard to the Issuers which, according to the particular nature of the Issuers and the Securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the relevant Issuer.

**"CS Information"** means: (a) those sections of the Annual Report 2011 (as defined in "Documents Incorporated by Reference" below) incorporated by reference herein in respect of CS, (b) the information under the section headed "Credit Suisse AG", (c) the information incorporated by reference into this Base Prospectus under the section headed "Documents Incorporated by Reference in respect of CS", and (d) the information in paragraphs 2 and 4 of the section headed "General Information" in the Principal Base Prospectus.

**"CSi Information"** means: (a) the information under the section headed "Credit Suisse International", (b) the information incorporated by reference into this Base Prospectus under the section headed "Documents Incorporated by Reference in respect of CSi", and (c) the information in paragraphs 3 and 5 of the section headed "General Information" in the Principal Base Prospectus.

Each of the Issuers (whose respective registered office addresses appear in the section headed "General Information" of the Principal Base Prospectus) accepts responsibility for the information contained in this document. To the best of the knowledge and belief of each Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The previous paragraph should be read in conjunction with the paragraph on the second page of this Base Prospectus.

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

The Issuers will not be providing any post-issuance information in relation to the Securities. Where required pursuant to Article 16 of the Prospectus Directive, the Issuers will publish a supplement to this Base Prospectus.

The Issuers give notice that investors may hold indirect interests in certain Securities through CREST through the issuance of dematerialised depository interests ("**CDIs**"). CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited or any successor thereto pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated).

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 the Base Prospectus or the relevant Final Terms, and the Issuers do not accept responsibility for any information or representation so given that is not contained within the Base Prospectus. Neither the Base Prospectus nor any relevant Final Terms may 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 Base Prospectus or any relevant Final Terms in any jurisdiction where any such action is required except as specified herein.

The distribution of this Base Prospectus and the offering or sale of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this document comes

are required by the relevant Issuer to inform themselves about, and to observe, such restrictions.

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may be subject to U.S. tax law requirements. 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 out under "Selling Restrictions" in the Principal Base Prospectus.

If the Securities constitute "derivative securities" for the purposes of the Prospectus Directive or have a derivative component in any interest payment and have a denomination of less than EUR 100,000 (or its equivalent) or can be acquired for less than EUR 100,000 per Security, the Issuers will, where so required under the Prospectus Directive, prepare a new prospectus relating to such Securities which may incorporate all or part of this Base Prospectus by reference in order to give any additional information required by the Prospectus Directive in relation to the derivative element of those Securities.

The credit ratings of CS and CSi referred to in this Base Prospectus have been issued, for the purposes of Regulation (EC) No 1060/2009 as amended by Regulation (EU) No. 513/2011 (the "CRA Regulation"), by Standard & Poor's Credit Market Services France SAS ("**Standard & Poor's**"), Fitch Italia S.P.A. ("**Fitch**") and Moody's Investors Service, Inc. ("**Moody's Inc.**"). Standard & Poor's and Fitch are both established in the EU and have been registered in accordance with the CRA Regulation. Moody's is not established in the EU and has not applied for registration under the CRA Regulation, as set out in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority ("**ESMA**"). In general, and subject to certain exceptions (including the exception outlined below), European regulated investors are restricted from using a credit rating for regulatory purposes if such a credit rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

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

On 21 June 2012, Moody's Inc. downgraded CSi's senior long-term debt rating to A1 from Aa1. CSi's short-term debt ratings were affirmed. The outlook on CSi's ratings is stable. On 21 June 2012, Moody's Inc. downgraded CS's long-term debt rating to A1 from Aa1 and Credit Suisse Group AG's (the "**Group**") long-term debt rating to A2 from Aa2. CS's and the Group's short-term debt ratings were affirmed. The outlook on all of CS's and the Group's ratings is stable.

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## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following documents (except the documents incorporated by reference therein) which shall be deemed to be incorporated in, and form part of, this Base Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

### I. *Documents incorporated by reference in respect of the Securities*

The Base Prospectus dated 14 June 2012 relating to the Issuers' Structured Products Programme for the issuance of Notes, Certificates and Warrants that has been approved by the UK Listing Authority (the "**Principal Base Prospectus**") except for the documents incorporated therein by reference, the Summary (pages 9 to 13 inclusive), the Risk Factors (pages 14 to 38 inclusive) and the Forms of Final Terms (pages 389 to 477 inclusive).

### II. *Documents incorporated by reference in respect of CS*

The following documents are incorporated by reference in respect of CS and have been filed with the UK Listing Authority:

- (a) the Form 6-K of CS and the Group filed with the United States Securities and Exchange Commission (the "**SEC**") on 22 May 2012 (the "**Form 6-K Dated 22 May 2012**"), which includes the media release exhibited thereto regarding the issuance of new shares as a result of scrip dividend elections;
- (b) the Form 6-K of CS and the Group filed with the SEC on 11 May 2012 (the "**Form 6-K Dated 11 May 2012**"), which includes the media release exhibited thereto regarding executive appointments and changes to the Executive Boards of CS and the Group;
- (c) the Form 6-K of CS and the Group filed with the SEC on 8 May 2012 (the "**Form 6-K Dated 8 May 2012 relating to registered share distributions**"), which includes the media release exhibited thereto regarding the final terms of the distribution of CHF 0.75 per registered share out of reserves from capital contributions for the financial year 2011;
- (d) the Form 6-K of CS filed with the SEC on 8 May 2012 (the "**Form 6-K Dated 8 May 2012 containing the 2012 First Quarter Report**"), which contains the 2012 First Quarter Financial Report of the Group within which there is unaudited information for the Group for the three months ended 31 March 2012, except that the information on pages 1 to 2 under "Dear Shareholder" is not incorporated by reference;
- (e) the Form 6-K of CS and the Group filed with the SEC on 27 April 2012 (the "**Form 6-K Dated 27 April 2012**"), which includes the media release exhibited thereto regarding the results of the Annual General Meeting of the Group;
- (f) the Form 6-K of CS filed with the SEC on 25 April 2012 (the "**CS Form 6-K Dated 25 April 2012**"), which contains the 2012 First Quarter Financial Release of the Group within which there is unaudited information for the Group for the three months ended 31 March 2012, except that the information on pages 1 to 2 under "Dear Shareholder" is not incorporated by reference;
- (g) the Form 20-F of CS and the Group filed with the SEC on 23 March 2012 (the "**Annual Report 2011**"), which contains the 2011 Annual Report of the Group within which there are the audited financial statements of CS for the year

ended 31 December 2011 and a report of the Group's auditors, except that the information on pages 3 to 6 under "Message from the Chairman and the Chief Executive Officer" is not incorporated by reference;

- (h) the Form 6-K of CS and the Group filed with the SEC on 21 March 2012 (the "**Form 6-K Dated 21 March 2012**"), which includes the media release exhibited thereto regarding the Annual General Meeting within which there are details of proposed future members of the Board of Directors; and
- (i) the Form 20-F of CS and the Group filed with the SEC on 25 March 2011 (the "**Annual Report 2010**"), which contains the 2010 Annual Report of the Group within which there are the audited financial statements of CS for the year ended 31 December 2010 and a report of the Group's auditors, except that the information on pages 3 to 5 under "Message from the Chairman and the Chief Executive Officer" is not incorporated by reference.

### III. *Documents incorporated by reference in respect of CSi*

The following documents are incorporated by reference in respect of CSi and have been filed with the UK Listing Authority:

- (a) CSi's Annual Report for the year ended 31 December 2011 (the "**CSi 2011 Annual Report**");
- (b) CSi's Annual Report for the year ended 31 December 2010 (the "**CSi 2010 Annual Report**" and, together with the CSi 2011 Annual Report, the "**CSi Annual Reports**"). Financial information in the CSi Annual Reports has been audited;
- (c) the Form 20-F of the Group and CS filed with the SEC on 23 March 2012 (the "**Annual Report 2011**"), which contains the 2011 Annual Report of the Group within which there are the audited financial statements of CS for the year ended 31 December 2011 and a report of the Group's auditors, except that the information on pages 3 to 6 under "Message from the Chairman and the Chief Executive Officer" is not incorporated by reference;
- (d) the Form 6-K of the Group filed with the SEC on 25 April 2012 (the "**Group Form 6-K Dated 25 April 2012**"), which contains the 2012 First Quarter Financial Release of the Group within which there is unaudited information for the Group for the three months ended 31 March 2012, except that the information on pages 1 to 2 under "Dear Shareholder" is not incorporated by reference;
- (e) the Form 6-K of CS filed with the SEC on 25 April 2012 (the "**CS Form 6-K Dated 25 April 2012**"), which contains the 2012 First Quarter Financial Release of the Group within which there is unaudited information for the Group for the three months ended 31 March 2012, except that the information on pages 1 to 2 under "Dear Shareholder" is not incorporated by reference;
- (f) the Form 6-K of the Group filed with the SEC on 8 May 2012 (the "**Group Form 6-K Dated 8 May 2012**"), which contains the 2012 First Quarter Financial Report of the Group within which there is unaudited information for the Group for the three months ended 31 March 2012, except that the information on pages 2 to 3 under "Dear Shareholder" is not incorporated by reference; and
- (g) the Form 6-K of CS filed with the SEC on 8 May 2012 (the "**CS Form 6-K Dated 8 May 2012**"), which contains the 2012 First Quarter Financial Report of the Group within which there is unaudited information for the Group for the three months ended 31 March 2012, except that the information on pages 2 to 3 under "Dear Shareholder" is not incorporated by reference.

The Group, the ultimate parent company of the Issuers, and CS file annual and current reports, including interim financial information, with the SEC on Forms 20-F and 6-K. The SEC filings of the Group and CS are available on the SEC's website at [www.sec.gov](http://www.sec.gov) and on the Group's website at [www.credit-suisse.com](http://www.credit-suisse.com).

For the purposes of the Prospectus Directive, any documents incorporated by reference into each document incorporated by reference herein do not form part of this Base Prospectus. Any non-incorporated parts of a document referred to herein are either deemed not relevant for the investor or are otherwise covered elsewhere in this Base Prospectus.

Copies of this Base Prospectus will be available for inspection during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the offices of the Agents. In addition, copies of any document incorporated by reference in this Base Prospectus will be available free of charge during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the principal office of the Principal Paying Agent and at the registered office of the Issuers or the relevant Branch, if applicable.

For the purposes of this Base Prospectus, the Form 6-K Dated 11 May 2012 updates the section entitled "Credit Suisse AG" beginning on page 324 of the Principal Base Prospectus in the following manner:

The paragraphs entitled "**Names and Addresses of Directors and Executives**" and "**Conflicts**" on page 324 of the Principal Base Prospectus are deleted and replaced with the following paragraphs:

**"Names and Addresses of Directors and Executives**

The business address of the members of the Board of Directors and the members of the Executive Board is Paradeplatz 8, CH-8001, Zurich, Switzerland. A list of names of the members of the Board of Directors and of the Executive Board can be found on pages 147 and 162, respectively, of the Annual Report 2011. Details of a change in the membership of the Executive Board, and the names of the Directors elected at the Annual General Meeting of Credit Suisse Group on 27 April 2012, can be found on pages 3, 5 and 7 of the Form 6-K dated 27 April 2012. Details of executive appointments and changes to the Executive Boards of CS and the Group can be found on pages 4 and 5 of the Form 6-K dated 11 May 2012.

**Conflicts**

There are no potential conflicts of interest of the members of the Board of Directors, and the members of the Executive Board between their duties to Credit Suisse AG and their private interests and/or other duties."



## SUMMARY

*This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Securities should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. No civil liability in respect of this summary will attach to the Issuers in any Member State of the European Economic Area in which the relevant provisions of the Prospectus Directive have been implemented unless this summary, including any translation thereof, is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in such a Member State, the plaintiff may, under the national legislation of that Member State, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.*

### **Description of CREDIT SUISSE AG ("CS")**

Credit Suisse AG, a corporation established under the laws of, and licensed as a bank in, Switzerland, is a wholly owned subsidiary of Credit Suisse Group AG. CS's registered head office is in Zurich, and it has additional executive offices and principal branches located in London, New York, Hong Kong, Singapore and Tokyo. CS's registered head office is located at Paradeplatz 8, CH-8001 Zurich, Switzerland.

### **Description of CREDIT SUISSE INTERNATIONAL ("CSi")**

Credit Suisse International, an unlimited company incorporated in England and Wales, is an English bank and is regulated as an EU credit institution by The Financial Services Authority ("FSA") under the Financial Services and Markets Act 2000. The FSA has issued a scope of permission notice authorising Credit Suisse International to carry out specified regulated investment activities.

CSi's principal business is banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit. The primary objective of CSi is to provide comprehensive treasury and risk management derivative product services. CSi has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets. The business is managed as a part of the Investment Banking Division of Credit Suisse AG in the Europe, Middle East and Africa region, and is supported by Credit Suisse AG's Shared Services Division, which provides business support services in such areas as finance, legal, compliance, risk management and information technology.

Its registered office and principal place of business is at One Cabot Square, London E14 4QJ.

### **Description of the Securities**

Securities are "**Yield Securities**", "**Return Securities**", "**Callable Yield Securities**", "**Callable Return Securities**", "**Trigger Yield Securities**", "**Trigger Return Securities**", "**Callable Trigger Yield Securities**", "**Callable Trigger Return Securities**", "**Trigger Securities**" or "**Callable Securities**".

The Securities will be issued by either CS or CSi. Where the Issuer is CS, the relevant Final Terms will specify whether CS is issuing the Securities through its London Branch, its Nassau Branch, its Luxembourg Branch or its Singapore Branch. Investors should be aware that certain tax and regulatory consequences may follow from issuing Securities through a particular branch. Investors should be aware that a branch is not a subsidiary and does not comprise a separate legal entity and that, in respect of any Securities issued by CS, obligations under such Securities are those of CS only, and investors' claims under such Securities are against CS only, notwithstanding the branch through which it will have issued such Securities.

The issuer, denomination or nominal amount, currency and the Maturity Date or Settlement Date will be specified in the relevant Final Terms. The amount payable in respect of Securities may be linked to the performance or evolution of one or more shares (which may

include exchange-traded funds), depository receipts, equity indices, commodities, commodity indices, exchange rates, exchange rate indices, funds, inflation indices, interest rate indices, cash indices and/or other variables (each an "**Underlying Asset**").

Securities may be Notes, Certificates or Warrants, as specified in the relevant Final Terms.

The Securities will be redeemed on the Maturity Date or Settlement Date specified in the relevant Final Terms and may not (unless a call option is specified in the relevant Final Terms) be redeemed before then except for reasons of default by the relevant Issuer or the illegality of the relevant Issuer's payment obligations or hedging arrangements or following certain events in relation to Underlying Assets.

Application will, if so specified in the relevant Final Terms, be made to list Securities on the stock exchange(s) specified in the relevant Final Terms.

### **Coupon Amounts**

*Yield Securities and Return Securities:* Holders will be entitled to Coupon Amounts on the dates specified in the relevant Final Terms. Coupon Amounts may be (a) a fixed or floating interest amount made at the rates or in the amounts and payable on the dates specified in the relevant Final Terms, (b) a specified amount, (c) dependent on the Level of the Underlying Asset(s) on specified dates, (d) subject to a call option or a put option so that payment of a Coupon Amount would occur upon the satisfaction of the conditions of such option, and/or (e) if Coupon Amounts not paid due to non-satisfaction of the Coupon condition, may be carried over to the next date when such condition is satisfied. A Coupon Amount may be subject to a cap and/or floor. If specified as applicable in the relevant Final Terms, after the occurrence of a Knock-in Event, no further Coupon Amounts will be made.

### **Return at Maturity**

- (a) *Yield Securities and Return Securities:* When such Securities mature or are exercised, investors will receive a redemption amount or a settlement amount equal to (as specified in the relevant Final Terms) either (i) a specified percentage of the nominal amount, or (ii) an amount linked to the performance of one or more Underlying Assets determined according to whether a Knock-in Event has occurred (subject to any applicable cap).
- (b) *Trigger Securities:* In addition to (a) above, if a Trigger Event occurs, the Securities will be redeemed early on the date and at an amount specified in the relevant Final Terms (together with the payment of any Coupon Amounts payable on such date), regardless of whether a Knock-in Event occurs (unless the relevant Final Terms specify that "Knock-in Event Override Condition" is applicable). Thereafter, no further payments of Coupon Amounts will be made.
- (c) *Callable Securities:* In addition to (a) above, if the Issuer exercises its call option, the Securities will be redeemed early on the date and at an amount specified in the relevant Final Terms (together with the payment of any Coupon Amounts payable on such date), regardless of whether a Knock-in Event occurs. Thereafter, no further payments of Coupon Amounts will be made.

A "**Knock-in Event**" occurs if the price or level (the "**Level**") of the Underlying Asset (or where there is more than one Underlying Asset, the Level of any Underlying Asset) is below a specified percentage of the Strike Price ("**Knock-in Barrier**") measured on specified dates or during a specified period, as specified in the relevant Final Terms.

A "**Trigger Event**" occurs if the Level of the Underlying Asset (or where there is more than one Underlying Asset, the Level of each Underlying Asset) is equal to or above a specified percentage of the Strike Price ("**Trigger Barrier**") measured on specified dates or during a specified period, as specified in the relevant Final Terms.

The "**Final Price**" and "**Strike Price**" of an Underlying Asset are each the Level of the Underlying Asset on a specified day, as specified in the relevant Final Terms.

If the Underlying Asset is a share and physical settlement is specified as applicable in the relevant Final Terms, either at the option of the relevant Issuer or on the occurrence of a physical settlement trigger event (as applicable), in lieu of paying the Redemption Amount, such Issuer shall discharge its payment obligation by delivery of an amount of shares of the Underlying Asset (or if more than one Underlying Asset, the worst performing Underlying Asset) plus a cash payment in respect of any fraction of a share, each as specified in the relevant Final Terms. Investors may have to submit a delivery notice to receive such shares.

### **Risks relating to the relevant Issuer**

Securities are general unsecured obligations of the relevant Issuer. Securityholders are exposed to the risk that an Issuer could become insolvent and fail to make the payments owing by it under the Securities.

Each Issuer is exposed to a variety of risks that could adversely affect its operations and/or financial condition, including liquidity risk, market risk, credit risk, risks from estimates and valuations, risks relating to off-balance sheet entities, cross-border and foreign exchange risk, operational risk, risk management, legal and regulatory risks, competition risks and risks relating to strategy.

The general risk management policy of each Issuer is consistent with equivalent functions of other Credit Suisse Group AG entities. Each Issuer believes that it has effective procedures for assessing and managing risks associated with its business activities. However, neither Issuer can completely predict all market and other developments and the relevant Issuer's risk management cannot fully protect against all types of risk.

### **Risks relating to the Securities**

**If the Securities do not provide for scheduled repayment in full of the issue or purchase price at maturity, investors may lose some or all of their investment.**

A secondary market for the Securities may not develop and, if one does develop, it may not provide the holders with liquidity and may not continue for the life of the Securities. The Issuer may, but is not obliged to, purchase Securities at any time at any price, and may hold, resell or cancel them. The market for Securities may be limited. The only way in which a holder can realise value from a Security prior to its maturity or expiry (other than in the case of an American style Warrant) is to sell it at its then market price in the market. The price in the market for a Security may be less than its issue price even though the value of any Underlying Asset may not have changed since the issue date. Accordingly, Securities are only suitable for investors who are prepared to hold Securities for an indefinite period of time or until redemption or expiry of the Securities.

Securities are capital at risk unless (a) the Redemption Amount or Settlement Amount (as applicable) is at least 100 per cent. of the Nominal Amount, and (b) if Knock-in Event is applicable, a Knock-in Event does not occur.

Even where the Redemption Amount or Settlement Amount (as applicable) is at least 100 per cent. of the Nominal Amount, if Knock-in Event is applicable and a Knock-in Event occurs, Securities will be capital at risk except:

- (a) in the case of Trigger Securities, Trigger Yield Securities, Trigger Return Securities, Callable Trigger Yield Securities or Callable Trigger Return Securities, if a Trigger Event occurs and the Trigger Barrier Redemption Amount is at least 100 per cent. of the Nominal Amount; or
- (b) in the case of Callable Securities, Callable Yield Securities, Callable Return Securities, Callable Trigger Yield Securities or Callable Trigger Return Securities, if the call option is exercised and the Optional Redemption Amount is at least 100 per cent. of the Nominal Amount.

Where Securities are capital at risk, investors are exposed to a return that is linked to the level of the relevant Underlying Asset or, if there is more than one Underlying Asset, the worst performing Underlying Asset, as specified in the relevant Final Terms, and may lose the value of all or part of their investment.

Any non-capital at risk feature will not be applicable if Securities are redeemed before the Maturity Date or Settlement Date and investors may lose the value of all or part of their investment.

An investment in the Securities is not the same as an investment in the Underlying Asset(s) or an investment directly linked to the Underlying Asset(s), and an investor may be worse off as a result. For example:

- the Underlying Asset(s) will not be held by the Issuer for the benefit of investors, and investors will have no rights of ownership, including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights with respect to any Underlying Asset;
- if the Securities are subject to a cap, an investor will not participate in any change in the value of the Underlying Asset(s) over and beyond the price, level, rate or other applicable value needed to reach the cap; and
- if the upside participation rate of the Securities is less than 100 per cent. and at maturity the final level, price, rate or other applicable value of the Underlying Asset(s) exceeds the initial level, price, rate or other applicable value, an investor's return may be significantly less than if the holder had purchased the Underlying Asset(s) directly (or otherwise obtained a direct exposure).

The past performance of an Underlying Asset should not be relied upon as a reliable guide as to its future performance. The level, price, rate or other applicable value of an Underlying Asset may go down as well as up throughout the term of the Securities, and such movement may have a negative impact on the value of the Securities.

Before purchasing Securities, investors should ensure that they understand the unique nature, characteristics and risks of the Underlying Asset(s), and how the value of the Securities could be affected by the performance of the Underlying Asset(s).

If an Underlying Asset is located in or exposed to one or more emerging market countries, there may be additional event, political, economic, credit, currency, market, regulatory/legal, settlement and clearing risks.

Investors may be exposed to currency risks because (a) the Underlying Asset(s) may be denominated or priced in currencies other than the currency in which the Securities are denominated, or (b) the Securities and/or the Underlying Asset(s) 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.

In certain circumstances, and following certain events in relation to the Underlying Asset(s), the Issuer has the discretion to make adjustments to the terms of the Securities (including applying any consequential adjustment of, or any alternative provisions for, valuation of such Underlying Asset(s), including a postponement in valuation or substitution of such Underlying Asset(s)) or redeem or cancel them prior to maturity without the consent of the Securityholders. Such early payment amount may be less than the issue or purchase price of the Securities.

The relevant Issuer is subject to a number of conflicts of interest, including:

- in making certain calculations and determinations, there may be a difference of interest between the Securityholders and the Issuer;
- in the ordinary course of its business the Issuer (or an affiliate) may effect

transactions for its own account and may enter into hedging transactions with respect to the Securities or Underlying Assets which may have a negative impact on the liquidity or value of the Securities;

- the Issuer (or an affiliate, or any employees thereof) may have confidential information in relation to an Underlying Asset which may be material to an investor, but which the Issuer is under no obligation (and may be subject to legal prohibition) to disclose; and
- in relation to proprietary indices sponsored by the Issuer or an affiliate.

## **RISK FACTORS**

### **1. General considerations**

The Issuers believe that the risk factors set out in this Base Prospectus represent the principal risks of investing in the Securities. These risk factors are not exhaustive. There may be other risks that a prospective purchaser of Securities should consider that are relevant to its own particular circumstances or generally. 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 associated with the creditworthiness of the relevant Issuer**

Securities are general unsecured obligations of the relevant Issuer. Securityholders are exposed to the credit risk of the relevant Issuer. The Securities will be adversely affected in the event of a default, reduced credit rating or deterioration in the solvency of the relevant Issuer.

The profitability of the relevant Issuer will be affected by, among other things, changes in global economic conditions, inflation, interest/exchange rates, capital risk, liquidity risk, cost and availability of credit, volatility, market changes, business risk, operational risk, market risk and reputation, new or increased regulation, legal risks, tax risk, regulatory compliance risk and competition. These risks are discussed in further detail below.

These risk factors should be read together with the risk factors in respect of CS and CSi listed on pages **A-4** to **A-11** of the Appendix to the Annual Report 2011 (as defined in the section entitled "Documents Incorporated By Reference" in this Base Prospectus). 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 relevant Issuer's ability to fulfil its obligations under them.

### **3. Risks relating to Securities generally**

#### **(a) Loss of investments**

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 all or part of their investment.

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

#### **(b) 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 an issue of Securities may cause, in turn, an increase in the volatility associated with the price of such issue of Securities. Illiquidity may have a severely adverse effect on the market value of Securities.

The relevant Issuer may, but is not obliged to, purchase 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 Securities may be limited. The only way in which a holder can realise value from a Security prior to its maturity or expiry (other than in the case of an American style Warrant) 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 any Underlying Asset may not have changed since the issue date. To the extent that Warrants of a particular issue are exercised, the number of Warrants remaining outstanding will decrease, resulting

in a diminished liquidity for the remaining Warrants.

Any secondary market price quoted by the relevant Issuer may be affected by several factors including, without limitation, prevailing market conditions, credit spreads and the time to maturity. 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.

**(c) The Issue Price may be more than the Securities' market value**

The Issue Price in respect of any Securities specified in the relevant Final 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 may take into account amounts with respect to commissions relating to the issue and sale of such Securities and amounts relating to the hedging of the Issuer's obligations under such Securities.

**(d) The market value of 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 financial, political, military or economic 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.

**(e) CREST Depository Interests ("CDIs")**

Investors in CDIs will not be the legal owners of the Securities to which such CDIs relate (such Securities being "**Underlying Securities**"). CDIs are separate legal instruments from the Underlying Securities and represent indirect interests in the interests of the CREST Nominee in such Underlying Securities. CDIs will be issued by the CREST Depository to investors and will be governed by English law.

The Underlying Securities (as distinct from the CDIs representing indirect interests in such Underlying Securities) will be held in an account with a custodian. The custodian will hold the Underlying Securities through the Relevant Clearing System. Rights in the Underlying Securities will be held through custodial and depository links through the Relevant Clearing System. The legal title to the Underlying Securities or to interests in the Underlying Securities will depend on the rules of the Relevant Clearing System in or through which the Underlying Securities are held.

Rights in respect of the Underlying Securities cannot be enforced by holders of CDIs except indirectly through the CREST Depository and CREST Nominee who in turn can enforce rights indirectly through the intermediary depositories and custodians described above. The enforcement of rights in respect of the Underlying Securities will therefore be subject to the local law of the relevant intermediary.

These arrangements could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Securities in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Securities held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

If a matter arises that requires a vote of Securityholders, Credit Suisse may make arrangements to permit the holders of CDIs to instruct the CREST Depository to

exercise the voting rights of the CREST Nominee in respect of the Underlying Securities. However, there is no guarantee that it will be possible to put such voting arrangements in place for holders of CDIs.

Holders of CDIs will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to the CREST International Manual (April 2008) issued by Euroclear UK & Ireland Limited and as amended, modified, varied or supplemented from time to time (the CREST Manual) and the CREST Rules (contained in the CREST Manual) applicable to the CREST International Settlement Links Service. Holders of CDIs must comply in full with all obligations imposed on them by such provisions.

Investors in CDIs should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by holders of CDIs and limitations on the liability of the CREST Depository as issuer of the CDIs. Holders of CDIs may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them.

Investors in CDIs should note that holders of CDIs may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Underlying Securities through the CREST International Settlement Links Service.

Investors in CDIs should note that none of the relevant Issuer, any Dealer or any Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders acting in connection with CDIs or for the respective obligations of such intermediaries, participants or accountholders under the rules and procedures governing their operations.

**(f) Tax**

Potential purchasers and sellers of the Securities should take note of the information set out in the section headed "Taxation" of this Base Prospectus. Purchasers of 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. 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.

Potential purchasers and sellers of CDIs should take note of the information set forth in the section headed "Taxation" of this document.

Purchasers of CDIs should conduct such independent investigation and analysis regarding the tax treatment of the CDIs as they deem appropriate to evaluate the merits and risks of an investment in the CDIs. 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 CDIs.

The level and basis of taxation on the CDIs and on the holders of CDIs and any relief



from such taxation depend on the individual circumstances of holders of CDIs and could change at any time. This could have adverse consequences for holders of CDIs. Potential holders of CDIs will therefore need to consult their tax advisers to determine the specific tax consequences of the purchase, ownership or transfer of CDIs and the redemption or enforcement of Underlying Securities.

**(g) The Securities may be redeemed prior to their scheduled final maturity**

In certain circumstances (for example, if the Issuer determines that its obligations under the Securities have become unlawful or illegal, upon certain events having occurred in relation to any Underlying Asset(s) or following an event of default) the Securities may be redeemed prior to their scheduled maturity. In such circumstances, the Early Payment Amount payable may be less than its original purchase price 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 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. Investors in Securities should consider such reinvestment risk in light of other investments available at that time.

**(h) Return at Maturity / Loss of investment**

Securities are capital at risk unless (i) the Redemption Amount or Settlement Amount (as applicable) is at least 100 per cent. of the Nominal Amount, and (ii) if a Knock-in Event is applicable, a Knock-in Event does not occur.

Even where the Redemption Amount or Settlement Amount (as applicable) is at least 100 per cent. of the Nominal Amount, if Knock-in Event is applicable and a Knock-in Event occurs, Securities will be capital at risk except:

- (A) in the case of Trigger Securities, Trigger Yield Securities, Trigger Return Securities, Callable Trigger Yield Securities or Callable Trigger Return Securities, if a Trigger Event occurs and the Trigger Barrier Redemption Amount is at least 100 per cent. of the Nominal Amount; or
- (B) in the case of Callable Securities, Callable Yield Securities, Callable Return Securities, Callable Trigger Yield Securities or Callable Trigger Return Securities, if the call option is exercised and the Optional Redemption Amount is at least 100 per cent. of the Nominal Amount.

Where Securities are capital at risk, investors are exposed to a return that is linked to the level of the relevant Underlying Asset or, if there is more than one Underlying Asset, the worst performing Underlying Asset, as specified in the relevant Final Terms, and may lose the value of all or part of their investment.

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 Securities are redeemed before the Maturity Date or, in the case of Warrants, the Settlement Date, and investors may lose the value of all or part of their investment.

**4. Risks associated with certain types of Securities**

**(a) Warrants**

Warrants involve complex risks which may include interest rate, share price, commodity, foreign exchange, inflation, time value and/or political risks. Investors should recognise that their Warrants may expire worthless. They should be prepared to sustain a total loss of the purchase price of the Warrants. This risk reflects the nature of a Warrant as an asset which, other factors held constant, tends to decline in

value over time and which may become worthless when it expires. Assuming all other factors are held constant, the more a Warrant is "out-of-the-money" and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment.

The risk of the loss of some or all of the purchase price of a Warrant upon expiration means that, in order to recover and realise a return upon the investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the Underlying Asset(s). With respect to European-style Warrants, the only way in which a holder can realise value from the Warrant prior to the Exercise Date in relation to such Warrant is to sell it at its then market price in an available secondary market.

The Settlement Amount determined in respect of any Warrants exercised at any time prior to expiration is typically expected to be less than the value that can be realised from the Warrants if such Warrants are sold at their then market price in an available secondary market at that time. The difference between the market price value and the determined Settlement Amount will reflect, among other things, a "time value" for the Warrants. The "time value" of the Warrants will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the Underlying Asset(s), as well as by a number of other interrelated factors, including those specified herein.

Before exercising or selling Warrants, Securityholders should carefully consider, among other things, (i) the trading price of the Warrants, (ii) the value and volatility of the Underlying Asset(s), (iii) the time remaining to expiration, (iv) the probable range of Settlement Amounts, (v) any change(s) in interim interest rates and relevant dividend yields, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the securities comprised in any relevant equity index and (viii) any related transaction costs.

In the case of the exercise of Warrants, there will be a time lag between the giving by the Securityholder of instructions to exercise and the determination of the Settlement Amount. It could be extended, particularly if there are limitations on the maximum amount of Warrants that may be exercised on one day. The prices or levels of the relevant Underlying Assets could change significantly during such time lag and decrease the Settlement Amount or reduce it to zero.

If so indicated in the relevant Final Terms, the relevant Issuer may limit the number of Warrants which may have the same Valuation Date (other than on the Expiration Date). In such event, the Valuation Date of Warrants forming the excess over the relevant maximum amount may be postponed.

**(b) Adjustments and early redemption or cancellation**

In certain circumstances, the relevant Issuer may make adjustments to the terms of the Securities (including substituting an Underlying Asset) or redeem or cancel them at their early payment amount as determined by it without the consent of the Securityholders. Such early payment amount may be less than the issue price of the Securities.

**(c) 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.

**(d) Use of leverage factors over 100 per cent.**

Where the terms and conditions of the Securities provide that the redemption amount or settlement amount or other amount payable (as applicable) of such Securities is based upon the performance of the Underlying Asset(s) and is multiplied by a leverage factor which is over 100 per cent., the holder may participate disproportionately in any positive performance and/or may have a disproportionate exposure to any negative performance of the Underlying Asset(s). Due to this leverage effect, such Securities will represent a very speculative and risky form of investment since any loss in the value of the Underlying Asset(s) carries the risk of a correspondingly higher loss.

**(e) The potential for the value of the Securities to increase may be limited**

If the terms and conditions of the Securities provide that they are subject to a cap, a holder's ability to participate in any change in the value of the Underlying Asset(s) over the term of the Securities will be limited, no matter how much the level, price, rate or other applicable value of the Underlying Asset(s) may rise beyond the cap level over the life of the Securities. Accordingly, a holder's return on the Securities may be significantly less than if the holder had purchased the Underlying Asset(s) directly.

In addition, if the upside participation rate specified in the terms and conditions of the Securities is less than 100 per cent. and at maturity the final level, price, rate or other applicable value of the Underlying Asset(s) exceeds the initial level, price, rate or other applicable value of the Underlying Asset(s), a holder's return on the Securities may be significantly less than if the holder had purchased the Underlying Asset(s) directly. This is because an upside participation rate of less than 100 per cent. will have the effect of reducing a holder's exposure to any positive return on the Underlying Asset(s).

**(f) 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 rate of interest received on the Securities.

**5. Risks that are generic to Securities that are linked to Underlying Asset(s)**

**(a) Past performance of an Underlying Asset is not indicative of future performance**

Any information about the past performance of an Underlying Asset at the time of the issuance of the Securities should not be regarded as indicative of the range of, or trends in, fluctuations in such Underlying Asset that may occur in the future. The level, price, rate or other applicable value of an Underlying Asset (and of components comprising such Underlying Asset) may go down as well as up throughout the term of the Securities. Such fluctuations may affect the value of the Securities. There can be no assurance as to the future performance or evolution of any Underlying Asset. Accordingly, before investing in the Securities, investors should carefully consider whether any investment linked to one or more relevant Underlying Assets is suitable for them.

**(b) No rights of ownership in an Underlying Asset**

Purchasers of Securities should be aware that an Underlying Asset will not be held by

the Issuer for the benefit of the purchasers of such Securities and, as such, Securityholders will have no rights of ownership, including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights with respect to any Underlying Asset referenced by such Securities.

**(c) 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.

**(d) Adjustment or alternative provisions for valuation of an Underlying Asset**

If the Issuer determines that any form of disruption event in relation to an Underlying Asset has occurred which affects the valuation of such Underlying Asset, the Issuer may apply any consequential adjustment of, or any alternative provisions for, valuation of such Underlying Asset provided in the terms and conditions of the Securities, including a postponement in the valuation of such Underlying Asset and/or a determination of the value of such Underlying Asset by the Issuer in its discretion, acting in good faith and in a commercially reasonable manner, each of which may have an adverse effect on the value of the Securities.

**(e) 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 form of adjustment event in relation to an Underlying Asset has occurred, the Calculation Agent may adjust the terms and conditions of the Securities (without the consent of the Securityholders) or may procure the early redemption of the Securities prior to their scheduled maturity date, in each case, in accordance with such terms and conditions. In the event of such early redemption, the Issuer will pay the early payment amount in respect of the Securities, which will be determined based on the fair market value of such Securities immediately prior to such redemption (which may be zero), taking into consideration all information which the Issuer deems relevant (including, without limitation, the circumstances that resulted in the events causing such redemption) less the cost to the Issuer and/or its affiliates of unwinding any related hedging arrangements in relation to such Securities, all as determined by the Issuer in its discretion acting in good faith and in a commercially reasonable manner. A purchaser of the Securities should be aware that it is likely that this early payment amount will be less than the purchaser's initial investment. Following any such early redemption of the Securities, the purchasers of the Securities 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. Purchasers of the Securities should consider reinvestment risk in light of other investments available at that time.

**(f) Emerging markets risks**

An Underlying Asset may include an exposure to emerging markets. 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.

- (i) *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, the performance of an Underlying Asset can be affected by global events, including events (political, economic or otherwise) occurring in a country other than that in which such Underlying Asset is issued or traded.
- (ii) *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 the performance of an Underlying Asset linked to such countries.
- (iii) *Economic Risk:* The economies of emerging markets countries are by their nature in early or intermediate stages of economic development, and 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 an Underlying Asset linked to a particular market.
- (iv) *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.

- (v) *Currency Risk:* An Underlying Asset may be denominated in a currency other than U.S. dollars, euro or pounds sterling. The weakening of a country's currency relative to the U.S. dollar or other benchmark currencies will negatively affect the value (in U.S. dollar or such other benchmark currency) of an instrument denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. It is important to note that some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency, but may not eliminate completely exposure to changing currency values.
- (vi) *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.
- (vii) *Regulatory/Legal Risk:* In emerging market 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 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.

- (viii) *Trade Settlement, Processing and Clearing:* 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 relevant Issuer will settle trades in emerging markets securities in accordance with the currency 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 Underlying Assets 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.

**(g) Jurisdictional Event**

The amount payable in respect of Securities which are linked to an Underlying Asset to which "Jurisdictional Event" is specified to be applicable may be reduced if the value of the proceeds of the relevant Issuer's (or its affiliates') hedging arrangements in relation to such Underlying Asset are reduced as a result of various matters (each described as a "**Jurisdictional Event**") relating to risks connected with the relevant country or countries specified in the terms and conditions of the Securities.

**(h) Occurrence of Additional Disruption Events**

Additional Disruption Events in respect of an Underlying Asset may include events which result in the Issuer incurring material costs for performing its obligations under the Securities due to a change in applicable law or regulation, the inability or a materially increased cost of the Issuer and/or its affiliates to maintain or enter into hedging arrangements in respect of such Underlying Asset and the Securities. Subject to the terms and conditions for the Securities which determines the types of Additional Disruption Events which are applicable, upon determining that an Additional Disruption Event has occurred, the Issuer has discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Securities, and/or (ii) cause an early redemption of the Securities, any of which determinations may have an adverse effect on the value of the Securities.

**(i) Correction of published prices or levels**

In the event that the relevant published prices or levels of an Underlying Asset are subsequently corrected and such correction is published by the entity or sponsor responsible for publishing such prices or levels, subject to such correction and publication occurring prior to a specified cut-off date in respect of the relevant Securities, such corrected prices or levels may be taken into account by the Issuer in any determination in relation to the Securities and/or the Issuer may make adjustments to the terms of the Securities, subject to the provisions of the relevant terms and conditions for the Securities. Where such corrected prices or levels are

lower than the original levels or prices, this may have an adverse effect on the value of the Securities.

**(j) Risks associated with Securities linked to a basket of Underlying Assets**

The following are particular risks associated with Securities linked to a basket of Underlying Assets:

- (i) *If the basket constituents are high correlated, any move in the performance of the basket constituents will exaggerate the impact on the value of the Securities:* Correlation of basket constituents indicates the level of interdependence among the individual basket constituents with respect to their performance. If, for example, all of the basket constituents originate from the same sector and the same country, a high positive correlation may generally be assumed. Past rates of correlation may not be determinative of future rates of correlation. Investors should be aware that, though basket constituents may not appear to be correlated based on past performance, they may nevertheless suffer the same negative performance following a general downturn.
- (ii) *The negative performance of a single basket constituent may outweigh a positive performance of one or more other basket constituents:* Even in the case of a positive performance by the other basket constituents, the performance of the basket as a whole may be negative if the performance of the other basket constituents is negative to a greater extent, depending on the terms and conditions of the relevant Securities.
- (iii) *A small basket, or an unequally weighted basket, will generally leave the basket more vulnerable to changes in the value of any particular basket constituent:* The performance of a basket that includes a fewer number of basket constituents will generally be more affected by changes in the value of any particular basket constituent than a basket that includes a larger basket.
- (iv) *A change in composition of a basket may have an adverse effect on basket performance:* Where the terms and conditions of the Securities grant the Issuer the right, in certain circumstances, to adjust the composition of the basket, investors should be aware that any replacement basket constituent may perform differently from the original basket constituent, which may have an adverse effect on the performance of the basket.

**(k) Risks associated with Physical delivery of Underlying Asset(s)**

In the case of Securities which provide that physical settlement is specified as applicable in the relevant Final Terms, either at the option of the relevant Issuer or on the occurrence of a physical settlement trigger event (as applicable), such Securities shall be redeemed at their maturity by delivering Underlying Asset(s) to the purchaser and the purchasers will receive such Underlying Asset(s) rather than a monetary amount upon maturity. The purchaser will, therefore, be exposed to the issuer of such Underlying Asset(s) and the risks associated with such Underlying Asset(s).

The value of each such Underlying Asset to be delivered, together with any fractional cash amount, to a Securityholder may be less than the purchase amount paid by such Securityholder for the Securities and the principal amount (if any) of the relevant Securities. In the worst case, the Underlying Asset(s) to be delivered may be worthless. Also, prospective purchasers should consider that any fluctuations in the price of the Underlying Asset(s) to be delivered after the end of the term of the Securities will be borne by the Securityholder until the respective actual delivery. This means that a Securityholder's actual loss or gain and final return on the Securities can only be determined after delivery of the Underlying Asset(s) to such Securityholder. Further, Securityholders may be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal of Underlying Asset(s).



**6. Risks associated with Securities that are linked to one or more particular types of Underlying Assets**

**(a) Risks associated with Shares (including Depositary Receipts)**

- (i) *Factors affecting the performance of Shares may adversely affect the value of Securities*

The performance of Shares is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments, political factors as well as company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

- (ii) *Actions by the issuer of a Share may adversely affect the Securities*

The issuer of a Share will have no involvement in the offer and sale of the Securities and will have no obligation to any purchaser of such Securities. The issuer of a Share may take any actions in respect of such Share without regard to the interests of the purchasers of the Securities, and any of these actions could adversely affect the market value of the Securities.

- (iii) *Determinations made by the Issuer in respect of Potential Adjustment Events and Extraordinary Events may have an adverse effect on the value of the Securities*

The adjustment events referred to in risk factor 5(e) (*Issuer determination in respect of an Underlying Asset, adjustment to or early redemption of the Securities and reinvestment risk following such early redemption*) include, in respect of Shares, Potential Adjustment Events and Extraordinary Events. Potential Adjustment Events include (A) a sub-division, consolidation or re-classification of Shares, (B) an extraordinary dividend, (C) a call of Shares that are not fully paid, (D) a repurchase by the Share issuer, or an affiliate thereof, of the Shares, (E) a separation of rights from Shares, (F) any event having a dilutive or concentrative effect on the value of Shares, or (G) the amendment or supplement to the terms of the deposit agreement in respect of Shares which are Depositary Receipts. Extraordinary Events include (I) a delisting of Shares on an exchange, (II) an insolvency or bankruptcy of the issuer of the Shares, (III) a merger event entailing the consolidation of Shares with those of another entity, (IV) a nationalisation of the issuer of the Shares or transfer of Shares to a governmental entity, or (V) a tender offer or takeover offer that results in transfer of Shares to another entity.

Upon determining that a Potential Adjustment Event or an Extraordinary Event has occurred in relation to a Share or Share issuer, the Issuer has discretion to make certain determinations to account for such event including to (1) make adjustments to the terms of the Securities, and/or (2) (in the case of an Extraordinary Event) cause an early redemption of the Securities, any of which determinations may have an adverse effect on the value of the Securities.

- (iv) *Loss of return of dividends in respect of most Securities linked to Shares*

Unless the terms and conditions of the Securities specify otherwise, holders of such Securities in respect of which an Underlying Asset is a Share will not participate in dividends or other distributions paid on such Share. Therefore, the return on such Securities will not reflect the return a holder would have realised had it actually owned such Shares and received the dividends on them.

(v) *Additional risks associated with Securities linked to Depositary Receipts as Underlying Assets*

(A) *Exposure to risk that redemption amounts do not reflect direct investment in the shares underlying the Depositary Receipts*

The redemption amount payable on Securities that reference Depositary Receipts may not reflect the return a purchaser would realise if he or she actually owned the relevant shares underlying the Depositary Receipts and received the dividends paid on those shares because the price of the Depositary Receipts on any specified valuation dates may not take into consideration the value of dividends paid on the underlying shares. Accordingly, purchasers of Securities that reference Depositary Receipts as Underlying Assets may receive a lower payment upon redemption of such Securities than such purchaser would have received if he or she had invested in the shares underlying the Depositary Receipts directly.

(B) *Exposure to risk of non-recognition of beneficial ownership*

The legal owner of shares underlying the Depositary Receipts is the custodian bank which at the same time is the issuing agent of the Depositary Receipts. Depending on the jurisdiction under which the Depositary Receipts have been issued and the jurisdiction to which the custodian agreement is subject, it cannot be ruled out that the corresponding jurisdiction does not recognise the purchaser of the Depositary Receipts as the actual beneficial owner of the underlying shares. Particularly in the event that the custodian becomes insolvent or that enforcement measures are taken against the custodian, it is possible that an order restricting free transfer is issued with respect to the shares underlying the Depositary Receipts or that these shares are realised within the framework of an enforcement measure against the custodian. If this is the case, a holder of such Depositary Receipt loses any rights under the underlying shares represented by the Depositary Receipt, and this would in turn have an adverse effect on Securities with such Depositary Receipt as an Underlying Asset.

(C) *Potential exposure to risks of emerging markets*

Depositary receipts often represent shares of issuers based in emerging market jurisdictions. See risk factor 5(f) (*Emerging markets risks*).

(D) *Exposure to risk of non-distributions*

The issuer of the underlying shares may make distributions in respect of their shares that are not passed on to the purchasers of its Depositary Receipts, which can affect the value of the Depositary Receipts and this would in turn have an adverse effect on Securities with such Depositary Receipt as an Underlying Asset.

**(b) Risks associated with Equity Indices**

(i) *Factors affecting the performance of Indices may adversely affect the value of the Securities*

Indices are comprised of a synthetic portfolio of shares or other assets, and as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares or other Components that comprise such Index, which may include interest and price levels on the capital markets, currency developments, political factors and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder

structure and distribution policy.

- (ii) *Returns on Securities will not be the same as a direct investment in futures or option on the Index or in the underlying Components of the Index*

An investment in the Securities is not the same as a direct investment in futures or option contracts on any or all of the Indices nor any or all of the constituents comprised in each Index. In particular, investors will not benefit directly from any positive movements in any Index nor will investors benefit from any profits made as a direct result of an investment in each Index. Accordingly, changes in the performance of any Index may not result in comparable changes in the market value of the Securities.

- (iii) *Loss of return of dividends in respect of most Securities linked to Equity Indices*

The rules of an Index might stipulate that dividends distributed on its Components do not lead to a rise in the index level, for example, if it is a "price" index. As a result, holders of Securities linked to such Index would lose the benefit of any dividends paid by the Components of the Index and would underperform a position where they invested directly in such Components or where they invested in a "total return" version of the Index. Even if the rules of the relevant underlying Index provide that distributed dividends or other distributions of the Components are reinvested in the Index and therefore result in raising its level, in some circumstances the dividends or other distributions may not be fully reinvested in such Index.

- (iv) *A change in the composition or discontinuance of an Index could have a negative impact on the value of the Securities*

The sponsor of an Index can add, delete or substitute the Components of such Index or make other methodological changes that could change the level of one or more Components. The changing of the Components of an Index may affect the level of such Index as a newly added Component may perform significantly worse or better than the Component it replaces, which in turn may adversely affect the value of the Securities. The sponsor of an Index may also alter, discontinue or suspend calculation or dissemination of such Index. The sponsor of an Index will have no involvement in the offer and sale of the Securities and will have no obligation to any investor in such Securities. The sponsor of an Index may take any actions in respect of such Index without regard to the interests of the investor in the Securities, and any of these actions could have an adverse effect on the value of the Securities.

- (v) *Occurrence of Index Adjustment Events*

Upon determining that an Index Adjustment Event has occurred in relation to an Index, the Issuer has the discretion to make certain determinations and adjustments to account for such event including to (A) make adjustments to the terms of the Securities, and/or (B) cause an early redemption of the Securities, any of which determinations may have an adverse effect on the value of the Securities.

**(c) Risks associated with Commodities and Commodity Indices**

- (i) *Commodity prices may be more volatile than other asset classes*

Trading in Commodities is speculative and may be extremely volatile. Commodity prices are affected by a variety of factors that are unpredictable including, for example, changes in supply and demand relationships, weather patterns and extreme weather conditions, governmental programmes and policies, national and international political, military, terrorist and economic events, fiscal, monetary and exchange control programmes and changes in

interest and exchange rates. Commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, the participation of speculators and government regulation and intervention. The current or "spot" prices of physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of a commodity.

Certain emerging market countries – such as China – have become very significant users of certain commodities. Therefore, economic developments in such jurisdictions may have a disproportionate impact on demand for such commodities.

Certain commodities may be produced in a limited number of countries and may be controlled by a small number of producers. Therefore, developments in relation to such countries or producers could have a disproportionate impact on the prices of such commodities.

In summary, commodity prices may be more volatile than other asset classes and investments in commodities may be riskier than other investments. Any of the circumstances described in this section could adversely affect prices of the relevant commodity, and therefore sharply reduce the value of any Securities linked to such commodity.

- (ii) *Suspension or disruptions of market trading in Commodities and related futures contracts may adversely affect the value of the Securities.*

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets and government regulation and intervention. In addition, U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in contract prices which may occur during a single business day. These limits are generally referred to as "daily price fluctuation limits" and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a "limit price". Once the limit price has been reached in a particular contract, trading in the contract will follow the regulations set forth by the trading facility on which the contract is listed. Limit prices may have the effect of precluding trading in a particular commodity contract, which could adversely affect the value of a Commodity or a Commodity Index and, therefore, the value of any Securities linked to such Commodity or Commodity Index.

- (iii) *Legal and regulatory changes*

Commodities are subject to legal and regulatory regimes that may change in ways that could affect the ability of the Issuer and/or any of its affiliates to hedge the Issuer's obligations under the Securities. Such legal and regulatory changes could lead to the early redemption of the Securities or to the adjustment of the terms and conditions of the Securities. Commodities are subject to legal and regulatory regimes in the United States and, in some cases, in other countries that may change in ways that could adversely affect the value of the Securities.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which provides for substantial changes to the regulation of the futures and over-the-counter ("**OTC**") derivative markets, was enacted in July 2010. The Dodd-Frank Act requires regulators, including the Commodity Futures Trading Commission (the "**CFTC**"), to adopt regulations in order to implement many of the requirements of the legislation. While the CFTC has proposed certain of the required regulations and has begun adopting certain final regulations, the ultimate nature and scope of the regulations cannot yet be determined. Under the Dodd-Frank Act, the CFTC

has approved a final rule to impose limits on the size of positions that can be held by market participants in futures and OTC derivatives on physical commodities. While the rules have not yet taken effect, and their impact is not yet known, these limits are likely to restrict the ability of market participants to participate in the commodity, future and swap markets and markets for other OTC derivatives on physical commodities to the extent and at the levels that they have in the past. These factors may have the effect of reducing liquidity and increasing costs in these markets as well as affecting the structure of the markets in other ways. In addition, these legislative and regulatory changes are likely to increase the level of regulation of markets and market participants, and therefore the costs of participating in the commodities, futures and OTC derivative markets. Without limitation, these changes will require many OTC derivative transactions to be executed on regulated exchanges or trading platforms and cleared through regulated clearing houses. Swap dealers will also be required to be registered and will be subject to various regulatory requirements, including capital and margin requirements. The various legislative and regulatory changes, and the resulting increased costs and regulatory oversight requirements, could result in market participants being required to, or deciding to, limit their trading activities, which could cause reductions in market liquidity and increases in market volatility. These consequences could adversely affect the prices of Commodities, which could in turn adversely affect the return on and value of the Securities. The adoption of position limit regulations may result in the occurrence of a "Change in Law" which is an Additional Disruption Event (see risk factor 5(h) (*Occurrence of Additional Disruption Events*)).

In addition, other regulatory bodies have proposed, or may in the future propose, legislation similar to that proposed by the Dodd-Frank Act or other legislation containing other restrictions that could adversely impact the liquidity of and increase costs of participating in the commodities markets. For example, the European Commission published a proposal to update the Markets in Financial Instruments Directive (MiFID II) and Markets in Financial Instruments Regulation (MiFIR), which propose regulations to establish position limits (or an alternative equivalent) on trading commodity derivatives, although the scope of any final rules and the degree to which member states will be required or permitted to adopt these regulations or additional regulations remains unclear. If these regulations are adopted or other similar regulations are adopted in the future, they could have an adverse effect on the prices of Commodities and the return on and value of the Securities.

- (iv) *Future prices of commodities within a Commodity Index that are different relative to their current prices may result in a reduced amount payable or deliverable upon redemption or exercise.*

Commodity contracts have a predetermined expiration date - a date on which trading of the commodity contract ceases. Holding a commodity contract until expiration will result in delivery of the underlying physical commodity or the requirement to make or receive a cash settlement. Alternatively, "rolling" the commodity contracts means that the commodity contracts that are nearing expiration (the "near-dated" commodity contracts) are sold before they expire and commodity contracts that have an expiration date further in the future (the "longer-dated" commodity contracts) are purchased. Investments in commodities apply "rolling" of the component commodity contracts in order to maintain an ongoing exposure to such commodities.

If the market for a commodity contract is in "backwardation", then the price of the longer-dated commodity contract is lower than in the near-dated commodity contract. The rolling therefore from the near-dated commodity contract to the longer-dated commodity contract creates a "roll yield", the amount of which will depend on the amount by which the unwind price of the former exceeds the spot price of the latter at the time of rolling. Conversely, if

the market for a commodity contract is in "contango", then the price of the longer-dated contract is higher than the near-dated commodity contract. This could result in negative "roll yields".

As a result of rollover gains/costs that have to be taken into account within the calculation of such indices and under certain market conditions, such indices may outperform or underperform the underlying commodities contained in such indices. Furthermore, the prices of the underlying commodities may be referenced by the price of the current futures contract or active front contract and rolled into the following futures contract before expiry.

The value of Securities linked to a Commodity Index is, therefore, sensitive to fluctuations in the expected futures prices of the relevant commodities contracts comprising such Commodity Index. A Commodity Index may outperform or underperform its underlying commodities. In a "contango" market, this could result in negative "roll yields" which, in turn, could reduce the level of such Commodity Index and, therefore, have an adverse effect on the value of the Securities.

- (v) *Commodity Indices may include contracts that are not traded on regulated futures exchanges.*

Commodity Indices are typically based solely on futures contracts traded on regulated futures exchanges. However, a Commodity Index may include over-the-counter contracts (such as swaps and forward contracts) traded on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. As a result, trading in such contracts, and the manner in which prices and volumes are reported by the relevant trading facilities, may not be subject to the provisions of, and the protections afforded by, for example, the U.S. Commodity Exchange Act of 1936, or other applicable statutes and related regulations that govern trading on regulated U.S. futures exchanges, or similar statutes and regulations that govern trading on regulated UK futures exchanges. In addition, many electronic trading facilities have only recently initiated trading and do not have significant trading histories. As a result, the trading of contracts on such facilities, and the inclusion of such contracts in a Commodity Index, may be subject to certain risks not presented by, for example, U.S. or UK exchange-traded futures contracts, including risks related to the liquidity and price histories of the relevant contracts.

- (vi) *A change in the composition or discontinuance of a Commodity Index could adversely affect the market value of the Securities*

The sponsor of a Commodity Index can add, delete or substitute the Components of such Commodity Index or make other methodological changes that could change the level of one or more Components. The changing of Components of any Commodity Index may affect the level of such Commodity Index as a newly added Component may perform significantly worse or better than the Component it replaces, which in turn may adversely affect the value of the Securities. The sponsor of a Commodity Index may also alter, discontinue or suspend calculation or dissemination of such Commodity Index. The sponsor of a Commodity Index will have no involvement in the offer and sale of the Securities and will have no obligation to any investor in such Securities. The sponsor of a Commodity Index may take any actions in respect of such Commodity Index without regard to the interests of investors in the Securities, and any of these actions could adversely affect the value of the Securities.

- (vii) *Continuation of calculation of Commodity Index Level upon the occurrence of a disruption event in relation to a Component*

If a disruption event occurs with respect to any Component included in a Commodity Index, the adjustment provisions included in the terms and conditions of the Securities will apply, including the determination by the Issuer of the value of the relevant disrupted Component and, in turn, the value of such Commodity Index on the date specified in such Securities. However, regardless of the disruption event, the sponsor of the Commodity Index may continue to calculate and publish the level of such Commodity Index. In such circumstances, purchasers of the Securities should be aware that the value of the Commodity Index determined by the Issuer upon the occurrence of a disruption event may not reflect the value of the Commodity Index as calculated and published by the sponsor of such Commodity Index for the relevant valuation date, nor would the Issuer be willing to settle, unwind or otherwise using any such published value while a disruption event is occurring with respect to any Component included in a Commodity Index. Any of these actions could have an adverse effect on the value of the Securities.

- (viii) *Occurrence of Commodity Index Adjustment Events*

Upon determining that a Commodity Index Adjustment Event has occurred in relation to a Commodity Index, the Issuer has the discretion to make certain determinations and adjustments to account for such event including to (A) make adjustments to the terms of the Securities, and/or (B) cause an early redemption of the Securities, any of which determinations may have an adverse effect on the value of the Securities.

**(d) Risks associated with foreign exchange rates**

- (i) *Factors affecting the performance of the relevant foreign exchange rate may adversely affect the value of the Securities*

The performance of foreign exchange rates, currency units or units of account are dependent upon the supply and demand for currencies in the international foreign exchange markets, which are subject to economic factors, including inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility and safety of making financial investments in the currency concerned, speculation and measures taken by governments and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates as well as the availability of a specified currency. Any such measures could have a negative impact on the value of the Securities.

- (ii) *Currency exchange risks are heightened in the current climate of financial uncertainty*

Currency exchange risks can be expected to heighten in periods of financial turmoil. In periods of financial turmoil, capital can move quickly out of regions that are perceived to be more vulnerable to the effects of the crisis than others with sudden and severely adverse consequences to the currencies of those regions. In addition, governments around the world have recently made, and may be expected to continue to make, very significant interventions in their economies, and sometimes directly in their currencies. It is not possible to predict the effect of any future legal or regulatory action relating to exchange rates. Further interventions, other government actions or

suspensions of actions, as well as other changes in government economic policy or other financial or economic events affecting the currency markets - including the replacement of entire currencies with new currencies - may cause currency exchange rates to fluctuate sharply in the future, which could have a negative impact on the value of the Securities.

- (iii) *Occurrence of Index Adjustment Event in respect of Securities linked to an FX Index*

Upon determining that an Index Adjustment Event has occurred in relation to an FX Index, the Issuer has discretion to make certain determinations and adjustments to account for such event including to (A) make adjustments to the terms of the Securities, and/or (B) cause an early redemption of the Securities, any of which determinations may have an adverse effect on the value of the Securities.

**(e) Risks associated with ETFs**

- (i) *Where the Underlying Asset is an ETF, there is a risk that an ETF will not accurately track its underlying share or index*

Where the Securities are linked to an ETF and the investment objective of such ETF is to track the performance of a share or an index, the investors of such Securities are exposed to the performance of such ETF rather than the underlying share or index such ETF tracks. For certain reasons, including to comply with certain tax and regulatory constraints, an ETF may not be able to track or replicate the constituent securities of the underlying share or index, which could give rise to a difference between the performance of the underlying share or index and such ETF. Accordingly, investors who purchase Securities that are linked to an ETF may receive a lower return than if such investors had invested in the share or the index underlying such ETF directly.

- (ii) *Action by Fund Adviser, Fund Administrator or sponsor of an ETF may adversely affect the Securities*

The Fund Adviser, Fund Administrator or sponsor of an ETF will have no involvement in the offer and sale of the Securities and will have no obligation to any purchaser of such Securities. The Fund Adviser, Fund Administrator or sponsor of an ETF may take any actions in respect of such ETF without regard to the interests of the purchasers of the Securities, and any of these actions could adversely affect the market value of the Securities.

- (iii) *Determinations made by the Issuer in respect of Potential Adjustment Events and Extraordinary Events may have an adverse effect on the value of the Securities*

The adjustment events referred to in risk factor 5(e) (*Issuer determination in respect of an Underlying Asset, adjustment to or early redemption of the Securities and reinvestment risk following such early redemption*) include, in respect of ETF Shares, Potential Adjustment Events and Extraordinary Events. Potential Adjustment Events include (A) a sub-division, consolidation or re-classification of ETF Shares, (B) an extraordinary dividend, (C) a repurchase by the ETF of the ETF Shares, (D) any event having a dilutive or concentrative effect on the value of the ETF Shares, or (E) the amendment or supplement to the terms of the deposit agreement in respect of ETF Shares which are Depositary Receipts. Extraordinary Events include (I) a delisting of ETF Shares on an exchange, (II) a merger event entailing the consolidation of ETF Shares with those of another entity, (III) a nationalisation of the ETF or transfer of ETF Shares to a governmental entity, or (IV) a tender offer or takeover offer that results in transfer of ETF Shares to another entity.



Upon determining that a Potential Adjustment Event or an Extraordinary Event has occurred in relation to an underlying ETF Share or ETF, the Issuer has the discretion to make certain determinations to account for such event including to (1) make adjustments to the terms of the Securities, and/or (2) (in the case of an Extraordinary Event) cause an early redemption of the Securities, any of which determinations may have an adverse effect on the value of the Securities.

**(f) Risks associated with Funds**

- (i) *Each Fund is subject to its own unique risks and investors should review the Fund documents - including any description of risk factors - prior to making an investment decision regarding any Securities*

Investors should review the related Fund documents, including the description of risk factors contained therein, prior to making an investment decision regarding the Securities. However, neither the Issuer nor any of its affiliates takes any responsibility for the Fund documents. Such Fund documents will include more complete descriptions of the risks associated with investments that the relevant Fund intends to make. Any investment decision must be based solely on information in the Fund documents, this Base Prospectus, and such investigations as the investor deems necessary, and consultation with the investor's own legal, regulatory, tax, accounting and investment advisers in order to make an independent determination of the suitability and consequences of an investment in the Securities.

- (ii) *The performance of the Fund is subject to many factors, including Fund strategies, underlying Fund investments, the Fund Adviser and other factors*

A Fund, and any underlying Fund components in which it may invest, may utilise strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realisable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses. Funds, and any underlying Fund components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated. No assurance can be given relating to the present or future performance of a Fund and any underlying Fund component in which it may invest. The performance of a Fund and any underlying Fund component in which it may invest is dependent on the performance of the Fund Adviser in selecting underlying Fund components and the management of the relevant component in respect of the underlying Fund components. No assurance can be given that these persons will succeed in meeting the investment objectives of the Fund, that any analytical model used thereby will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which a Fund has or may invest will prove accurate.

The following is a description of certain particular risks in relation to Funds:

- (A) *Illiquidity of Fund investments:* The net asset value of a Fund will fluctuate with, among other changes, changes in market rates of interest, general economic conditions, economic conditions in particular industries, the condition of financial markets and the performance of a Fund's underlying. Investments by a Fund in certain underlying assets will provide limited liquidity. Interests in a Fund may be subject to certain transfer restrictions, including, without limitation, the requirement to obtain the Fund Adviser's consent (which may be given or withheld in its discretion). Furthermore, the relevant Fund

documents typically provide that interests therein may be voluntarily redeemed only on specific dates of certain calendar months, quarters or years and only if an investor has given the requisite number of days' prior notice to the Fund Adviser. A Fund may also reserve the right to suspend redemption rights or make in kind distributions in the event of market disruptions. A Fund is likely to retain a portion of the redemption proceeds pending the completion of the annual audit of the financial statements of such Fund, resulting in considerable delay before the full redemption proceeds are received. Such illiquidity may adversely affect the price and timing of any liquidation of a Fund investment entered into by the Issuer for the purposes of hedging that is necessary to meet the requirements of any investment guidelines or tests that the Issuer may have requested. Also, limited liquidity increases the risk that the Issuer may be unable to meet its current obligations during periods of adverse general economic conditions, and insufficient liquidity during the final liquidation of assets of a Fund may cause purchasers of the Securities to receive any final distribution after the relevant maturity date or settlement date.

- (B) *Reliance on Trading Models:* Some of the strategies and techniques used by the Fund Adviser may employ a high degree of reliance on statistical trading models developed from historical analysis of the performance or correlations of certain companies, securities, industries, countries, or markets. There can be no assurance that historical performance that is used to determine such statistical trading models will be a good indication of future performance of a Fund. If future performance or such correlations vary significantly from the assumptions in such statistical models, then the Fund Adviser may not achieve its intended results or investment performance.
- (C) *Diversification:* The number and diversity of investments held by a Fund may be limited, even where such Fund holds investments in other funds – particularly where such underlying funds hold similar investments or follow similar investment strategies.
- (D) *Fund leverage:* The Fund Adviser of a Fund may utilise leverage techniques, including the use of borrowed funds, repurchase agreements, swaps and options and other derivative transactions. While such strategies and techniques may increase the opportunity to achieve higher returns on the amounts invested, they will generally also increase the risk of loss.
- (E) *Trading limitations and frequency:* Suspensions or limits for securities listed on a public exchange could render certain strategies followed by a Fund difficult to complete or continue. The frequency of a Fund's trading may result in portfolio turnover and brokerage commissions that are greater than other investment entities of similar size.
- (F) *Valuations:* The valuation of a Fund is generally controlled by the Fund Adviser. Valuations are performed in accordance with the terms and conditions governing the Fund. Such valuations may be based upon the unaudited financial records of the Fund and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the Fund and accounts. The Fund may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. In consequence, the Fund Adviser may vary certain quotations for such investments held by the Fund in order to reflect its judgement as to the fair value thereof. Therefore, valuations may be subject to subsequent adjustments upward or downward. Uncertainties as to the valuation of the Fund assets and/or accounts

may have an adverse effect on the net asset value of the Fund where such judgements regarding valuations prove to be incorrect.

- (G) *Dependence on the Expertise of Key Persons:* The performance of a Fund will depend greatly on the experience of the investment professionals associated with the Fund Adviser. The loss of one or more of such individuals could have a material adverse effect on the performance of a Fund.
- (H) *Occurrence of Disruption Events:* Upon the occurrence of certain Disruption Events in relation to a Fund, the Issuer has discretion to make certain determinations and adjustments, (subject to the terms and conditions of the relevant Securities) substitute the original Fund with another fund and/or to cause early redemption of the Securities. These actions could have an adverse effect on the value of the Securities.

**(g) Risks associated with Inflation Indices**

- (i) *The level of an Inflation Index may lag or otherwise not track the actual level of inflation in the relevant jurisdiction*

Inflation Indices may not correlate with other indices and may not correlate perfectly with the rate of inflation experienced by purchasers of the Securities in such jurisdiction. The value of the Securities which are linked to an Inflation Index may be based on a calculation made by reference to such Inflation Index for a month which is several months prior to the date of payment on the Securities and therefore could be substantially different from the level of inflation at the time of the payment on the Securities.

- (ii) *Exposure to certain events in relation to an Inflation Index and the discretion of the Issuer*

Upon the occurrence of certain events in relation to an Inflation Index – e.g. the Inflation Index level has not been published or is discontinued or is corrected or such Inflation Index is rebased or materially modified – then, depending on the particular event, the Issuer has discretion to determine the level, substitute the original Inflation Index, adjust the terms and conditions of the Securities or redeem the Securities. Any such event and consequent exercise of discretion by the Issuer may have an adverse effect on the value of the Securities.

**(h) Risks associated with Interest Rate Indices**

- (i) *Factors affecting interest rates*

The performance of interest rates is dependent upon a number of factors, including supply and demand on the international money markets, which are influenced by measures taken by governments and central banks, as well as speculations and other macroeconomic factors.

- (ii) *Occurrence of Index Adjustment Events in respect of an Interest Rate Index*

Upon determining that an Index Adjustment Event has occurred in relation to an Interest Rate Index, the Issuer has the discretion to make certain determinations and adjustments to account for such event including to (A) make adjustments to the terms of the Securities, and/or (B) cause an early redemption of the Securities, any of which determinations may have an adverse effect on the value of the Securities.

**(i) Risks associated with Proprietary Indices**

Where an Underlying Asset is a Proprietary Index, such Proprietary Index may be composed or sponsored by an Issuer, one of its affiliates or a third party (the "**Index Creator**"). Securityholders should be aware of the following risks associated with a Proprietary Index:

- (i) the rules of a Proprietary Index may be amended by the Index Creator. No assurance can be given that any such amendment would not be prejudicial to Securityholders. The Index Creator has no obligation to take into account the interests of Securityholders when determining, composing or calculating such Proprietary Index and the Index Creator can at any time, and in its sole discretion, modify or change the method of calculating such Proprietary Index or cease its calculation, publication or dissemination. Accordingly, actions and omissions of the Index Creator may affect the value of such Proprietary Index and, consequently, the value of the Securities. The Index Creator is under no obligation to continue the calculation, publication and dissemination of a Proprietary Index.
- (ii) The value of a Proprietary Index is published subject to the provisions in the rules of such Proprietary Index. None of the Issuer, the Index Creator or the relevant publisher is obliged to publish any information regarding such Proprietary Index other than as stipulated in the rules of such Proprietary Index.
- (iii) In the normal course of business, the Issuer and/or its affiliates may have, or may have had, interests or positions, or may buy, sell or otherwise trade positions, in or relating to a Proprietary Index and/or the constituents thereof, or may have invested, or may engage in transactions with others relating to any of these items and/or engaged in trading, brokerage and financing activities, as well as providing investment banking and financial advisory services in respect of such Proprietary Index and/or the constituents thereof. Accordingly, the Issuer and/or any of its affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of its customers in respect of such Proprietary Index and/or the constituents thereof. Such activity may, or may not, affect the level of such Proprietary Index and consequently the value of the Securities, but Securityholders should be aware that a conflict of interest may arise.
- (iv) The Issuer and the Index Creator of a Proprietary Index may be affiliated entities or may be the same entity and may face a conflict of interest between their obligations as Issuer and Index Creator, respectively, and their interests in another capacity. In such circumstances, the Issuer has various discretionary powers in connection with (A) certain determinations and valuations in respect of the Securities, and (B) the composition, the calculation of the level and other determinations in respect of such Proprietary Index, exercise of any of which could have the effect of reducing the returns on the Securities to the Securityholders thereof. In particular, upon the occurrence of certain events which have an impact on the constituents of such Proprietary Index (namely, market disruption events or other events affecting the constituents of such Proprietary Index) the Issuer may exercise discretion in adjusting the calculation of the value of such Proprietary Index or of any affected constituents. No assurance can be given that the resolution of such potential conflicts of interest may not be prejudicial to the interests of Securityholders.
- (v) A Proprietary Index may be calculated so as to include certain deductions or adjustments that synthetically reflect certain factors which may include (A) the transaction and servicing costs that a hypothetical investor would incur if such hypothetical investor were to enter into and maintain a series of direct investment positions to provide the same exposure to the constituents of such

Proprietary Index, or (B) a notional fee representing the running and maintenance of such Proprietary Index. Such deductions will act as a drag on the performance of a Proprietary Index such that the level of such Proprietary Index would be lower than it would otherwise be, and this may result in an adverse effect on the value of the Securities.

**7. Risks associated with conflicts of interest between Credit Suisse and holders of Securities**

**(a) 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 investors and the relevant 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 relevant Issuer and its affiliated entities may have interests in other capacities (such as other business relationships and activities). Prospective purchasers should be aware that any determination made by the Issuer may have a negative impact on the value of the Securities.

Each of the relevant 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 may pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for a Securityholder.

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

In the ordinary course of its business the relevant 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 relevant Issuer and/or any of its affiliates, the relevant Issuer and/or any of its affiliates may enter into transactions in or in respect of the Underlying Assets or related derivatives which may affect the market price, liquidity or value of 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. 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 the Securities. It is possible that the Issuer (or affiliate) could receive substantial returns with respect to such hedging activities while the value of the Securities may decline.

Moreover, the Issuer (or affiliate) may also engage in trading in one or more of the Underlying Asset(s) or (if applicable) the Components or instruments whose returns

are linked to the Underlying Asset or (if applicable) the Components, 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) — directly or (if applicable) indirectly by affecting the level, price, rate or other applicable value of the Components — and therefore, the value of 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 or (if applicable) one or more of the Components, as applicable. By introducing competing products into the marketplace in this manner, the Issuer (or affiliate) could adversely affect the value of the Securities.

**(c) Confidential information relating to the Underlying Assets**

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 Assets and any derivative instruments referencing them. None of the Issuer or its affiliates will be obliged (and may be subject to legal prohibition) to disclose any such information to a purchaser of the Securities, even where such information may be material to the decision by an investor as to whether or not to purchase the Securities.

## TERMS AND CONDITIONS

The Securities will be subject to the General Note Conditions, the General Certificate Conditions or the General Warrant Conditions (as applicable), any applicable Additional Provisions and any applicable Asset Terms set out in the Principal Base Prospectus as specified in the relevant Final Terms and also to the following provisions. In the case of a discrepancy or conflict with the General Note Conditions, the General Certificate Conditions or the General Warrant Conditions (as applicable), any applicable Additional Provisions or Asset Terms, the following provisions shall prevail.

The Securities will be issued by either Credit Suisse AG ("**CS**") or Credit Suisse International ("**CSI**"). Where the Securities are issued by CS, CS will act through its London Branch, its Nassau Branch, its Luxembourg Branch or its Singapore Branch. The Issuer and the Branch (if applicable) will be set out in the relevant Final Terms and references herein to "Issuer" shall be construed accordingly.

### 1. General Definitions

**"Final Fixing Date"** means the date so specified in the relevant Final Terms, provided that the provisions of the applicable Asset Terms shall apply to such date as if it were a Valuation Date, unless otherwise specified in the relevant Final Terms.

**"Final Price"** means, in respect of an Underlying Asset, the Level (and, where such Underlying Asset is a Share, an ETF Share, an Index, an FX Index, an Interest Rate Index or a Cash Index, either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms) of such Underlying Asset on the Final Fixing Date.

**"General Conditions"** means the General Note Conditions, the General Certificate Conditions or the General Warrant Conditions, as applicable.

**"Initial Setting Date"** means, subject to the applicable Asset Terms, the date so specified in the relevant Final Terms.

**"Issue Date"** means the date so specified in the relevant Final Terms.

**"Level"** means the Share Price, Index Level, Commodity Reference Price, Commodity Index Level, Fund Interest Value, FX Rate, FX Index level, level of the Inflation Index, Interest Rate Index Level or Cash Index Level of the relevant Underlying Asset (and if not denominated in the Settlement Currency and "**Composite**" is specified in the relevant Final Terms for the relevant Underlying Asset, translated into the Settlement Currency at the prevailing exchange rate as determined by the Issuer, acting in good faith and in a commercially reasonable manner).

**"Nominal Amount"** means the nominal amount of each Security specified in the relevant Final Terms.

**"Settlement Currency"** means the currency so specified in the relevant Final Terms.

**"Strike Price"** means, in respect of an Underlying Asset, one of the following as specified in the relevant Final Terms:

- (a) the Level specified in the relevant Final Terms; or
- (b) the Level (and, where such Underlying Asset is a Share, an ETF Share, an Index, an FX Index, an Interest Rate Index or a Cash Index, either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms) of such Underlying Asset on the Initial Setting Date.

**"Underlying Asset"** means the relevant asset so specified in the relevant Final Terms.

**"Underlying Asset Return"** means in respect of each Underlying Asset, an amount equal to (a) in respect of any Coupon Amount (other than in respect of Coupon Amounts calculated in accordance with the Fixed Rate Provisions and/or the Floating Rate Provisions) and/or Knock-in Event, as applicable, the Coupon Fixing Price divided by the Strike Price, (b) in respect of any Trigger Event, the Trigger Barrier Fixing Price divided by the Strike Price, and (c) in all other cases, the Final Price divided by the Strike Price.

**"Worst Performing Underlying Asset"** means the Underlying Asset with the lowest Underlying Asset Return, provided that if two or more Underlying Assets have the same lowest Underlying Asset Return, then the Issuer shall determine, in its discretion, which Underlying Asset shall be the Worst Performing Underlying Asset and such Underlying Asset shall be deemed to be the Worst Performing Underlying Asset.

## 2. **Coupon Amounts**

If so provided in the relevant Final Terms, the Securities shall entitle the Securityholders to a payment of an amount (the "**Coupon Amount**") per Security on a Coupon Payment Date calculated in accordance with paragraph (a) and/or (b) below.

(a) *Coupon Amounts calculated by reference to Fixed Rate and Floating Rate Provisions*

(i) If the Fixed Rate Provisions and/or the Floating Rate Provisions in General Note Condition 4 are specified to be applicable in the relevant Final Terms, the Securities shall be "Yield Securities", "Trigger Yield Securities", "Callable Yield Securities" or "Callable Trigger Yield Securities", as specified in the relevant Final Terms, and shall entitle the Securityholders to payment of a Coupon Amount per Security on a Coupon Payment Date which is either calculated by reference to the Rate of Interest (either in accordance with the Fixed Rate Provisions or the Floating Rate Provisions, as specified in the relevant Final Terms) or equal to the Interest Amount per Security (calculated in accordance with the Fixed Rate Provisions), as specified in the relevant Final Terms, subject to the provisions of paragraph 3 below. In the case of Securities which are Certificates or Warrants, if so specified in the relevant Final Terms, General Note Condition 4 shall also apply in respect of such Securities, provided however that:

(A) the words "the Relevant Date (as defined in General Note Condition 7)" under General Note Condition 4(d) shall be deleted and be replaced with the following:

"(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 Certificate Condition 8 (in the Case of Certificates) or General Warrant Condition 10 (in the case of Warrants).";

(B) references to "General Note Condition" shall be replaced with "General Certificate Condition" (in the case of Certificates) or "General Warrant Condition" (in the case of Warrants); and

(C) the reference to "General Note Condition 8" in the last sentence under General Note Condition 4(g) shall be replaced with "General Certificate Condition 9" (in the case of Certificates) or "General Warrant Condition 11" (in the case of Warrants).



- (ii) For the purposes of this paragraph (a), a Coupon Payment Date shall be deemed to be an Interest Payment Date, as defined under General Note Condition 4(h) and as specified in the relevant Final Terms.
  - (iii) If "Coupon Payment Condition" is specified to be applicable in the relevant Final Terms in respect of a Coupon Payment Date, then a Coupon Amount shall only be payable in respect of each Security on such Coupon Payment Date if the Coupon Payment Condition is satisfied, as further specified in the relevant Final Terms.
- (b) *Other Coupon Amounts*

(i) If "Other Coupon Provisions" is specified to be applicable in the relevant Final Terms, the Securities shall be "Return Securities", "Trigger Return Securities", "Callable Return Securities" or "Callable Trigger Return Securities", as specified in the relevant Final Terms, and shall entitle the Securityholders to payment of a Coupon Amount per Security on a Coupon Payment Date as specified in the relevant Final Terms, subject to the provisions of paragraph 3 below. If "Knock-in Coupon Cut Off" is specified to be applicable in the relevant Final Terms and a Knock-in Event occurs, no further Coupon Amounts will be payable.

(ii) The Coupon Amount per Security payable on a Coupon Payment Date, which shall be rounded down to the nearest transferable unit of the Settlement Currency, and subject to the Coupon Floor and/or Coupon Cap if specified as applicable in the relevant Final Terms, shall be an amount:

(A) so specified in the relevant Final Terms determined as an amount per Specified Denomination or a percentage of the Nominal Amount; or

(B) that may be payable depending on the Level of one or more Underlying Assets on a Coupon Observation Date and/or during a Coupon Observation Period as further specified in the relevant Final Terms; or

(C) that may be payable depending on the Level of one or more Underlying Assets on a Coupon Observation Date and/or during a Coupon Observation Period as further specified in the relevant Final Terms determined in accordance with the following formula:

(I) if "Coupon Call" is specified to be applicable in the relevant Final Terms,

$$\text{Nominal Amount} \times \text{Coupon Call Performance} \times \text{Participation} ;$$

(II) if "Coupon Put" is specified to be applicable in the relevant Final Terms,

$$\text{Nominal Amount} \times \text{Coupon Put Performance} \times \text{Participation} ; \text{ or}$$

(III) if "Memory Coupon" is specified to be applicable in the relevant Final Terms:

$$\text{Nominal Amount} \times \text{Coupon Rate} \times (t - n)$$

Where:

**"Coupon Rate"** means a percentage so specified in the relevant Final Terms;

"n" means, in respect of the Coupon Observation Date on which such Coupon Amount is payable, the number of Coupon Observation Dates on which a Coupon Amount was paid prior to such Coupon Observation Date; and

"t" means, in respect of the Coupon Observation Date on which such Coupon Amount is payable, the number of Coupon Observation Dates falling in the period commencing on, but excluding, the Issue Date and ending on, and including, such Coupon Observation Date.

(iii) The following terms and expressions shall have the following meanings:

**"Coupon Call Performance"** means a percentage calculated in accordance with the following formula:

$$\left( \sum_{i=1}^A \frac{\text{Coupon Fixing Price}_i - (\text{Coupon Strike} \times \text{Strike Price}_i)}{\text{Strike Price}_i} \times \text{Weighting}_i \right)$$

Where:

**"A"** means an amount equal to the number of Underlying Assets specified in the relevant Final Terms;

**"Coupon Fixing Price<sub>i</sub>"** means the Coupon Fixing Price in respect of the relevant Underlying Asset specified in the relevant Final Terms;

**"Coupon Strike"** means a percentage so specified in the relevant Final Terms;

**"i"** means a unique integer from one (1) to A, each representing an Underlying Asset;

**"Strike Price<sub>i</sub>"** means the Strike Price in respect of the relevant Underlying Asset specified in the relevant Final Terms; and

**"Weighting<sub>i</sub>"** means:

- (A) where there is only one Underlying Asset, one (1); or
- (B) where there is more than one Underlying Asset, the weighting in respect of the relevant Underlying Asset specified in the relevant Final Terms (and which, for the avoidance of doubt, may be a negative value).

**"Coupon Cap"** means a percentage of the Nominal Amount as specified in the relevant Final Terms.

**"Coupon Fixing Price"** means, in respect of an Underlying Asset, the Level (and, where such Underlying Asset is a Share, an ETF Share, an Index, an FX Index, an Interest Rate Index or a Cash Index, either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms) of such Underlying Asset on the relevant Coupon Observation Date, provided that, where the Level is without regard to the Valuation Time, the reference to "as at the Valuation Time" in the definition of Share Price, Index Level, FX Index Level, Interest Rate Index Level and Cash Index Level (as applicable) shall be deemed replaced with "at any time".

**"Coupon Floor"** means a percentage of the Nominal Amount as

specified in the relevant Final Terms.

**"Coupon Observation Date"** means each date so specified in the relevant Final Terms, provided that if "Coupon Observation Date subject to Valuation Date adjustment" is specified to be applicable in respect of such date in the relevant Final Terms, then the provisions of the applicable Asset Terms shall apply to such date as if it were a Valuation Date.

**"Coupon Observation Period"** means the period, if any, so specified in the relevant Final Terms.

**"Coupon Payment Date"** means a date so specified in the relevant Final Terms.

**"Coupon Put Performance"** means a percentage calculated in accordance with the following formula:

$$\left( \sum_{i=1}^A \frac{(\text{Coupon Strike} \times \text{Strike Price}_i) - \text{Coupon Fixing Price}_i}{\text{Strike Price}_i} \times \text{Weighting}_i \right)$$

Where:

**"A"** means an amount equal to the number of Underlying Assets specified in the relevant Final Terms;

**"i"** means a unique integer from one (1) to A, each representing an Underlying Asset;

**"Coupon Fixing Price<sub>i</sub>"** means the Coupon Fixing Price in respect of the relevant Underlying Asset specified in the relevant Final Terms;

**"Coupon Strike"** means a percentage so specified in the relevant Final Terms;

**"Strike Price<sub>i</sub>"** means the Strike Price in respect of the relevant Underlying Asset specified in the relevant Final Terms; and

**"Weighting<sub>i</sub>"** means:

- (A) where there is only one Underlying Asset, one (1); or
- (B) where there is more than one Underlying Asset, the weighting in respect of the relevant Underlying Asset specified in the relevant Final Terms (and which, for the avoidance of doubt, may be a negative value).

**"Coupon Threshold"** means a percentage so specified in the relevant Final Terms.

**"Minimum Participation"** means the percentage so specified in the relevant Final Terms.

**"Participation"** means the percentage so specified in the relevant Final Terms (which may be positive or negative) or, if such percentage is stated to be indicative, indicatively the percentage so specified in the relevant Final Terms or such other percentage as the Issuer shall determine in its sole and absolute discretion on the Initial Setting Date by reference to the then prevailing market conditions, subject to a minimum percentage equal to the Minimum Participation, if any, specified in the

relevant Final Terms.

(c) *Other Securities*

If the Securities are specified to be "Trigger Securities" or "Callable Securities", then no payments of Coupon Amounts will be made.

3. **Redemption**

(a) *All Types of Securities*

(i) Unless they have previously been redeemed or purchased and cancelled, and subject to paragraphs (b) and/or (c) below, the Issuer shall redeem the Securities on the Maturity Date at their Redemption Amount or, in the case of Warrants, on the Settlement Date at their Settlement Amount.

(ii) The Redemption Amount (or Settlement Amount, as applicable) in respect of each Security, which shall be rounded down to the nearest transferable unit of the Settlement Currency, shall be an amount determined by the Issuer in accordance with the paragraph (A), (B), or (C) below (subject to, where the Underlying Asset(s) is/are Shares and Physical Settlement is specified as applicable in the relevant Final Terms, as provided in paragraph 4 below):

(A) if "Single Factor Trigger Redeemable" or "Single Factor Phoenix" is specified as applicable in the relevant Final Terms:

(I) if a Knock-in Event has occurred, an amount calculated by the Issuer in accordance with the following formula:

$$\text{Nominal Amount} \times \frac{\text{Final Price}}{\text{Strike Price}},$$

subject to the Redemption Amount Cap, if applicable; or

(II) if no Knock-in Event has occurred, an amount calculated by the Issuer in accordance with the following formula:

$$\text{Nominal Amount} \times 1;$$

(B) if "Worst of Trigger Redeemable" or "Worst of Phoenix" is specified as applicable in the relevant Final Terms:

(I) if a Knock-in Event has occurred, an amount calculated by the Issuer in accordance with the following formula:

$$\text{Nominal Amount} \times \frac{\text{Worst Final Price}}{\text{Worst Strike Price}},$$

subject to the Redemption Amount Cap, if applicable; or

(II) if no Knock-in Event has occurred, an amount calculated by the Issuer in accordance with the following formula:

$$\text{Nominal Amount} \times 1; \text{ or}$$

(C) if "Fixed Redemption" is specified as applicable in the relevant Final Terms, an amount calculated by the Issuer in accordance with the following formula:

$$\text{Nominal Amount} \times \text{Redemption Option Percentage}$$

(iii) The following terms and expressions shall have the following meanings:

**"Knock-in Barrier"** means, in respect of an Underlying Asset and a Knock-in Observation Date and/or Coupon Observation Date, an amount equal to a percentage of the Strike Price of such Underlying Asset, as specified in the relevant Final Terms.

**"Knock-in Event"** means, subject to the relevant Asset Terms, in respect of any Knock-in Observation Date and/or Coupon Observation Date as specified in the relevant Final Terms (and, where such Underlying Asset is a Share, an ETF Share, an Index, an FX Index, an Interest Rate Index or a Cash Index, either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms), the Level of the Underlying Asset or the Level of any Underlying Asset, as specified in the relevant Final Terms, is below the Knock-in Barrier, provided that, where the Knock-in Event is without regard to the Valuation Time, for the purposes of the definition of Level used herein, the reference to "as at the Valuation Time" in the definition of Share Price, Index Level, FX Index Level, Interest Rate Index Level and Cash Index Level (as applicable) shall be deemed replaced with "at any time".

**"Knock-in Observation Date"** means each date so specified in the relevant Final Terms, provided that if "Knock-in Observation Date subject to Valuation Date adjustment" is specified to be applicable in respect of such date in the relevant Final Terms, then the provisions of the applicable Asset Terms shall apply to such date as if it were a Valuation Date.

**"Knock-in Observation Period"** means the period, if any, so specified in the relevant Final Terms.

**"Redemption Amount Cap"** means a percentage of the Nominal Amount as specified in the relevant Final Terms.

**"Redemption Option Percentage"** means a percentage so specified in the relevant Final Terms.

**"Worst Final Price"** means the Final Price of the Worst Performing Underlying Asset.

**"Worst Strike Price"** means the Strike Price of the Worst Performing Underlying Asset.

(b) *Callable Securities*

(i) If "Call Option" is specified to be applicable in the relevant Final Terms, the Securities shall be "Callable Securities", "Callable Yield Securities", "Callable Return Securities", "Callable Trigger Yield Securities" or "Callable Trigger Return Securities", as specified in the relevant Final Terms. If the Issuer exercises its Call Option, the Issuer shall redeem the Securities (unless previously redeemed or purchased and cancelled) on the Optional Redemption Date at the Optional Redemption Amount (regardless of whether a Knock-in Event (if applicable) has occurred on any Knock-in Observation Date falling on or prior to the exercise date of such Call Option) together with, in the case of Callable Yield Securities, Callable Trigger Yield Securities, Callable Return Securities or Callable Trigger Return Securities, the Coupon Amount payable, if any, on such Optional Redemption Date. Thereafter no further payments of Coupon Amounts will be made.

(ii) The following terms and expressions shall have the following meanings:

**"Optional Redemption Amount"** means in respect of 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 Final Terms.

**"Optional Redemption Date"** means the date so specified in the relevant Final Terms.

(c) *Trigger Securities*

(i) If "Trigger Redemption" is specified to be applicable in the relevant Final Terms, the Securities will be "Trigger Securities", "Trigger Yield Securities", "Trigger Return Securities", "Callable Trigger Yield Securities" or "Callable Trigger Return Securities", as specified in the relevant Final Terms. If a Trigger Event has occurred, the Issuer shall redeem the Securities (unless previously redeemed or purchased and cancelled) on the relevant Trigger Barrier Redemption Date at the Trigger Barrier Redemption Amount (regardless of whether a Knock-in Event (if applicable) has occurred on any Knock-in Observation Date falling on or prior to such Trigger Barrier Redemption Date) together with, in the case of Trigger Yield Securities, Callable Trigger Yield Securities, Trigger Return Securities or Callable Trigger Return Securities, the Coupon Amount payable, if any, on such Trigger Barrier Redemption Date, subject to the "Knock-in Event Override Condition" below. Thereafter no further payments of Coupon Amounts will be made.

(ii) If "Knock-in Event Override Condition" is specified to be applicable in the relevant Final Terms, then unless the Securities have previously been redeemed or purchased and cancelled, if a Knock-in Event occurs on any Knock-in Observation Date, then no Trigger Event shall be deemed to have occurred. For the avoidance of doubt, the Securities shall not be redeemed on any Trigger Barrier Redemption Date and no Trigger Barrier Redemption Amount shall be payable.

(iii) The **"Trigger Barrier Redemption Amount"** in respect of each Security shall be an amount determined by the Issuer to be equal to a percentage of the Nominal Amount, as specified in the relevant Final Terms.

(iv) The following terms and expressions shall have the following meanings:

**"Trigger Barrier"** means, in respect of an Underlying Asset and a Trigger Barrier Observation Date, an amount equal to a percentage of the Strike Price of such Underlying Asset, as specified in the relevant Final Terms.

**"Trigger Barrier Fixing Price"** means, in respect of an Underlying Asset, the Level (and, where such Underlying Asset is a Share, an ETF Share, an Index, an FX Index, an Interest Rate Index or a Cash Index, either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms) of such Underlying Asset on the relevant Trigger Barrier Observation Date, provided that, where the Level is without regard to the Valuation Time, the reference to "as at the Valuation Time" in the definition of Share Price, Index Level, FX Index Level, Interest Rate Index Level and Cash Index Level (as applicable) shall be deemed replaced with "at any time".

**"Trigger Barrier Observation Date"** means each date so specified in the relevant Final Terms, provided that if "Trigger Barrier Observation Date subject to Valuation Date adjustment" is specified to be applicable in respect of such date in the relevant Final Terms, then the provisions of the applicable Asset Terms shall apply to such date as if it were a Valuation Date.

**"Trigger Barrier Observation Period"** means the period, if any, so specified in the relevant Final Terms.

**"Trigger Barrier Redemption Date"** means, either (A) any of the dates so specified in the relevant Final Terms following the occurrence of a Trigger Event, or (B) if specified in the relevant Final Terms, a day selected by the Issuer falling not later than 10 Currency Business Days immediately following the occurrence of such Trigger Event.

**"Trigger Event"** means, subject to the applicable Asset Terms, in respect of any Trigger Barrier Observation Date (and, where such Underlying Asset is a Share, an ETF Share, an Index, an FX Index, an Interest Rate Index or a Cash Index, either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms), the Level of the Underlying Asset or the Level of each Underlying Asset, as specified in the relevant Final Terms, is at or above the Trigger Barrier, provided that, where the Trigger Event is without regard to the Valuation Time, for the purposes of the definition of Level used herein, the reference to "as at the Valuation Time" in the definition of Share Price, Index Level, FX Index Level, Interest Rate Index Level and Cash Index Level (as applicable) shall be deemed replaced with "at any time".

(d) *Italian Securities*

If the relevant Final Terms specify that the Additional Provisions for Notes listed on Borsa Italiana S.p.A. or the Additional Provisions for Certificates listed on Borsa Italiana S.p.A., each as set out in the Principal Base Prospectus shall apply then paragraphs 3(b)(i) and (c)(i) above shall be amended by replacing "the Issuer shall redeem the Securities" (in both paragraphs) with "the Securities will be automatically exercised according to paragraph 3(a)(i)".

For the avoidance of doubt, (i) if the Trigger Redemption provisions and/or the Issuer's Call Option are applicable and a Trigger Event occurs or the Issuer exercises its Call Option (as applicable), the Securities will be automatically exercised in accordance with paragraphs 3(b)(i) and (c)(i) above (as amended by this paragraph), or (ii) if a Trigger Event does not occur or the Issuer does not exercise its Call Option (as applicable), the Securities will be automatically exercised on the Maturity Date at an amount per Security equal to the Redemption Amount.

4. **Delivery of Shares (Physical Settlement)**

(a) *Redemption by delivery of Shares*

This option is only possible where the relevant Shares are issued by a third party issuer and admitted to trading on an EU regulated market.

(i) **Physical Settlement Trigger**

Where the Underlying Asset is a Share and the relevant Final Terms specify that the Physical Settlement Trigger is applicable and if the Physical Settlement Trigger Event occurs, in lieu of paying the Redemption Amount, the Issuer shall discharge its payment obligation by (A) delivery of the Share Amount (or if there is more than one Underlying Asset, the Share Amount of the Worst Performing Underlying Asset) on the Share Delivery Date, and (B) payment on the Maturity Date of any Fractional Cash Amount.

If the Physical Settlement Trigger Event occurs and the Physical Settlement Trigger is specified as applicable in the relevant Final Terms, the Issuer shall, as soon as practicable, and on or prior to the Banking Day that is at least a number of Banking Days prior to the Presentation

Date equal to the Presentation Date Notice Period, give notice to the Securityholders in accordance with the General Conditions that the Physical Settlement Trigger Event has occurred and provide details of the Presentation Date.

(ii) Physical Settlement Option

Where the Underlying Asset is a Share and the relevant Final Terms specify that the Physical Settlement Option is applicable and if the Physical Settlement Option Notice has been delivered, in lieu of paying the Redemption Amount, the Issuer shall discharge its payment obligation by (A) delivery of the Share Amount (or if there is more than one Underlying Asset, the Share Amount of the Worst Performing Underlying Asset) on the Share Delivery Date, and (B) payment on the Maturity Date of any Fractional Cash Amount.

Where "**Physical Settlement Option Notice**" means a notice from the relevant Securityholder to the Issuer and the Paying Agent confirming that the Physical Settlement Option is exercised. Such notice must be delivered to the Issuer and the Paying Agent on or prior to the Banking Day that is at least a number of Banking Days prior to the Maturity Date equal to the Physical Settlement Option Notice Period set out in the relevant Final Terms. Any Physical Settlement Option Notice delivered after such date will not be valid.

If the Physical Settlement Option is specified as applicable in the relevant Final Terms and a valid Physical Settlement Option Notice has been delivered, the Issuer shall, as soon as practicable, and on or prior to the Banking Day that is at least a number of Banking Days prior to the Presentation Date (such number of Banking Days being equal to the Presentation Date Notice Period set out in the relevant Final Terms), provide details of the Presentation Date.

For both (i) and (ii) above, if the Securities are to be redeemed by Physical Settlement, the Share Amounts in respect of the Securities shall be delivered subject to and in accordance with the following provisions and, where applicable, the rules and operating procedures of the relevant Clearing System.

(b) *Delivery Notices*

In order to obtain delivery of the Share Amount(s), the relevant Securityholder must deliver to any Paying Agent, on or before the Presentation Date, the relevant Security(ies) (if individually certificated) and a duly completed "**Delivery Notice**".

The Delivery Notice shall be substantially in such form as the Issuer may determine and copies may be obtained from any Paying Agent.

The Delivery Notice must:

- (i) specify the name and address of the relevant Securityholder, the securities account in the Clearing System where the relevant Securities are to be debited and the securities account in the Clearing System to be credited with the relevant Share Amounts;
- (ii) certify that the beneficial owner of the relevant Securities is not a U.S. person; and
- (iii) authorise the production of such notice in any applicable administrative or legal proceedings.



No Delivery Notice may be withdrawn after receipt thereof by a Paying Agent. Upon the delivery of the Delivery Notice, the Securityholder may not transfer the Securities which are the subject of such Delivery Notice.

Failure properly to complete and deliver a Delivery Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Conditions shall be made by the relevant Paying Agent, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Securityholder.

If the relevant Security and the related Delivery Notice are delivered to any Paying Agent on a day that is not a Banking Day in the city of the relevant Paying Agent, such Security and Delivery Notice shall be deemed to be delivered on the next following such Banking Day.

The Issuer shall have no obligation to make delivery of the Share Amount in respect of such Security unless and until a duly completed Delivery Notice (together with the relevant Security if individually certificated) are each delivered as provided above. If the duly completed Delivery Notice (together with the relevant Security if individually certificated) are each delivered after the Presentation Date, delivery of such Share Amount shall be made as soon as possible thereafter but not earlier than the Share Delivery Date.

For the avoidance of doubt, the relevant holder of a Security shall not be entitled to any additional or further payment by reason of the delivery of the Share Amount in respect of such Security occurring after the Share Delivery Date as a result of such Delivery Notice or Security being delivered after the Presentation Date.

Securityholders should note that, since the Presentation Date may fall before the date on which the Issuer notifies them of the method of redemption, they may not know by then whether the Securities will be redeemed by payment or by delivery of the Share Amount. However, if the Delivery Notice and the relevant Securities are not delivered by the Presentation Date in accordance with this paragraph and the Securities are to be redeemed by delivery of the Share Amount, the Securityholder will receive the Share Amount later than if the Delivery Notice and the relevant Securities had been so delivered by the Presentation Date.

(c) *Share Amounts*

(i) *Delivery of Share Amounts*

Without prejudice to paragraph 4(c)(ii) below, the Issuer shall on the Share Delivery Date, deliver or procure the delivery of the Share Amount in respect of each Security to the relevant Clearing System (or, in the case of any Share Amount which is not eligible for delivery within the relevant Clearing System, using such other commercially reasonable manner as the Issuer may select) at the risk and expense of the relevant Securityholder. The Securityholder is required to pay all taxes and fees in connection with the delivery of the Share Amount, if any and no delivery shall take place until all such taxes and fees have been paid by the Securityholder to the absolute satisfaction of the Issuer. As used herein, "delivery" in relation to any Share Amount means the carrying out of the steps required of the Issuer (or such person as it may procure to make the relevant delivery) in order to effect the transfer of the relevant Share Amount and "deliver" shall be construed accordingly. The Issuer shall not be responsible for any delay or failure in the transfer of such Share Amount once such steps have been carried out, whether resulting from settlement periods of clearing systems, acts or omissions of

registrars, incompatible or incorrect information being contained in any Delivery Notice or otherwise and shall have no responsibility for the lawfulness of the acquisition of the Shares comprising the Share Amount or any interest therein by any Securityholder or any other person.

In respect of each Share comprising the Share Amount, the Issuer shall not be under any obligation to register or procure the registration of the Securityholder or any other person as the registered shareholder in the register of members of the Share Issuer.

Securityholders should note that the actual date on which they become holders of the Shares comprising their Share Amount will depend, among other factors, on the procedures of the relevant clearing systems and any share registrar and the effect of any Settlement Disruption Events.

The Issuer shall not at any time be obliged to account to a Securityholder for any amount or entitlement that it receives by way of a dividend or other distribution in respect of any of the Shares. Dividends and distributions in respect of the Shares which constitute a Potential Adjustment Event may however result in an adjustment being made pursuant to the applicable Asset Terms.

Neither the Issuer (nor any other person) shall (A) be under any obligation to deliver (or procure delivery) to such Securityholder (or any other person), any letter, certificate, notice, circular or any other document received by the Issuer (or that person) in its capacity as the holder of such Shares, (B) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares, or (C) be under any liability to such Securityholder or any subsequent beneficial owner of such Shares 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 registered at any time as the legal owner of such Shares.

(ii) Settlement Disruption

If the Issuer determines that delivery of any Share Amount in respect of any Security by the Issuer in accordance with this paragraph 4 is not practicable or permitted by reason of a Settlement Disruption Event subsisting, then the Share Delivery Date in respect of such Security shall be postponed to the first following Delivery Day in respect of which no such Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Securityholder by mail addressed to it at the address specified in the relevant Delivery Notice or in accordance with the General Conditions provided that the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by delivering or procuring the delivery of such Share Amount using such other commercially reasonable manner as it may select and in such event the Share Delivery Date shall be such day as the Issuer deems appropriate in connection with delivery of such Share Amount in such other commercially reasonable and lawful manner. No Securityholder shall be entitled to any payment whether of interest or otherwise on such Security in the event of any delay in the delivery of the Share Amount pursuant to this paragraph and no liability in respect thereof shall attach to the Issuer.

Where a Settlement Disruption Event affects some but not all of the Shares comprising the Share Amount, the Share Delivery Date for the Shares comprising such Share Amount but not affected by the Settlement Disruption Event will be the originally designated Share Delivery Date.

For so long as delivery of the Share Amount in respect of any Security is not practicable or permitted by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of each relevant Security by payment to the relevant Securityholder of the Disruption Cash Settlement Price on the third Currency Business Day following the date that notice of such election is given to the Securityholders in accordance with the General Conditions. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Securityholders in accordance with the General Conditions.

The Issuer shall give notice as soon as practicable to the Securityholders in accordance with the General Conditions that a Settlement Disruption Event has occurred.

(d) *Definitions*

The following terms and expressions shall have the following meanings:

**"Delivery Day"** means a day on which Shares comprised in the Share Amount(s) may be delivered to Securityholders in the manner which the Issuer has determined to be appropriate.

**"Delivery Notice"** means a notice as referred to in paragraph 4 below.

**"Disruption Cash Settlement Price"** means in respect of each Security, an amount in the Settlement Currency equal to the fair market value of the Share Amount (taking into account, where the Settlement Disruption Event affected some but not all of the Shares comprising the Share Amount and such non-affected Shares have been duly delivered, the value of such Shares), less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer.

**"Fractional Amount"** means any fractional interest in one Share forming part of the Ratio.

**"Fractional Cash Amount"** means, in respect of each Security and in respect of Shares of a Share Issuer, the amount in the Settlement Currency (rounded to the nearest smallest transferable unit of such currency, half such a unit being rounded upwards) calculated by the Issuer in accordance with the following formula:

$$\text{Final Price} \times \text{Fractional Amount} \times \text{Spot Rate}$$

**"Physical Settlement"** means, if so specified in the relevant Final Terms, the delivery of the relevant Underlying Asset pursuant to the Physical Settlement Trigger or Physical Settlement Option, as applicable.

**"Physical Settlement Trigger Event"** means, in respect of the Physical Settlement Trigger Observation Date (and either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms), the Share Price of the Underlying Asset or the Share Price of any Underlying Asset or the Share Price of each Underlying Asset is below or at or below the Physical Settlement Trigger Event Barrier, as specified in the relevant Final Terms, provided that, where the Physical Settlement Trigger Event is without regard to the Valuation Time, for the purposes of the definition of Share Price used herein, the reference to "as at the Valuation Time" in the definition of Share Price shall be deemed replaced with "at any time".

**"Physical Settlement Trigger Event Barrier"** means, in respect of an

Underlying Asset and the Physical Settlement Trigger Observation Date, an amount equal to a percentage of the Strike Price of such Underlying Asset, as specified in the relevant Final Terms.

**"Physical Settlement Trigger Observation Date"** means the date so specified in the relevant Final Terms, provided that if "Physical Settlement Trigger Observation Date subject to Valuation Date adjustment" is specified to be applicable in respect of such date in the relevant Final Terms, then the provisions of the applicable Asset Terms shall apply to such date as if it were a Valuation Date.

**"Presentation Date"** means the latest date prior to the Maturity Date by which the Issuer determines that a Delivery Notice must have been delivered by the Securityholder in order for the Issuer, in accordance with its administrative practices, to deliver the relevant Share Amounts on the Share Delivery Date.

**"Presentation Date Notice Period"** means period so specified in the relevant Final Terms.

**"Ratio"** means, in respect of an Underlying Asset which is a Share, subject to the applicable Asset Terms, the number of Shares so specified in the relevant Final Terms, or if the number of Shares is not so specified, the number of Shares calculated by the Issuer in accordance with either of the following formulae, as specified in the relevant Final Terms:

Nominal Amount  $\times$  Spot Rate ; or

Nominal Amount  $\times$  Strike Price

**"Settlement Disruption Event"** means an event determined by the Issuer to be beyond the control of the Issuer as a result of which the Issuer cannot transfer (or it would be contrary to applicable laws or regulations for the Issuer to transfer) Shares comprised in the Share Amount(s) in accordance with paragraph 4(c)(ii).

**"Share Amount"** means, subject as provided in paragraph 4(c), in respect of each Security, the number of Shares equal to the Ratio rounded down to the nearest integral number of Shares.

**"Share Delivery Date"** means, in respect of a Share, subject as provided in paragraph 4(c)(ii), the Maturity Date or, if such day is not a Delivery Day, the first succeeding Delivery Day.

**"Spot Rate"** means, in respect of a Share, the prevailing spot rate determined by the Issuer, acting in good faith and in a commercially reasonable manner, on the Final Fixing Date or, at the discretion of the Issuer, acting in good faith and in a commercially reasonable manner, on the Banking Day in the city of the Principal Paying Agent or Fiscal Agent following the Final Fixing Date expressed as the number of units of the Settlement Currency that could be bought with one unit of the currency in which the relevant Share is quoted on the relevant Exchange (or, if no direct exchange rates are published, the effective rate resulting from the application of rates into and out of one or more intermediate currencies).

## 5. **Calculations and Determinations**

Any calculations and determinations made by the Issuer or the Calculation Agent shall be made in good faith and in a commercially reasonable manner.

In respect of an Underlying Asset which is a Share, an ETF Share, an Index, an FX Index, an Interest Rate Index or a Cash Index, where a Level of such Underlying

Asset is to be determined with regard to the Valuation Time, such Level shall be the Level as of the Valuation Time on the relevant day. Where a Level of such Underlying Asset is to be determined without regard to the Valuation Time, such Level shall be the Level at any time (and, if there is more than one Underlying Asset, not necessarily at the same time for each Underlying Asset) on the relevant day.

## TAXATION

*The following is a summary of the withholding tax position (and, in the case of Switzerland, other tax issues) in respect of payments of the income from the Securities by the relevant Issuer (or an agent appointed by it) in accordance with the terms and conditions of such Securities ("**Relevant Payments**"). It is limited to the country of incorporation of the relevant Issuer and those countries in which admission to trading may be sought or offers for which a prospectus is required under the Prospectus Directive may be made pursuant to this Prospectus ("**Relevant Taxing Jurisdictions**").*

*It does not relate to any other tax consequences or to withholdings in respect of payments by other persons (such as custodians, depositaries or other intermediaries) unless otherwise specified. Each investor should consult a tax adviser as to the tax consequences relating to its particular circumstances resulting from holding the Securities.*

*All payments in respect of the Securities by the relevant Issuer or by an agent appointed by such Issuer will be subject to any applicable withholding taxes. However, as at the date hereof, no such taxes would be applicable in respect of any Relevant Payments in any Relevant Taxing Jurisdiction, except as specified below in relation to the countries so specified.*

*For the purposes of this Taxation Section, the disclosure replicates the taxation disclosure in the Principal Base Prospectus (pages 331 to 376 inclusive).*

### UNITED STATES

*Taxation for Non-U.S. Investors*

**HIRE ACT/FATCA TAX DISCLOSURE FOR STRUCTURED NOTES ISSUED OUTSIDE THE US CIRCULAR 230 NOTICE. THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE U.S. INTERNAL REVENUE SERVICE: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN, INCLUDING ANY OPINION OF COUNSEL REFERRED TO HEREIN, IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

*Substitute Dividend and Dividend Equivalent Payments*

The "Hiring Incentives to Restore Employment Act" (the "**Act**") and recently proposed and temporary regulations treat a "dividend equivalent" payment as a dividend from sources within the United States. Under the Act, unless reduced by an applicable tax treaty with the United States, such payments generally will be subject to U.S. withholding tax. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii). Proposed regulations provide criteria for determining whether a notional principal contract will be a specified notional principal contract, effective for payments made after 31 December 2012.

Proposed regulations address whether a payment is a dividend equivalent. The proposed regulations provide that an equity-linked instrument that provides for a payment that is a substantially similar payment is treated as a notional principal contract for these purposes. An equity-linked instrument is a financial instrument or combination of financial instruments that references one or more underlying securities to determine its value, including a futures

contract, forward contract, option, or other contractual arrangement. Although it is not certain, an equity-linked instrument could include instruments treated as indebtedness for U.S. federal income tax purposes. The proposed regulations consider any payment, including the payment of the purchase price or an adjustment to the purchase price, to be a substantially similar payment (and, therefore, a dividend equivalent payment) if made pursuant to an equity-linked instrument that is contingent upon or determined by reference to a dividend (including payments pursuant to a redemption of stock that gives rise to a dividend) from sources within the United States. The rules for equity-linked instruments under the proposed regulations will be effective for payments made after the rules are finalised. Where the securities reference an interest in a fixed basket of securities or a "customised index," each security or component of such basket or customised index is treated as an underlying security in a separate notional principal contract for purposes of determining whether such notional principal contract is a specified notional principal contract or an amount received is a substantially similar payment.

Any portion of a payment on the securities that is substantially similar to a dividend will/may be treated by the IRS as a dividend equivalent payment, which will be subject to U.S. withholding tax unless reduced by an applicable tax treaty and a properly executed IRS Form W-8 (or other qualifying documentation) is provided. Investors should consult their tax advisors regarding whether payments on the securities constitute dividend equivalent payments.

### **Securities Held Through Foreign Accounts**

Under the Act and recently proposed regulations, a 30 per cent. withholding tax is imposed on "withholdable payments" and certain "passthru payments" made to foreign financial institutions (and their more than 50 per cent. affiliates) unless the payee foreign financial institution agrees, among other things, to disclose the identity of any U.S. individual with an account at the institution (or the institution's affiliates) and to annually report certain information about such account. "Withholdable payments" include (1) payments of interest (including original issue discount), dividends, and other items of fixed or determinable annual or periodical gains, profits, and income ("**FDAP**"), in each case, from sources within the United States, and (2) gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the United States. "Passthru payments" generally are certain payments attributable to withholdable payments. The Act also requires withholding agents making withholdable payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or certify that they do not have any substantial United States owners) to withhold tax at a rate of 30 per cent. We will treat payments on the securities as withholdable payments for these purposes.

Withholding under the Act described above will apply to all withholdable payments and certain passthru payments without regard to whether the beneficial owner of the payment is a U.S. person, or would otherwise be entitled to an exemption from the imposition of withholding tax pursuant to an applicable tax treaty with the United States or pursuant to U.S. domestic law. Unless a foreign financial institution is the beneficial owner of a payment, it will be subject to refund or credit in accordance with the same procedures and limitations applicable to other taxes withheld on FDAP payments provided that the beneficial owner of the payment furnishes such information as the IRS determines is necessary to determine whether such beneficial owner is a United States owned foreign entity and the identity of any substantial United States owners of such entity. Pursuant to the proposed regulations, the Act's withholding regime generally will apply to (i) withholdable payments (other than gross proceeds of the type described above) made after 31 December 2013, (ii) payments of gross proceeds of the type described above with respect to a sale or disposition occurring after 31 December 2014, and (iii) passthru payments made after 31 December 2016. Additionally, the provisions of the Act discussed above generally will not apply to obligations (other than an instrument that is treated as equity for U.S. tax purposes or that lacks a stated expiration or term) that are outstanding on 1 January 2013. Thus, if you hold your Securities through a foreign financial institution or foreign corporation or trust, a portion of any of your payments made after 31 December 2013 may be subject to 30 per cent. withholding.

## EU SAVINGS DIRECTIVE

Under EU Savings Directive, each Member State is required to provide to the tax authorities of another member state details of payments of interest or other similar income paid by a paying agent within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however for a transitional period, Austria and Luxembourg will instead operate a withholding system in relation to such payments, unless the beneficiary of the interest payments elects for the exchange of information. The end of this transitional period depends on the conclusion of certain other agreements relating to exchange of information with certain other countries.

A number of non-EU countries, including Switzerland, ("**Third Countries**") and certain dependent or associated territories of certain Member States ("**Dependent and Associated Territories**"), have adopted similar measures in relation to payments of interest or other similar income paid by a paying agent within its jurisdiction to, or collected by such a person for, an individual resident in another Member State, or certain Third Country or Dependent and Associated Territories.

Investors should note that the European Commission adopted an amending proposal to the Directive, which, among other changes, seeks to extend the application of the Directive to (i) payments channelled through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to savings income. Further developments in this respect should be monitored on a continuing basis, since no certainty exists over whether and when the proposed amendments to the Directive will be implemented. Investors who are in any doubt as to their position should consult their professional advisers.

## 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 summary 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 acting through one of its branches outside of Switzerland should not be subject to Swiss withholding tax provided that the Issuer uses the proceeds outside of Switzerland.



## **Swiss Value Added Tax ("VAT")**

The issue, transfer, exercise or redemption of Securities relating to 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 financing instruments, 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 (*Effekthändler*), 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.

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 resident in Switzerland are included in the taxable income or may be deducted from the taxable income, respectively, of such person or entity.

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 and Luxembourg 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 15 per cent. for the first three years from 1 July 2005, 20 per cent. for the next three years and currently 35 per cent. as from 1 July 2011 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.

## **UNITED KINGDOM**

Provided that the relevant 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, or CSi, as the case may be, 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 relevant 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 although HM Revenue and Customs announced a consultation process on the 27th March 2012 on the implications of removing this exemption.

In other cases, an amount must generally be withheld from payments of interest on the Securities issued by CS, acting through its London Branch, or CSi, as the case may be, 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 relevant 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).

Securityholders who are individuals may wish to note that HM Revenue & Customs have power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. HM Revenue & Customs also have power to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Securities which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to, or receives such amounts for the benefit of, an individual, however, in relation to amounts payable on redemption of such Securities, HM Revenue & Customs' published practice indicates HM Revenue & Customs will not exercise its power to obtain information where such amounts are paid or received before 5 April 2012. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HM Revenue & Customs with the tax authorities of the jurisdiction in which the Securityholder is resident for tax purposes.

### **CREST Depository Interests**

The following statements are by way of a general guide only to holders of CDIs. They are not exhaustive and do not constitute tax advice. Holders of CDIs are therefore advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the CDIs 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 CDIs and hold the CDIs 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 Base Prospectus. The United Kingdom tax treatment of prospective holders of CDIs 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 CDIs should seek independent professional advice.

The following paragraphs are written on the assumption that the holders of the CDIs are, for United Kingdom tax purposes, absolutely beneficially entitled to the Underlying Securities and to any payments on the Underlying Securities. In the following paragraphs, references to "Securities" should be taken to include references to "interests in Securities held through CDIs", and references to "Securityholders" should be taken to include references to "holders of CDIs".

### **Withholding taxes**

Payments on the Securities may be made without deduction of or withholding on account of United Kingdom income tax.

### **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 Chargeable Gains*

The Securities should fall within the definition of "excluded indexed securities" in section 433 of the Income Tax (Trading and Other Income) Act 2005 (ITTOIA 2005). As such, the Securities should not constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992 (TCGA 1992) and an individual United Kingdom tax resident Securityholder who holds Securities as an investment should be subject to capital gains tax (CGT) on any capital gains arising from the disposal of the Securities.

The principal factors which will determine the extent to which a capital gain arising from the disposal of Securities will be subject to CGT are the level of the annual allowance of tax-free capital gains in the tax year in which the disposal takes place (the annual exemption), the extent to which the Securityholder realises any other capital gains in that year and the extent to which the Securityholder has incurred capital losses in that or any earlier tax year.

The annual exemption is £10,600 for the 2012/2013 tax year and, under current legislation, this exemption is, unless Parliament decides otherwise, increased annually in line with the rate of increase (if any) in the retail prices index. The Government has proposed that for the 2013/2014 tax year and later years, increases in the annual exemption will be in line with the consumer prices index instead of the retail prices index.

Securityholders should be aware that the United Kingdom Parliament is entitled to withdraw this link between the level of the annual exemption and the retail prices (or other relevant) index or even to reduce the level of the annual exemption for future tax years below its current level.

For the purposes of illustration only, the various reliefs and allowances mentioned above could interact in respect of a Securityholder who realises a capital gain (the "**relevant capital gain**") on a disposal of Securities in a particular tax year (the "**year of disposal**") as follows:

1. If the Securityholder has incurred no capital losses in the year of disposal and has no unrelieved capital losses from any previous tax year, he or she will be subject to CGT if and to the extent that the relevant capital gain plus any other capital gains realised by him in the year of disposal exceed the annual exemption for that year.
2. If the Securityholder has incurred capital losses in the year of disposal but has no unrelieved capital losses from any previous tax year, those losses can be set off against the relevant capital gain and against any other capital gains realised by him in the year of disposal. To the extent that those losses are insufficient to relieve the whole of the relevant capital gain and any other capital gains realised by the Securityholder in the year of disposal CGT will be payable by the Securityholder if and to the extent that the net capital gains exceed the annual exemption for that year.
3. Where either the Securityholder has incurred no capital losses in the year of disposal or any capital losses so incurred are insufficient to relieve the whole of the relevant capital gain and any other capital gains realised by the Securityholder in the year of disposal, but the Securityholder has incurred unrelieved capital losses in some previous tax year(s), those losses can be set off against the net capital gains realised by the Securityholder in the year of disposal to the extent that it is necessary to reduce those net capital gains to the level of the annual exemption for that year (and therefore to the level where no CGT will be payable by the Securityholder for that tax year). If the unrelieved capital losses from the previous tax year(s) are insufficient to reduce the Securityholder's net capital gains for the year of disposal to the level of the annual exemption for that year, CGT will be payable by the Securityholder if and to the extent that the capital gains exceed the annual exemption for the year of disposal.

Where an individual's total taxable income and gains (after allowable deductions) are less than the upper limit of the basic rate income tax band (which is set at £34,370 for the

2012/2013 tax year), CGT will be charged at 18 per cent. Any gains or part gains in excess of that upper limit will be taxed at 28 per cent. The rate or rates at which CGT is charged will therefore depend on the level of the Securityholder's taxable income and gains in the relevant tax year.

A prospective Securityholder should only expect to be treated as holding the Securities as an investment (subject to CGT and with the benefit of the annual exemption) if he or she intends to hold them for the medium to longer term and not to dispose of them in the short term for profit.

### ***Individual Savings Accounts***

The CDIs should qualify for inclusion within a stocks and shares ISA provided that:

(a) the terms of the Underlying Securities do not require the underlying loan to be repaid or the Underlying Securities to be redeemed or repurchased within the period of 5 years from the date on which the CDIs are first held in the stocks and shares ISA; and

(b) the terms of the Underlying Securities do not allow the holder of the Underlying Securities to require the underlying loan to be repaid or the Underlying Securities to be redeemed or repurchased within the period of 5 years from the date on which the CDIs are first held in the stocks and shares ISA except in circumstances which are neither likely nor certain to occur.

The CDIs would not qualify for inclusion within a cash 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 ordinarily 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:

- (1) 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
- (2) 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 (2) 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:

- (1) in the case of a Securityholder who is a corporation tax payer:
  - (i) its investment in the Securities was made for bona fide 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;
- (2) 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)**

No United Kingdom stamp duty or SDRT is payable on the issue of CDIs or on a transfer of CDIs within CREST where no written instrument is used to effect such transfer.

## **BAHAMAS**

Payments made by CS, acting through its Nassau Branch, will not be subject to any withholding tax on account of Bahamian taxes.

## **BELGIUM**

The following is a summary of the principal Belgian tax considerations with respect to the holding of Securities obtained by a Belgian investor following this offer in Belgium.

This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold or to dispose of the Securities. In some cases, different rules can be applicable.

This summary is based on Belgian tax legislation, treaties, rules, and administrative interpretations and similar documentation, in force as of the date of the publication of this Base Prospectus, without prejudice to any amendments introduced at a later date, even if implemented with retroactive effect.

Unless otherwise stated herein, this summary does not describe the tax consequences for a holder of Securities that are redeemable in exchange for, or convertible into assets, of the exercise, settlement or redemption of such Securities or any tax consequences after the moment of exercise, settlement or redemption.

Each investor should consult a tax adviser as to the tax consequences relating to its particular circumstances resulting from holding the Securities.

### **Belgian tax regime regarding Notes and Certificates**

#### **Withholding tax and income tax treatment**

##### ***Tax treatment of Belgian resident individuals***

Individuals who are Belgian residents for tax purposes, i.e. individuals subject to the Belgian individual income tax (*Personenbelasting/Impôt des personnes physiques*) and who hold Notes or Certificates as a private investment, are in principle subject to the following tax treatment in Belgium with respect to Notes and Certificates. Other tax rules apply to Belgian resident individuals holding Notes and Certificates not as a private investment but in the framework of their professional activity.

The following amounts are treated as interest for Belgian withholding tax purposes: (i) periodic interest income, (ii) any amount paid by the relevant Issuer in excess of the issue price, and (iii) if the debt securities qualify as fixed income securities in the meaning of article 2, §1, 8° of the Belgian Income Tax Code, in case of a realisation of the debt securities prior to repurchase or redemption by the relevant Issuer, the income equal to the pro rata of accrued interest corresponding to the detention period (a debt security will be a fixed income security if there is a causal link between the amount of interest income and the detention period of the security, on the basis of which it is possible to calculate the amount of pro rata interest income at the moment of the sale of the security during its lifetime).

Payments of interest on Notes and Certificates which qualify as interest (as defined above) and which are made through a paying agent in Belgium will in principle be subject to a 21 per cent. withholding tax (calculated on the interest received after deduction of any non-Belgian withholding taxes).

The Belgian withholding tax constitutes in principle the final income tax for Belgian resident individuals. However, for interest paid or attributed as from 1 January 2012, the levying of the withholding tax on the interest obtained on Notes and Certificates does no longer relieve Belgian individual investors to declare the interest income in their personal income tax return, save in case such investors would opt for a withholding of the 4 per cent. additional levy on moveable income (see below) at source, on top of the 21 per cent. withholding tax, in which case the paying agent will apply a 25 per cent. withholding in total on the interest income.

If the interest is paid outside of Belgium, i.e. without the intervention of a financial intermediary established in Belgium, the interest received on Notes and Certificates (after deduction of any non-Belgian withholding tax) must also be declared in the personal income tax return of the holder and will in principle be taxed at a flat rate of 21 per cent. plus communal surcharges. However, no such communal surcharges will be due with respect to interest on Notes and Certificates issued by CSi or by CS acting through its London branch.

For moveable income paid or attributed on or after 1 January 2012, Belgian resident individuals earning per year more than EUR 13,675 (to be indexed, i.e. EUR 20,020 for income year 2012) of moveable income (i.e. interest and dividend income, in principle subject to the 21 per cent. withholding tax rate, including interest on the Notes and Certificates) are subject to a 4 per cent. additional levy on moveable income, on the excess moveable income above the threshold. The additional levy is, upon the choice of the investor, either levied by way of assessment on the excess income over and above EUR 20,020 (in which case the paying agent will need to notify the interest income and the investor's identity to a central contact point within the Federal Public Service Finance) or withheld at source by the Belgian paying agent, in which case the 4 per cent. additional levy will be applied on the entire interest income (not only the excess over and above the threshold), but the paying agent will have no reporting obligation for that income to the central contact point within the Federal Public Service Finance. Even though individual investors opting for the withholding of the additional levy do not have any obligation to declare the interest income in their personal income tax return (see above), they will need to declare the income, if they want to recover the 4 per cent. additional levy on the first EUR 20,020 (income year 2012) of moveable income.

Capital gains realised upon the sale of Notes and Certificates are in principle tax exempt, unless the capital gains are realised outside the scope of the normal management of one's private estate or unless and to the extent that the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

#### ***Tax treatment of Belgian resident corporations***

Corporations that are Belgian residents for tax purposes, i.e., corporations subject to Belgian Corporate Income Tax (*Vennootschapsbelasting/Impôt des sociétés*) are in principle subject to the following tax treatment in Belgium with respect to Notes and Certificates.

Interest derived by Belgian corporate investors on the Notes and Certificates and capital gains realised on Notes and Certificates will be subject to Belgian corporate income tax at the ordinary rate of 33.99 per cent. Capital losses are in principle tax-deductible.

Payments of interest (as defined in the section "Tax treatment of Belgian resident individuals") on Notes and Certificates made through a paying agent in Belgium will in principle be subject to a 21 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). However, the interest can under certain circumstances be exempt from withholding tax, provided a special certificate is delivered. The Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

#### ***Tax treatment of a Belgian Organisation for Financing Pensions***

Belgian pension fund entities that have the form of an Organisation for Financing Pensions ("**OFP**") are subject to Belgian Corporate Income Tax (*Vennootschapsbelasting/Impôt des sociétés*). OFPs are subject to the following tax treatment in Belgium with respect to Notes and Certificates.

Interest derived from and capital gains realised on Notes and Certificates will not be subject to Belgian Corporate Income Tax in the hands of OFPs. Any Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions. Capital losses on the Notes and Certificates are in principle not tax deductible.



### ***Tax treatment of other Belgian legal entities***

Legal entities that are Belgian residents for tax purposes, i.e. that are subject to the Belgian tax on legal entities (*Rechtspersonenbelasting/Impôt des personnes morales*) are in principle subject to the following tax treatment in Belgium with respect to Notes and Certificates.

Payments of interest (as defined in the section "Tax treatment of Belgian resident individuals") on Notes and Certificates made through a paying agent in Belgium will in principle be subject to a 21 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium, i.e. without the intervention of a financial intermediary in Belgium, the legal entity itself is liable for the payment of the Belgian 21 per cent. withholding tax.

Capital gains realised on the sale of Notes and Certificates are in principle tax exempt, unless and to the extent that the capital gain qualifies as interest (as defined in the section "Tax treatment of Belgian resident individuals"). Capital losses on Notes and Certificates are in principle not tax deductible.

### ***Tax treatment of non-resident investors***

The interest income on Notes and Certificates paid to a Belgian non-resident outside of Belgium, i.e. without the intervention of a professional intermediary in Belgium, is not subject to Belgian withholding tax.

Interest (as defined in the section "Tax treatment of Belgian resident individuals") on Notes and Certificates paid through a Belgian intermediary will in principle be subject to a 21 per cent. Belgian withholding tax, unless the holder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit.

Non-resident holders that have not allocated the Notes or the Certificates to business activities in Belgium can also obtain an exemption from Belgian withholding tax on interest if the interest is paid through a Belgian credit institution, a Belgian stock market company or a Belgian clearing or settlement institution and provided that the non-resident (i) is the owner or usufructory of the Notes or Certificates, (ii) has not allocated the Notes or Certificates to business activities in Belgium and (iii) delivers an affidavit confirming his non-resident status and the fulfilment of conditions (i) and (ii).

Non-resident holders using Notes or Certificates to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident corporations (see above).

Non-resident holders who do not allocate the Notes or the Certificates to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, in the form of withholding tax.

### ***Stock exchange tax and tax on repurchase transactions***

A stock exchange tax will be levied on the purchase and sale in Belgium of Notes and Certificates on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is in principle 0.09 per cent., with a maximum amount of EUR 650 per transaction and per party. A separate tax is due from each of the seller and the purchaser, both collected by the professional intermediary.

A tax on repurchase transactions (*taxe sur les reports*) at the rate of 0.085 per cent. subject to a maximum of EUR 650 per party and per transaction, will be due from each party to any such transaction entered into or settled in Belgium in which a professional intermediary for stock transactions acts for either party.

However, the tax on stock exchange transactions and the tax on repurchase transactions referred to above will not be payable by exempt persons acting for their own account, including non-residents (subject to certain formalities) and certain Belgian institutional investors, as defined in Articles 126-1.2° and 139 of the Code of various duties and taxes (*Code des droits et taxes divers*).

## **EU Savings Directive**

### ***Individuals not resident in Belgium***

A Belgian paying agent within the meaning of the EU Savings Directive will enable exchange of information with the country of tax residence of the beneficial owner regarding interest payments as defined by the EU Savings Directive. It concerns payments made to an individual, beneficial owner of the interest payments and resident in another EU Member State or resident in one of the Dependent and Associated Territories. Residual entities (in the meaning of the EU Savings Directive) are subject to a specific regime. The communicated information will include the identity and residence of the beneficial owner, the name and address of the paying agent, the account number of the beneficial owner and information concerning the interest payment. The exchange of information cannot be avoided by the submission of an affidavit.

### ***Individuals resident in Belgium***

An individual resident in Belgium will be subject to the provisions of the EU Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, the Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of EUR 2.5.

### ***Belgian tax regime regarding Warrants***

Investors are in principle subject to the following tax treatment with respect to the Warrants. Other rules can be applicable in special situations, such as when the return on the underlying is fixed in advance, in which case the holders of the Warrants may be subject to the tax regime applicable to the Warrants.

This summary does not address the tax consequences after the moment of exercise, settlement or redemption of the Warrants.

## **Belgian withholding tax and income tax**

### ***Tax treatment of Belgian resident individuals***

Individuals who are Belgian residents for tax purposes, i.e. individuals subject to the Belgian individual income tax (*Personenbelasting/Impôt des personnes physiques*) and who hold the Notes or Certificates as a private investment, are in principle subject to the following tax treatment in Belgium with respect to Warrants.

Private individual investors are in principle not liable to income tax on gains realised on the disposal or settlement of Warrants held as a private investment. Losses are not tax deductible.

Other tax rules may be applicable with respect to Warrants that are held for professional purposes and transactions with Warrants falling outside the scope of the normal management of one's own private estate.

### ***Tax treatment of Belgian resident corporations***

Corporations that are Belgian residents for tax purposes, i.e., corporations subject to Belgian Corporate Income Tax (*Vennootschapsbelasting/Impôt des sociétés*) are in principle subject to the following tax treatment in Belgium with respect to Warrants.

Belgian corporations will be subject to the Belgian corporate income tax of 33.99 per cent. on the gains realised on the disposal or cash settlement of the Warrants. Losses are in principle deductible.

However, in the event of a physical delivery of assets upon exercise of Warrants, Belgian corporations in principle have to record the assets received upon exercise at a value equal to the premium paid for the Warrants increased with the strike price of the Warrants.

### ***Tax treatment of a Belgian Organisation for Financing Pensions***

Belgian pension fund entities that have the form of an OFP are subject to Belgian Corporate Income Tax (*Vennootschapsbelasting/Impôt des sociétés*). OFPs are in principle subject to the following tax treatment in Belgium with respect to Warrants.

Belgian OFPs are not liable for income tax on gains realised on the disposal or settlement of the Warrants.

### ***Tax treatment of other Belgian legal entities***

Legal entities that are Belgian residents for tax purposes, i.e. that are subject to the Belgian tax on legal entities (*Rechtspersonenbelasting/Impôt des personnes morales*) are in principle subject to the following tax treatment in Belgium with respect to Warrants.

Belgian legal entities are in principle not liable to income tax on gains realised on the disposal or settlement of the Warrants. Losses are not tax deductible.

### ***Non-resident investors***

Non-resident Warrant holders who do not allocate the Warrants to a professional activity in Belgium are not subject to Belgian income tax on gains realised on the disposal or settlement of the Warrants.

Non-residents who use the Warrants to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian residents.

### ***Stock exchange tax and tax on repurchase transactions***

A stock exchange tax will be levied on the purchase and sale in Belgium of the Warrants on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.22 per cent., with a maximum amount of EUR 650 per transaction and per party. A separate tax is due from each of the seller and the purchaser, both collected by the professional intermediary.

A tax on repurchase transactions (*taxe sur les reports*) at the rate of 0.085 per cent. subject to a maximum of EUR 650 per party and per transaction, will be due from each party to any such transaction entered into or settled in Belgium in which a professional intermediary for stock transactions acts for either party.

However, the tax on stock exchange transactions and the tax on repurchase transactions referred to above will not be payable by exempt persons acting for their own account, including non-residents (subject to certain formalities) and certain Belgian institutional investors, as defined in Articles 126-1.2° and 139 of the Code of various duties and taxes (*Code des droits et taxes divers*).

## **Estate and gift tax**

### ***Individuals resident in Belgium***

An estate tax is levied on the value of the Securities transferred as part of a Belgian resident's estate.

Gifts of Securities in Belgium are subject to gift tax, unless the gift is made by way of a purely physical delivery of bearer Securities or otherwise without written evidence of the gift being submitted to the Belgian Tax Administration. However, estate taxes on donated Securities are avoided only if a person can demonstrate that the gift occurred more than three years preceding the death of the grantor.

### ***Individuals not resident in Belgium***

There is no Belgian estate tax on the transfer of Securities on the death of a Belgian non-resident.

Gifts of Securities in Belgium are subject to gift tax, unless the gift is made by way of a purely physical delivery of bearer Securities or otherwise without written evidence of the gift being submitted to the Belgian Tax Administration.

## **CZECH REPUBLIC**

*The following text is merely a summary of certain Czech tax aspects and consideration relating to the Securities that does not purport to be a comprehensive summary of all tax-relevant aspects that may be important from the perspective of deciding on a purchase of the Securities. This summary does not describe any tax aspects resulting from the laws of any other state than the Czech Republic. This summary is based on the legal regulations effective as of the day of this Prospectus and may be subject to a subsequent change (including potential retroactive results). Future assignees of the Securities should consult with their legal and tax advisors on tax, legal consequences of the acquiring, owning and disposing of the Securities and the receipt of payments of interest and other forms of yield on the Securities under the tax and foreign exchange regulations in effect in the Czech Republic and the countries in which they are residents as well as countries in which incomes from holding and selling the Securities may be taxed.*

*Also investors should note that the appointment by an investor in Securities, or any person through which an investor holds Securities, of a custodian, collection agent or similar person in relation to such Securities in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.*

### **Czech income taxation**

#### *Czech Tax Residents – Individuals*

The payments of interest accruing on the Securities to individuals with unlimited income tax liability in the Czech Republic holding the Securities as a non-business asset are subject to taxation in the Czech Republic.

If interest is paid out by a Czech tax payer, then such payments are subject to withholding tax of 15 per cent. in 2012; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to Section 5(5) of the Czech Income Tax Act<sup>1</sup>).

The difference between the nominal value of a bond<sup>2</sup> and its issue price at the time of issue is considered to be interest income from capital pursuant to Section 8 of the Czech Income Tax Act, subject to withholding tax at rate of 15 per cent. in 2012 (note that in the case of

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<sup>1</sup> Act No. 586/1992 Coll., on Income Tax, as amended.

<sup>2</sup> Given their main features, the Securities are likely to be considered as bonds for the purposes of Czech tax law.

repurchase before maturity the redemption amount shall be taken into account instead of the nominal value).

Where the interest is made on Securities originated from sources abroad or the income on difference between the nominal value paid for a bond and its issue price at the time of issue is originated from sources abroad, this gross income (including tax withheld abroad) not reduced by connected expenses shall be included in tax base which in case of Czech holders of the Securities, who are individuals, is subject to general 15 per cent. tax in 2012.

Capital gains (i.e. the difference between the sales price and the acquisition price of a bond increased by related fees for trading in the capital market and costs spent in connection with the sale) realised by Czech holders of the Securities, who are individuals, upon sale of one or more Securities are, in 2012, subject to income tax at a general 15 per cent. tax rate (if not exempt - see below). It should be noted however that if capital loss is incurred from the sales of Securities in the taxation period, the decrease of the tax base by such loss will not be possible.

Income realised by a Czech holder of the Securities, who is an individual, from the sale of the Securities is exempt from Czech personal income tax provided that the holding period of the Securities exceeded six months and the Securities have not been held as part of business property of such individual, and, if so, the Securities will not be sold prior to the expiry of a six month period following the termination of that individual's business activities.

#### *Czech Tax Residents - Individuals – Entrepreneurs*

Payments of interest on the Securities to individual entrepreneurs with unlimited income tax liability in the Czech Republic holding Securities as a business asset are subject to taxation in the Czech Republic.

If interest is paid out by a Czech tax payer, then such payments are subject to a withholding tax of 15 per cent. in 2012; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to Section 5 (5) of the Czech Income Tax Act).

The difference between the nominal value of a bond and its issue price at the time of issue is considered to be income from capital pursuant to Section 8 of the Czech Income Tax Act subject to withholding tax at the rate of 15 per cent. in 2012 (please note that in the case of repurchase before maturity the redemption price shall be used instead of the nominal value).

Where the interest is paid on Securities originated from sources abroad or the income on difference between the nominal value paid for a bond and its issue price at the time of issue is originated from sources abroad, this income including tax withheld abroad and not reduced by the relevant expenses shall be included in tax base which in case of Czech holders of the Securities, who are individual entrepreneurs, is subject to general 15 per cent. tax in 2012.

Capital gains (i.e. the difference between the sales price and the acquisition costs of the bonds) realised upon sale of the Securities which form part of a Czech holder's business assets are, in 2012, subject to an income tax at a general tax rate of 15 per cent. If accounting books are kept by the taxpayer, accounting value of the sold Securities should be taken into account instead of the acquisition price.

#### *Czech Tax residents – Corporations*

Corporations subject to unlimited corporate income tax liability in the Czech Republic are subject to corporate income tax on all interest payments resulting from Securities at a rate of 19 per cent. in 2012.

Capital gains (i.e. the difference between the sales price and the accounting value of the bonds) realised upon sale of the Securities are subject to corporate income tax at the rate of 19 per cent. in 2012. A different regime may apply to certain corporations (e.g. pension funds, investment funds).

### *Non Residents*

Payments of interest on Securities to non-residents of the Czech Republic made by Czech tax residents and permanent establishments of foreign companies constituted in the Czech Republic are subject to Czech withholding tax of 15 per cent. in 2012. The amount of withholding tax could be reduced by application of a relevant double tax treaty. Similarly the difference between the nominal value of a bond and its issue price at the time of issue should be also subject to Czech withholding tax of 15 per cent. in 2012 (note that in the case of repurchase before maturity the redemption price shall be used instead of the nominal value).

Provided that the Securities qualify as bonds issued outside of the Czech Republic, interest income from the Securities realised by non-residents of the Czech Republic will be exempt from taxation in the Czech Republic and no withholding or deduction for or on account of Czech tax will be required to be made by the Issuer on any payment of interest to the non-Czech holders of the Securities.

Capital gains from sale of bonds to Czech tax residents and Czech permanent establishments of foreign companies are subject to Czech taxation. Czech taxation may be limited by the double tax treaty stipulated by the respective country. If the double tax treaty has not been concluded or if capital gains may be subject to Czech taxation under the relevant double tax treaty, capital gains should be included in general tax base of the non resident seller (subject to a 15 per cent. tax rate in the case of an individual and a 19 per cent. tax rate in a corporation would be involved) and tax return should be filed. In cases of individuals who are not entrepreneurs, possible exemption after 6 months of holding may be applied provided that certain conditions are met. If the seller is not a tax resident in the EU or the EEA, a 1 per cent. withholding tax as security should be applied and withheld from the selling price by a Czech purchaser and this securing tax might be regarded as final taxation.

Furthermore, if the Securities form a part of the business property of a Czech permanent establishment of a foreign company, the income is also subject to the Czech taxation.

Income realised by a non-Czech holder of the Securities, not holding the Securities through a permanent establishment in the Czech Republic, from the sale of the Securities to another non-Czech holder, not acquiring the Securities through a permanent establishment in the Czech Republic, will not be subject to Czech income tax.

### ***Implementation of the EU Savings Directive in the Czech Republic***

The provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income (Savings Directive) in the form of interest payments implemented into national law in the Czech Income Tax Act states that the Czech tax payer who is a Czech paying agent must take steps to establish that the recipient of the payment is the beneficial owner and tax resident of the relevant state.

At the moment when the provisions of the relevant double tax treaty are applied, the payer of the interest income should receive documentation confirming that the recipient is the beneficial owner of the interest and tax resident in the relevant state.

These facts can be proved by e.g.:

- Certificate of tax residence in the particular state issued by a foreign tax authority;
- Declaration of the foreign entity that it is the beneficial owner of the income and that the payment is regarded as its income under the its domestic legislation;
- Evidence showing that other conditions in the individual double taxation treaty or in the domestic tax law have been met.

Furthermore, the Savings Directive specifies that if a higher tax was withheld abroad on Czech individual taxpayer's interest income than that stipulated in the relevant double tax treaty, his tax liability may be reduced by such foreign tax provided that it was withheld in accordance with the Savings Directive. Should the total tax liability be lower than the tax

withheld in accordance with the Savings Directive, an overpayment the tax payer should become entitled to claim the overpayment back.

### ***Inheritance and Gift Tax***

Inheritance tax is payable by the heirs of deceased persons. Subject to certain exemptions, if the deceased was a Czech citizen with permanent residence in the Czech Republic, the tax is charged on the net value of all assets (except real estate abroad). Otherwise it is charged only on assets located in the Czech Republic. The inheritance tax rate in 2012 is 9.5 per cent.

Gift tax is charged on the gratuitous acquisition of property. The taxpayer is normally the donee, but if the donor is a Czech resident and the donee is not, the tax is payable by the donor. The gift tax rate in 2012 is 19 per cent.

As of 2012, inheritance and gift tax are only payable in respect of transfers of assets to a person who is not a spouse or relative of the donor.

### ***Other Taxes***

No Czech stamp duty, registration, transfer or similar taxes will be payable in connection with the acquisition, ownership, sale or disposal of the Securities by Czech holders or non-Czech holders of the Securities.

## **FRANCE**

### ***Stamp duty***

The purchase or sale of the Securities is not subject to stamp duty or transfer tax in France.

### ***Income Tax and Withholding tax***

Income paid or accrued on the Securities, to the extent such Securities are not issued by an Issuer incorporated or otherwise acting through a French permanent establishment, is not mandatorily subject to withholding tax in France.

However, prospective purchasers of Securities who are French resident for tax purposes or who would hold Securities through a permanent establishment or a fixed base in France should be aware that transactions involving the Securities, including any purchase or disposal of, or other dealings in the Securities and any transaction involved in the exercise and settlement of the Securities, may have French tax consequences.

The tax consequences regarding interest, premium on redemption and capital gains in particular may depend, amongst other things, upon the status of the prospective purchaser (i.e. legal entities or individuals) and on the specific terms and conditions of the relevant Securities. Prospective purchasers of Securities should consult their own advisers about the tax implications of holding Securities and of any transactions involving Securities.

### ***EU Savings Directive***

The Directive was implemented into French law under Article 242 *ter* of the French tax code, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

## **FINLAND**

*The following provisions are only relevant in respect of Securities which are to be held within the Euroclear Finland system.*

There is no Finnish withholding tax (*lähdevero*) applicable on payments made by the Issuer in respect of the Securities. Payment of the redemption gain (if any) or interest on the Securities

through a Finnish paying agent to individuals resident in Finland may, however, be subject to an advance tax withheld (*ennakonpidätys*) by the Finnish paying agent at the rate of 30 per cent. Payment of the redemption gain or payment upon the exercise (i.e. the realisation of the net value through cash settlement) of Securities classified as certificates or warrants should not be subject to any advance tax withholding to the extent that the gain or income so arising would qualify as a capital gain for individuals.

Interest and capital gains received by individuals are currently taxed at a rate of 30 per cent. or 32 per cent. for capital income exceeding EUR 50,000 annually. Capital losses are deductible from capital gains arising in the same year and the five following years, but not from other capital income. Advance tax withheld (*ennakonpidätys*) by the Finnish paying agent, if any, will be taken into account as paid tax in the individual's final taxation. Payment of the redemption gain (if any) or interest on the Securities through a Finnish paying agent to corporate entities resident in Finland will not be subject to any Finnish advance or withholding taxes.

## GERMANY

The following summary does not consider all aspects of income taxation in the Federal Republic of Germany ("**Germany**") that may be relevant to a holder of the Securities in the light of the holder's particular circumstances and income tax situation. The summary applies to investors holding the Securities as private investment assets (except where explicitly stated otherwise) and is not intended to be, nor should it be construed to be, legal or tax advice. This discussion is based on German tax laws and regulations, all as currently in effect (except where explicitly stated otherwise) and all subject to change at any time, possibly with retroactive effect. The tax treatment of the Securities will be different from the description below if the Securities fall within a special tax regime such as the taxation of investment funds which may, for example, be the case with respect to Fund-linked Securities, depending on the relevant Final Terms. **Prospective holders should consult their own tax advisers as to the particular tax consequences to them of subscribing, purchasing, holding and disposing of the Securities, including the application and effect of state, local, foreign and other tax laws and the possible effects of changes in the tax laws of Germany.**

### German resident securities holders

#### Interest income

If the Securities are held as private assets (*Privatvermögen*) by an individual investor whose residence or habitual abode is in Germany, payments of interest under the Securities are taxed as investment income (*Einkünfte aus Kapitalvermögen*) at a 25 per cent. flat tax (*Abgeltungsteuer*) (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax).

The flat tax is generally collected by way of withholding (see succeeding paragraph – Withholding tax on interest income) and the tax withheld shall generally satisfy the individual investor's tax liability with respect to the Securities. If, however, no or not sufficient tax was withheld the investor will have to include the income received with respect to the Securities in its income tax return and the flat tax will then be raised by way of tax assessment. The investor may also opt for tax assessment of its investment income in its income tax return if the aggregated amount of tax withheld on investment income during the year exceeded the investor's aggregated flat tax liability on investment income (e.g., because of an available loss carry forward or a foreign tax credit). If the investor's total income tax liability on all taxable income including the investment income determined by generally applicable graduated income tax rates is lower than 25 per cent., the investor may opt to be taxed at graduated rates with respect to its investment income.

If EU Withholding Tax was withheld on interest paid to German investors according to the EU Savings Directive (as defined above under the header European Union Directive on the Taxation of Savings Income, Swiss Agreement) the German investor will generally be entitled to a credit or a refund of the tax withheld against its German income tax liability.



Individual investors are entitled to a tax allowance (*Sparer-Pauschbetrag*) for investment income of EUR 801 per year (Euro 1,602 for married couples filing their tax return jointly). The tax allowance is taken into account for purposes of the withholding tax (see succeeding paragraph – Withholding tax on interest income) provided that the investor files a withholding tax exemption request (*Freistellungsauftrag*) with the respective bank or financial institution where the securities deposit account to which the Securities are allocated is held. The deduction of related expenses for tax purposes is not possible.

If the Securities are held as business assets (*Betriebsvermögen*) by an individual or corporate investor who is tax resident in Germany (i.e., a corporation with its statutory seat or place of management in Germany), interest income from the Securities is subject to personal income tax at graduated rates or corporate income tax (each plus solidarity surcharge thereon and for individuals, if applicable, church tax) and trade tax. The trade tax liability depends on the applicable trade tax factor of the relevant municipality where the business is located. In case of individual investors the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. The interest income will have to be included in the investor's personal or corporate income tax return. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

The tax treatment of the Securities will be different from the description above if the Securities fall within a special tax regime such as the taxation of investment funds which may, for example, be the case with respect to Fund-linked Securities, depending on the relevant Final Terms.

#### **Withholding tax on interest income**

If the Securities are kept with or administered by a German credit or financial services institution (or by a German branch of a foreign credit or financial services institution), or by a German securities trading firm (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) in a domestic securities deposit account (altogether the "**Domestic Disbursement Agent**") and that Domestic Disbursement Agent pays or credits the interest, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375 per cent., is levied on the interest payments. The withholding rate will be in excess of the aforementioned rate if church tax is collected for the individual investor.

#### **Capital gains from disposal or redemption of the Securities**

Subject to the tax allowance for investment income described under "Interest income" above capital gains from the disposal or redemption of the Securities held as private assets are taxed at the 25 per cent. flat tax (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax). The capital gain is generally determined as the difference between the proceeds from the disposal or redemption of the Securities and the acquisition costs. In case of physical delivery of Securities upon redemption or disposal the fair market value of the Securities delivered will be taken into account in determining the amount of proceeds received from the disposal or redemption subject to the rollover provisions described below.

Expenses directly related to the disposal or redemption are taken into account in computing the capital gain. Otherwise, the deduction of related expenses for tax purposes is not possible.

Where the Securities are denominated in a currency other than Euro, the acquisition costs and the proceeds from the disposal or redemption are computed in Euro, each at the time of the acquisition, disposal or redemption, respectively.

Capital losses from the disposal or redemption of the Securities held as private assets are generally tax-recognised irrespective of the holding period of the Securities. However, in case where no payments are made to the investors on the maturity or settlement date (e.g.,

because of a knock-out) the capital loss will not be recognised by the tax authorities. The losses may not be used to offset other income like employment or business income but may only be offset against investment income. Losses not utilised in one year may be carried forward into subsequent years.

In case of Securities where the issuer is entitled to physical delivery of securities (*Wertpapiere*) instead of cash payment the delivery of the Securities may depending on the final terms of the Securities not constitute a taxable event with respect to any capital gains or losses built into the Securities (rollover relief). If the physical delivery qualifies for the tax neutral rollover relief the acquisition costs the investor has in the Securities will generally be rolled over into acquisition costs of the Securities delivered. Any capital gains or losses would be taxable upon the disposal or redemption of the Securities. The rollover relief does not apply to the physical delivery of commodities (e.g., gold).

The flat tax is generally collected by way of withholding (see succeeding paragraph – "Withholding tax on capital gains") and the tax withheld shall generally satisfy the individual investor's tax liability with respect to the Securities. With respect to situations where the filing of a tax return is possible or required investors are referred to the description under *Interest income* above.

If the Securities are held as business assets (*Betriebsvermögen*) by an individual or corporate investor that is tax resident in Germany, capital gains from the Securities are subject to personal income tax at graduated rates or corporate income tax (plus solidarity surcharge thereon and for individuals, if applicable, church tax) and trade tax. The trade tax liability depends on the applicable trade tax factor of the relevant municipality where the business is located. In case of an individual investor the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. The capital gains or losses will have to be included in the investor's personal or corporate income tax return. It cannot be excluded that certain Securities, in particular those with a derivative component, may be classified as forward transaction (*Termingeschäft*) for tax purposes. In this case the losses from the Securities could only be offset against gains from other forward transactions (ring-fencing of losses). Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

## **Warrants**

The tax treatment stipulated above under "Capital gains from disposal or redemption of the Securities" generally also applies to warrants subject to the special considerations set forth in the following paragraph for warrants held as private assets.

Upon exercise of the warrant the difference between the cash settlement amount received by the investor and the acquisition costs of the warrant (warrant premium) constitutes the taxable gain subject to the flat tax. If the warrant is sold before maturity the difference between the proceeds received from the sale of the warrant and the warrant premium is also taxed as capital gain subject to the flat tax. If the warrant is physically settled the receipt of the underlying should not constitute a taxable event. The investor will acquire the underlying for the sum of the warrant premium and the strike price paid, if any. The subsequent sale or redemption of the underlying, as the case may be, would generally be taxable. In the view of the German tax authorities the investor will not be able to deduct the warrant premium if the warrant lapses without exercise. Special rules may apply to the purchase, sale or settlement of interest rate warrants or currency warrants.

## **Withholding tax on capital gains**

If the Securities are kept with or administered by a Domestic Disbursement Agent at the time of their disposal or redemption a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, is levied on the capital gains, resulting in a total withholding tax charge of 26.375 per cent. If the Securities have been kept or administered by that Domestic Disbursement Agent from the time of their acquisition, the capital gains are generally

determined as the difference between the proceeds from the disposal or redemption of the Securities and the acquisition costs. If the Securities were sold or redeemed after being transferred to another Domestic Disbursement Agent the 25 per cent. withholding tax (plus solidarity surcharge thereon) will be levied on 30 per cent. of the proceeds from the disposal or the redemption, as the case may be, unless the investor provides evidence of the investor's actual acquisition costs to the Domestic Disbursement Agent. Such evidence is only permissible if the foreign bank is resident within the EU, European Economic Area ("EEA") or a contracting state of the EU Savings Directive (as defined above).

The applicable withholding rate is in excess of the aforementioned rate if church tax is collected for the individual investor.

### **Non-resident Securityholders**

Income derived from the Securities by holders who are not tax resident in Germany is in general not subject to German income taxation, and no withholding tax shall be withheld, provided however (i) the Securities are not held as business assets of a German permanent establishment of the investor or by a permanent German representative of the investor, or (ii) the income derived from the Securities does not otherwise constitute German source income. If the income derived from the Securities is subject to German taxation, the income is subject to withholding tax similar to that described above under the paragraphs "Withholding tax on interest income". Under certain circumstances, foreign investors may benefit from tax reductions or tax exemptions under applicable double tax treaties (*Doppelbesteuerungsabkommen*) entered into with Germany.

### **Inheritance tax/gift tax**

The transfer of Securities to another person by way of gift or inheritance is subject to German gift or inheritance tax, respectively, if

- (i) the testator, the donor, the heir, the donee or any other acquirer had his residence, habitual abode or, in case of a corporation, association (*Personenvereinigung*) or estate (*Vermögensmasse*), had its seat or place of management in Germany at the time of the transfer of property,
- (ii) except as provided under (i), the testator's or donor's Securities belong to a business asset attributable to a permanent establishment or a permanent representative in Germany,

Special regulations apply to certain German expatriates.

### **Other taxes**

The purchase, sale or other disposal of Securities does not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany. However, under certain circumstances entrepreneurs may choose liability to value added tax with regard to the sales of Securities which would otherwise be tax exempt. The acquisition and disposal of Securities that give investors a proprietary interest in commodities or other underlying assets or constitute a claim for physical delivery and the actual physical delivery of these commodities or assets could give rise to value added tax. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

### **Implementation of EU Savings Directive in Germany**

Under the EU Savings Directive and from 1 July 2005, each EU Member State is required to provide the tax authorities of another Member State with details of payments of interest and other similar income paid by a person in one Member State to an individual resident in another Member State. Austria and Luxembourg must instead impose a withholding tax for a transitional period unless during such period they elect to participate in the information exchange. In Germany, provisions for implementing the EU Savings Tax Directive have been enacted by legislative regulations of the federal government (*Zinsinformationsverordnung*). These provisions apply as from 1 July 2005.

## **GREECE**

*The following is a summary of certain material Greek tax consequences relating to the Securities. The below analysis does not purport to deal with all the tax consequences applicable to all possible categories of investors, some of which may be subject to special rules. Further, it is not intended as tax advice to any particular investor and it does not purport to be a comprehensive description or analysis of all of the potential tax considerations relating to the Securities.*

*Holders of the Securities are urged to consult their professional advisers. Furthermore, the below discussion is limited to the payment of interest under the Securities and their corresponding treatment as debt securities.*

*This summary is based upon Greek tax law in force, as well as practice and interpretation available, at the date hereof, which is subject to change at any time, possibly with retroactive effect.*

### ***Greek withholding tax on interest income***

A withholding tax of 10 per cent. will be imposed on interest payments made to holders of the Securities who are tax residents in Greece and on holders who maintain, for tax purposes, a permanent establishment in Greece. The withholding will be applied on the date of payment of the interest under the Securities or on any date on which a holder sells any Securities with reference to the interest accrued during the relevant Interest Period up to the time of such sale. In any case, the tax basis for withholding is the amount of interest accrued from the date the holder acquired the Securities to the following Interest Payment Date or from the date the holder acquired the Securities to the date of sale thereof if no Interest Payment Date has occurred, in each case, determined with reference to the nominal value of the instrument sold.

Such withholding will be imposed on payments by credit institutions registered or established in Greece, qualifying as paying agents within the meaning article 4(2)(a) of Law 3312/2005 implementing into Greek Law Directive 2003/48/EC on taxation of savings income in the form of interest payments – the "**Implementing Law**"), upon collection of interest on behalf of the Greek tax residents. Such withholding exhausts the tax liability of certain categories of Greek tax residents, including among others, individuals, partnerships, joint ventures, insurance companies and non-for profit entities.

No withholding tax on account of Greek tax laws will be imposed on holders who are not Greek tax residents and do not maintain, for tax purposes, a permanent establishment in Greece.

### ***Capital gains realised from the disposal of the Securities***

According to Law 4051/2012 capital gains realised from the sale of Greek Government and corporate bonds qualify as income from securities. More particularly if the holders of such debt instruments are individuals, whether tax residents of Greece or not, the applicable withholding tax would be 20 per cent.

The same withholding tax rate (20 per cent.) applies to holders who are companies or legal entities which maintain for tax purposes a permanent establishment in Greece. Such 20 per cent. withholding does not exhaust the tax liability of the above holders. If the holders of such bonds are companies or legal entities who are not tax residents in Greece and do not maintain for tax purposes a permanent establishment in Greece then the applicable withholding tax rate would be 40 per cent., which exhausts the tax liability of such holders.

In cases where Greece has executed a bilateral tax treaty with a country for the avoidance of double taxation then the provisions of such bilateral treaty shall prevail over the provisions of internal Greek tax law and shall apply, provided an appropriate tax residence certificate will be provided by the holder of bonds (the holder of the bonds being an individual tax resident of such country or a legal entity of such country which does not maintain for tax purposes a permanent establishment in Greece).

### **Implementation of EU Savings Directive**

Under the EU Savings Directive, each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted or agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those countries and territories in relation to payments made by a person in a Member State to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, one of those countries or territories. A proposal for amendments to the EU Savings Directive has been published, including a number of suggested changes which, if implemented, would broaden the scope of the rules described above.

Greece implemented the EU Savings Directive by virtue of the Implementing Law. Under the Implementing Law, Greek paying agents paying interest, payable under the Securities, or securing the payment of interest for the benefit of, any individual holder (natural person), who is not a resident of Greece for tax purposes, shall be required to report to the Greek competent authority, being the Directorate of International Financial Affairs of the Ministry of Economy and Finance, certain information, consisting of, at least, the identity and residence of such individual holder of the Securities, the name and address of the paying agent, the account number of such individual holder of the Securities and information concerning such interest payment. The Directorate of International Financial Affairs of the Ministry of Economy and Finance shall in turn communicate the above information to the respective competent authority of the Member State in which such holder of Securities retains its residence for tax purposes. A reporting process is established in certain cases also where the paying agent is paying interest, payable under the Securities, to or securing the payment of interest for the benefit of certain categories of EU-based entities (other than Greek), as defined in the Implementing Law, which interest is secured or collected for the benefit of the ultimate individual holder of the Securities. Also, specific obligations have been imposed on Greek entities, collecting or receiving interest for the benefit of the ultimate individual holder of the Securities, by a Ministerial Decision of the Ministry of Economy and Finance. The enactment of the Implementing Law commenced on 1 July 2005.

### **HUNGARY**

*The following is a summary of certain Hungarian tax considerations relevant to the holder of the Securities. This summary is of a general nature only, does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the securities. Prospective holders should consult their own tax advisers as to the particular tax consequences to them of subscribing for, purchasing, owning and disposing of the Securities.*

*The statements herein regarding taxation in Hungary assume that the Issuer of the Securities is not tax resident in Hungary and the Securities are not issued via a Hungarian branch of the Issuer.*

*These statements are based on the laws in force in Hungary as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made with retroactive effect.*

#### **Resident private individual holders**

Private individual holders will be subject to personal income tax in Hungary in respect of income derived from the securities. In general, the applicable tax rate will be 16 percent. If the income is earned under specific circumstances meeting the criteria set by law, the applicable tax rate can be lower.

In addition to the personal income tax liability described above, private individual holders may be subject to certain social charges, also, in respect of income derived from the securities depending on the classification of that income and the particular circumstances of the private individual holder.

A paying agent who is deemed to be tax resident in Hungary or has a permanent establishment in Hungary via which the payment is made may be required to withhold tax from the payment resulting from the holding, sale or redemption of the Securities.

#### **Resident entities holding the Securities**

Companies will be subject to corporate income tax on any income resulting from the holding, redemption or sale of or any other transaction resulting gain with the Securities. Such income or gains will be part of the normal corporate income tax base and will be taxed accordingly. The applicable tax rate is 10 or 19 percent depending on the total amount of the taxable base.

Other entities that are subject to the corporate income tax law can be subject to tax on their income resulting from the Securities, depending on their individual circumstances from a corporate income tax perspective.

#### **Non-resident holders**

Private individual holders not being tax resident in Hungary will not be subject to tax in Hungary in respect of income derived from the Securities, unless they hold the securities as entrepreneurs and have a permanent establishment in Hungary to which the Securities are attributable.

Any entity not being tax resident in Hungary will not be subject to tax in Hungary in respect of income derived from the Securities, unless they have a permanent establishment in Hungary to which the Securities are attributable.

## **ITALY**

*The following provisions are only relevant in respect of Securities if the relevant Final Terms specify that the Additional Provisions for Notes listed on Borsa Italiana S.p.A or the Additional Provisions for Certificates listed on Borsa Italiana S.p.A are applicable.*

*The following is a summary of current Italian law and practice relating to the taxation of the Securities. The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in bonds or commodities) may be subject to special rules.*

*Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Securities.*

## Italian Tax treatment of Notes

*The following provisions are only relevant to Securities in respect of which the relevant Final Terms specify that the applicable General Terms and Conditions are those of Notes.*

*The following provisions are based on the assumption that in the case the notes have been issued prior to 31 December 2011, their original maturity date was no less than 18 months.*

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, (the "**Decree No. 239**") provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Securities falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by non-Italian resident issuers.

For these purposes, debentures similar to bonds are defined as bonds that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value (whether or not providing for internal payments) and that do not give any right to directly or indirectly participate in the management of the relevant issuer or of the business in relation to which they are issued nor any type of control on the management.

### **Italian resident investors**

Where an Italian resident Securityholder is (i) an individual not engaged in an entrepreneurial activity to which the Securities are connected (unless he has opted for the application of the *risparmio gestito* regime – see "Capital Gains Tax" below), (ii) a non-commercial partnership pursuant to Article 5 of the Italian Income Consolidated Code ("**TUIR**"), (iii) a non-commercial private or public entity/institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Securities, accrued until 31 December 2011, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 12.5 per cent. Such tax rate has been increased to 20 per cent. for interest, premium and other income relating to securities accrued on or after 1 January 2012. In the event that the Securityholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Securityholder is not included in the above (i) to (iv) and is a company or similar commercial entity pursuant to article 73 of TUIR or a permanent establishment in Italy of a foreign company to which the Securities are effectively connected and the Securities are deposited with an authorised intermediary, interest, premium and other income from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant Securityholder's income tax return and are therefore subject to general Italian corporate taxation ("**IRES**", levied at the rate of 27.5 per cent.) and, in certain circumstances, depending on the tax "status" of the Securityholder, also to regional tax on productive activities ("**IRAP**", generally levied at the rate of 3.9 per cent., even though regional surcharges may apply).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the Italian Ministry of Economics and Finance through Circular No. 47/E of 8 August 2003, payments of interest in respect of the Securities made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to substitute tax nor to any other income tax.

If an investor is resident in Italy and is an open-ended or closed-ended investment fund (the "**Fund**") or a SICAV, and the Securities are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Securities will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund or SICAV accrued at the end of each tax period, subject to an ad-hoc substitute tax applicable at a 12.5 per cent. rate. From 1 July 2011, the *imposta sostitutiva* of 12.5 per cent. applicable to the management results of the Italian resident Fund or SICAV has been abolished; a

withholding of 12.5 per cent. applies to proceeds distributed by the Fund or SICAV or proceeds received by some categories of investors following redemption and assignment of the units. Such tax rate has been increased to 20 per cent. for proceeds distributed by the fund or SICAV on or after 1 January 2012.

Where an Italian resident Securityholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Securities are deposited with an authorised intermediary, interest, premium and other income relating to the Securities and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *Società di intermediazione mobiliare* ("**SIMs**"), fiduciary companies, *Società di gestione del risparmio* ("**SGRs**"), stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an "**Intermediary**").

For the Intermediary to be entitled to apply the *imposta sostitutiva*, it must (i) be (a) resident in Italy or (b) resident outside Italy, with a permanent establishment in Italy or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Securities. For the purpose of the application of the *imposta sostitutiva*, a transfer of Securities includes any assignment or other act, either with or without consideration.

Where the Securities are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Securityholder. If interest and other proceeds on the Securities are not collected through an Intermediary or any entity paying interest and as such no *imposta sostitutiva* is levied, the Italian resident beneficial owners listed above under (i) to (iv) will be required to include interest and other proceeds in their yearly income tax return and subject them to a final substitute tax at a rate of 12.5 per cent. Such tax rate has been increased to 20 per cent. for interest and other proceeds accrued on or after 1 January 2012.

### **Early Redemption Tax**

In the event the Securities issued prior to 31 December 2011 and having an original maturity of at least 18 months are redeemed, in full or in part, prior to 18 months from their issue date, Italian resident Securityholders will be required to pay, by way of a withholding to be applied by the intermediary responsible for payment of interest or the redemption of the Securities, an amount equal to 20 per cent. of the interest and other amount accrued up to the time of the early redemption (referred to as "**Early Redemption Tax**"). The Early Redemption Tax is due even in the case the Securities, issued prior to 31 December 2011 and having an original maturity of at least 18 months, are redeemed on or after 1 January 2012. In such a case the early redemption tax is only due on interest and amounts which have accrued until 31 December 2011.

### **Non-Italian Resident Securityholders**

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Securityholder of interest or premium relating to the Securities provided that, if the Securities are held in Italy, the non-Italian resident Securityholder declares itself to be a non-Italian resident according to Italian tax regulations.

### **Capital Gains Tax**

Under Article 67 of Presidential Decree No. 917 of 22 December 1986 (the "**TUIR**") and Legislative Decree No. 461 of 21 November 1997, as subsequently amended, (the "**Decree 1997**"), if the Italian resident investor is (i) an individual not engaged in an entrepreneurial activity to which the Securities are connected, (ii) a non-commercial partnership pursuant to Article 5 of the TUIR, (iii) a non-commercial private or public institution, or (iv) an investor



exempt from Italian corporate income taxation, capital gains arising from redemption and trading of the Securities are subject to *imposta sostitutiva*, levied at the rate of 20 per cent. if and to the extent such capital gains are realised on or after 1 January 2012.

Any gain obtained from the sale, early redemption or redemption of the Securities would be treated as part of the taxable income (and, in certain circumstances, depending on the tax "status" of the Securityholder, also as part of the net value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Securities are effectively connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Securities are connected.

Where an Italian resident Securityholder is an individual not holding the Securities in connection with an entrepreneurial activity, any capital gain realised by such Securityholder from the sale, early redemption or redemption of the Securities would be subject to an *imposta sostitutiva*, levied at the current rate of 20 per cent. if and to the extent such capital gain is realised on or after 1 January 2012. Under some conditions and limitations, Securityholders may set off losses with gains. This rule applies also to certain other entities holding the Securities.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

- (i) Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any offsettable capital loss, realised by the Italian resident individual Securityholder holding Securities not in connection with an entrepreneurial activity pursuant to all sales, early redemption or redemptions of the Securities carried out during any given tax year. Italian resident individuals holding Securities not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (ii) As an alternative to the tax declaration regime, Italian resident individual Securityholders holding the Securities not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale, early redemption or redemption of the Securities (the *risparmio amministrato* regime provided for by Article 6 of the Legislative Decree No. 461 of 21 November 1997, as a subsequently amended, the "**Decree No. 461**"). Such separate taxation of capital gains is allowed subject to (i) the Securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant Securityholder. The election will be effective during the relevant tax year and may be revoked by the end of the calendar year and be effective for the following tax year. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale, early redemption or redemption of the Securities (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Securityholder or using funds provided by the Securityholder for this purpose. Under the *risparmio amministrato* regime, where a sale, early redemption or redemption of the Securities results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same Securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Securityholder is not required to declare the capital gains in its annual tax return.

- (iii) Any capital gains realised or accrued by Italian resident individuals holding the Securities not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Securities, to an authorised intermediary and have validly opted for the so-called *risparmio gestito* regime (regime provided by Article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Securityholder is not required to declare the capital gains realised in its annual tax return.

If the Italian investor is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the Securities are effectively connected, capital gains arising from the Securities will not be subject to *imposta sostitutiva*, but will contribute to determine the taxable income of the investor for the purposes of IRES pursuant to the provisions and within the limits described by the TUIR. Such assessment will depend, in particular, on the tax status of the investor and on the type of registration of the Securities on the balance sheet. Such revaluations and depreciation will contribute, furthermore, to the occurrence of certain conditions in relation to the tax status of the investor and to the taxable base of IRAP.

Any capital gains realised by a Securityholder which is a Fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 12.5 per cent. substitute tax. From 1 July 2011, the *imposta sostitutiva* of 12.5 per cent. applicable to the management results of the Fund or SICAV has been abolished; a withholding of 12.5 per cent. applies to proceeds distributed by the Fund or SICAV or proceeds received by some categories of investors following redemption and assignment of the units. Such tax rate has been increased to 20 per cent. for proceeds distributed by the fund or SICAV on or after 1 January 2012.

Any capital gains realised by a Securityholder which is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

#### ***Non-Italian Resident Securityholders***

Capital gains realised by non-Italian resident Securityholders from the sale, early redemption or redemption of the Securities are not subject to Italian taxation, provided that the Securities (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside Italy.

#### ***Inheritance and gift taxes***

Pursuant to Law Decree No. 262 of 3 October 2006, (Decree No. 262), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (ii) transfers in favour of relatives to the fourth degree and relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

## Transfer Tax

The transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of EUR 168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

## Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

## Italian taxation of Certificates

*The following provisions are only relevant to Securities in respect of which the relevant Final Terms specify that the applicable General Terms and Conditions are those of Certificates.*

Pursuant to Article 67 of the TUIR and the Decree 1997 where the Italian resident Securityholder is (i) an individual not engaged in an entrepreneurial activity to which the Certificates are connected, (ii) a non-commercial partnership, pursuant to article 5 of the TUIR, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of the Certificates are subject to a 12.5 per cent. substitute tax (*imposta sostitutiva*). Such tax rate has been increased to 20 per cent. to the extent that the capital gains have been realised on or after 1 January 2012. The recipient may opt for three different taxation criteria:

- (i) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity to which the Certificates are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any offsettable capital loss, realised by the Italian resident individual holding the Certificates not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Certificates carried out during any given tax year. Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (ii) As an alternative to the tax declaration regime, Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Certificates (the *risparmio amministrato* regime provided for by Article 6 of Decree 1997). Such separate taxation of capital gains is allowed subject to (i) the Certificates being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant Securityholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Certificates (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Securityholder or using funds provided by the Securityholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Certificates results in a capital loss, such loss may be deducted from capital gains subsequently

realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Securityholder is not required to declare the capital gains in the annual tax return.

- (iii) Any capital gains realised or accrued by Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Certificates, to an authorised intermediary and have validly opted for the so-called *risparmio gestito* regime (regime provided for by Article 7 of the Decree 1997) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Securityholder is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident Securityholder is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Certificates are effectively connected, capital gains arising from the Certificates will not be subject to *imposta sostitutiva*, but must be included in the relevant Securityholder's income tax return and are therefore subject to Italian corporate tax (and, in certain circumstances, depending on the "status" of the Securityholder, also as a part of the net value of production for IRAP purposes).

Any capital gains realised by a Securityholder which is an open-ended or closed-ended investment fund (the "**Fund**") (subject to the tax regime provided for by Law No.77 of 23 March 1983) or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period subject to an ad-hoc substitute tax applicable at 12.5 per cent. From 1 July 2012, the *imposta sostitutiva* of 12.5 per cent. applicable to the management results of the Italian resident Fund or SICAV has been abolished, a withholding of 12.5 per cent. applies to proceeds distributed by the Fund or SICAV or proceeds received by some categories of investors following redemption and assignment of the units. Such tax rate has been increased to 20 per cent. for proceeds distributed by the fund or the SICAV on or after 1 January 2012.

Any capital gains realised by a Securityholder which is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

Capital gains realised by non-Italian resident Securityholders are not subject to Italian taxation provided that the Certificates (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside Italy.

The provisions of the applicable tax treaties against double taxation entered into by Italy apply if more favourable and all relevant conditions are met.

### **Atypical securities**

In accordance with a different interpretation of current tax law, it is possible that Certificates would be considered as "atypical" securities pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Certificates may be subject to an Italian withholding tax, levied at the rate of 20 per cent. for amounts accrued as of 1 January 2012.

The 20 per cent. withholding tax mentioned above does not apply to payments made to a non-Italian resident holder of the Certificate and to an Italian resident holder of the Certificate which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

Withholding is levied by the Italian intermediary appointed by the relevant Issuer, intervening in the collection of the relevant income or in the negotiation or repurchasing of the Certificates.

### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, (Decree No. 262), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (ii) transfers in favour of relatives to the fourth degree and relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

### **Transfer Tax**

Article 37 of Law Decree No 248 of 31 December 2007 (Decree No. 248), converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of EUR 168, and (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### **Implementation in Italy of the EU Savings Directive**

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

### **LUXEMBOURG**

*The comments below are intended as a basic summary 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.*

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Investors or so-called residual entities, there is in general no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Investors or so-called residual entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Securities.

## **Withholding Tax and Self-Applied Tax**

### ***Taxation of Luxembourg non-residents***

Under the Luxembourg laws dated 21 June 2005 (the "**Laws**") implementing the EU Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union ("**EU**"), a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income (in the meaning of the Directive) paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the exchange of information or the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain "residual entities" within the meaning of Article 4.2 of the Savings Directive established in a Member State or in certain EU dependent or associated territories (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, which are not UCITS recognised in accordance with the European Council Directive 85/611/EEC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and which have not opted to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC).

Since July 2011 withholding tax rate is 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

### ***Taxation of Luxembourg residents***

In accordance with the law of 23 December 2005 (the "**Law**"), as amended by the law of 17 July 2008, on the introduction of a withholding tax on certain interest payments on savings income, interest payments made by Luxembourg paying agents (defined in the same way as in the EU Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC or for the exchange of information regime) are subject to a mandatory 10 per cent. withholding tax. This withholding tax is in full discharge of personal income tax for the beneficial owners. Thus upon each interest payment, the Luxembourg paying agent will be in charge for the declaration and the payment of such withholding tax.

Pursuant to the Law, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the EU Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area other than an EU Member State or in a State or territory which has concluded an international agreement directly related to the EU Savings Directive.

## **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.

### ***Taxation of Luxembourg residents***

Investors who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

Interest received by an individual resident in Luxembourg is, in principle, subject to withholding tax or to the self-applied tax (see above "Withholding Tax and Self-Applied Tax - Taxation of Luxembourg residents"). This withholding tax or self-applied tax represents the final tax liability for the Luxembourg individual resident taxpayers receiving the interest payment in the course of their private wealth. However, individual Luxembourg resident Investors receiving the interest as business income remain subject to filing requirements and progressive income rates on such income. As a result, they should include this interest in their taxable basis. If the 10 per cent. Luxembourg withholding tax has been levied, it will be credited against their final income tax liability.

Luxembourg resident individual Investors are not subject to taxation on capital gains upon the disposal of the Securities, unless the disposal of the Securities precedes the acquisition of the Securities or the Securities are disposed of within six months of the date of acquisition of these Securities. Upon the sale, redemption or exchange of the Securities, accrued but unpaid interest will be subject to the 10 per cent. withholding tax, if applicable. Individual Luxembourg resident Investors receiving the interest as business income must also include the portion of the price corresponding to this interest in their taxable income. In the latter case, the 10 per cent. Luxembourg withholding tax levied will be credited against their final income tax liability.

Luxembourg resident corporate Investors, or Investors who have a permanent establishment, a permanent representative or a fixed base of business in Luxembourg with which the holding of the Securities is connected, must for income tax purposes include in their taxable income any interest (including accrued but unpaid interest) as well as the difference between the sale or redemption price and the lower of the cost or book value of the Securities sold or redeemed.

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.

### **Net Wealth tax**

Luxembourg net wealth tax will not be levied on a corporate holders whose Securities are attributable to an enterprise or part thereof which is carried on in Luxembourg through a permanent establishment or a permanent representative, unless (a) such holder is a Luxembourg resident other than a holder governed by (i) the laws of 17 December 2010 and 13 February 2007 on undertakings for collective investment; (ii) the law of 22 March 2004 on securitisation; (iii) the law of 15 June 2004 on the investment company in risk capital; or (iv) the law of 11 May 2007 on family estate management companies, or (b) the Securities are attributable to an enterprise or part thereof which is carried on in Luxembourg through a permanent establishment or a permanent representative.

### **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.

Investors not permanently resident in Luxembourg at the time of death will not be subject to inheritance or other similar taxes in Luxembourg in respect of the Securities. No Luxembourg gift tax is levied upon a gift or donation of the Securities, if the gift is not passed before a Luxembourg notary or recorded in a deed registered in Luxembourg.

## **THE NETHERLANDS**

### **General**

Where this summary refers to "the Netherlands" or "Dutch", it refers only to that part of the Kingdom of the Netherlands that is in Europe.

### **Scope**

Regardless of whether or not a holder of Securities is, or is treated as being, a resident of the Netherlands, this summary does not address the Dutch tax consequences for such a holder:

- (i) having a substantial interest (*aanmerkelijk belang*) in the Issuer (such a substantial interest is generally present if an equity stake of at least 5 per cent., or a right to acquire such a stake, is held, in each case by reference to the Issuer's total issued share capital, or the issued capital of a certain class of shares);
- (ii) who is a private individual and who may be taxed in box 1 for the purposes of Dutch income tax (*inkomstenbelasting*) as an entrepreneur (*ondernemer*) having an enterprise (*onderneming*) to which the Securities are attributable, or who may otherwise be taxed in box 1 with respect to benefits derived from the Securities;
- (iii) which is a corporate entity and a taxpayer for the purposes of Dutch corporate income tax (*vennootschapsbelasting*), having a participation (*deelname*) in the Issuer (such a participation is generally present in the case of an interest of at least 5 per cent. of the Issuer's nominal paid-in capital);
- (iv) which is a corporate entity and an exempt investment institution (*vrijgestelde beleggingsinstelling*) or investment institution (*beleggingsinstelling*) for the purposes of Dutch corporate income tax, a pension fund, or otherwise not a taxpayer or exempt for tax purposes; or
- (v) which is not considered the beneficial owner (*uiteindelijk gerechtigde*) of the Securities and/or the benefits derived from the Securities.

### **Income tax**

#### ***Resident holders***

A holder who is a private individual and a resident, or treated as being a resident, of the Netherlands for the purposes of Dutch income tax, must record Securities as assets that are held in box 3. Taxable income with regard to the Securities is then determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return is fixed at a rate of 4 per cent. of the holder's yield basis (*rendementsgrondslag*) at the beginning of the calendar year, insofar as the yield basis exceeds a certain threshold (*heffingvrij vermogen*). Such yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Securities, less the fair market value of certain qualifying liabilities at the beginning of the calendar year. The fair market value of the



Securities will be included as an asset in the holder's yield basis. The deemed return on income from savings and investments is taxed at a rate of 30 per cent.

### **Non-resident holders**

A holder who is a private individual and neither a resident, nor treated as being a resident, of the Netherlands for the purposes of Dutch income tax, will not be subject to such tax in respect of benefits derived from the Securities.

### **Corporate income tax**

#### **Resident holders**

A holder which is a corporate entity and for the purposes of Dutch corporate income tax a resident (or treated as being a resident) of the Netherlands, is taxed in respect of benefits derived from the Securities at rates of up to 25 per cent.

#### **Non-resident holders**

A holder which is a corporate entity and for the purposes of Dutch corporate income tax neither a resident, nor treated as being a resident, of the Netherlands, will not be subject to corporate income tax in respect of the Securities, unless such holder has an interest in an enterprise which, in whole or in part, is effectively managed in the Netherlands, or if it carries on an enterprise through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise the Securities are attributable. If a non-resident holder is subject to Dutch corporate income tax, it will be taxed in respect of benefits derived from the Securities at rates of up to 25 per cent.

## **PORTUGAL**

*This section summarises the Portuguese tax rules applicable to the acquisition, ownership and disposal of the Securities, in force as at the date of this Prospectus. This section does not analyse the tax implications that may indirectly arise from the decision to invest in the Securities, such as those relating to the tax framework of financing obtained to support such investment or those pertaining to the counterparties of the potential investors, regarding any transaction involving the Securities.*

*This section is a general summary of the relevant features of the Portuguese tax system. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular investor, including tax considerations that arise from rules of general application or that are generally assumed to be known to investors. It also does not contain in-depth information about all special and exceptional regimes, which may entail tax consequences at variance with those described herewith.*

*The tax treatment of each type of potential investor described in each sub-section applies exclusively to that type of potential investor. No analogy regarding the tax implications applicable to other type of potential investors should be drawn. Potential investors should seek individual advice about the implications of the acquisition, ownership and disposal of Securities, in light of their specific circumstances.*

*This section does not include any reference to the tax framework applicable in countries other than Portugal. The rules of a Convention to prevent Double Taxation ("**Convention**") may have a bearing on Portuguese tax implications. Furthermore, the domestic provisions of other countries may exacerbate or alleviate such implications.*

*The meaning of the terminology adopted in respect of every technical feature, including the qualification of the securities issued as "bonds", the classification of taxable events, the arrangements for taxation and potential tax benefits, among others, is the one in force in Portugal as at the date of this Prospectus. No other interpretations or meanings, potentially employed in other countries, are considered.*

*The tax framework described in this section is subject to any changes in law and practices (and the interpretation and application thereof) at any moment. Although according to the Portuguese Constitution legislative amendments which increase taxation cannot have retroactive or retrospective effect, there is no general prohibition of amendments with such effect.*

## **Ordinarily resident individuals**

### ***Investment income***

Economic benefits derived from interest, amortisation, reimbursement premiums and other instances of remuneration arising from the Securities (including, upon a transfer of the Securities, the interest accrued since the last date on which interest was paid), are classified as "investment income" for Portuguese tax purposes.

There is no Portuguese withholding tax applicable on investment income paid by the Issuer in respect of the Securities, unless such payments are made by a Portuguese paying agent, acting on behalf of, or contractually obliged by, either the non-resident entity (bound to pay the income) or the Portuguese resident individual (i.e. the recipient), in which case Personal Income Tax (*Imposto sobre o Rendimento das Pessoas Singulares*– "IRS") will be withheld at a 25 per cent. flat rate. If the Issuer is resident in a country, territory or region subject to a clearly more favourable tax regime, as listed in the Ministerial Order no. 150/2004, of 13th February, as amended by Ministerial Order no. 292/2011, of 8th November, the withholding tax rate is increased to 30 per cent. The IRS withholding is final, unless the individual decides to aggregate the relevant income with the remaining elements of income and subject the global amount to IRS, at the rate resulting from the application of the relevant progressive tax brackets for the year in question, up to 46.5 per cent., plus a 2.5 per cent. surtax if the annual income arising to the investor exceeds the amount of EUR 153,300. In this case, the domestic withholding tax suffered will represent an advance payment on account of such final IRS liability and foreign withholding tax, if any, may be credited against such final IRS liability within certain limitations.

If no such paying agent exists, Portuguese resident individuals must declare the relevant income in their tax returns and either subject it to the final flat 25 per cent. rate (unless if deriving such income in the capacity of an entrepreneur with organised accounts), or aggregate it with the remaining elements of income and subject the global amount to IRS, at the rate resulting from the application of the relevant progressive tax brackets for the year in question, up to 46.5 per cent., plus a 2.5 per cent. surtax if the annual income arising to the investor exceeds the amount of EUR 153,300. In this case, any foreign withholding tax may be credited against such final IRS liability within certain limitations.

### ***Capital gains and losses***

The annual positive balance between capital gains not excluded from taxation pursuant to the preceding paragraph and capital losses arising from the disposal of Securities (and other assets indicated in the law) for consideration, deducted of the costs necessary and effectively incurred in such disposal, is taxed at a special 25 per cent. IRS rate (with an exemption on the first EUR 500). Alternatively, the investors may opt for declaring such income in their tax returns, together with the remaining items of income derived. In that event, the capital gains shall be liable for tax at the rate resulting from the application of the relevant progressive tax brackets for the year in question, between 0 and 46.5 per cent., plus a 2.5 per cent. surtax if the annual income arising to the investor exceeds the amount of EUR 153,300. No Portuguese withholding tax is levied on capital gains.

Losses arising from disposals for consideration in favour of counterparties subject to a clearly more favourable tax regime in the country, territory or region where it is a tax resident, listed in the Ministerial Order no. 150/2004, of 13 February 2004, as amended by Ministerial Order no. 292/2011, of 8th November, are disregarded for purposes of assessing the positive or negative balance referred to in the previous paragraph.

Where the Portuguese resident individual chooses to disclose the capital gains or losses in his or her tax return, any capital losses which were not offset against capital gains in the relevant tax period may be carried forward for two years and offset future capital gains.

### **Gratuitous acquisition of Securities**

The gratuitous acquisition (on death or in life) of the Securities by Portuguese tax resident individuals is not liable for Stamp Tax (otherwise due at a 10 per cent. rate) provided the relevant Issuer is not a Portuguese tax-resident entity. Spouses, ancestors and descendants would nonetheless avail of an exemption from Stamp Tax on such acquisitions.

### **Non-habitual resident individuals**

Non-habitual resident individuals in Portugal may be exempt from IRS on both investment income arising from the Securities or capital gains derived from their disposal, disregarding whether a paying agent exists or not, provided that they may be taxed in the other State under the rules of a tax treaty entered into by Portugal or, if no tax treaty exists, that (i) it may be taxed in the other State according to the rules of the OECD Model Tax Convention on Income and on Capital, as interpreted according to the Portuguese reservations on its articles and observations on its commentary; (ii) it is not considered to derive from a Portuguese source under the IRS Code territoriality rules; and (iii) the relevant income does not arise in a State, region or territory included in the Portuguese tax havens black list. The non-habitual resident individual may however choose to declare such income in his or her tax return, together with the remaining items of income derived, and avail of a foreign tax credit.

### **Corporate entities**

To the extent that the Issuer of the Securities is a non-Portuguese resident entity, no Portuguese withholding tax on account of the final Corporate Income Tax (*Imposto sobre o Rendimento das Pessoas Colectivas – "IRC"*) liability of Portuguese corporate investors will apply. Both investment income, capital gains and positive net variations in worth will be declared and taxed at an IRC rate of 25 per cent., plus a municipal surcharge of up to 1.5 per cent. and a State surcharge of 3 per cent. on taxable profits exceeding EUR 1,500,000 or 5 per cent. if the taxable profits exceed EUR 10,000,000.

## **SINGAPORE**

### **Singapore Taxation of Notes and Warrants**

*The statements below are only applicable to Notes and Warrants issued by Credit Suisse AG, Singapore Branch, are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the relevant authorities in force as at the date of this Base Prospectus and are subject to any changes in such laws or guidelines, or the interpretation of such laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Base Prospectus are intended or are to be regarded as advice on the tax position of any prospective holder of the Notes or Warrants or of any person acquiring, selling, or otherwise dealing with the Notes or Warrants or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes or Warrants. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes or Warrants and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes or Warrants are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes or Warrants, including in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer(s) nor any other person involved in the Base Prospectus accepts*

*responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes or Warrants.*

## **Income Tax - General**

### Individual Taxpayers

An individual is a tax resident in Singapore in a year of assessment if in the preceding year he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax.

A Singapore tax resident individual is taxed at progressive rates up to 20 per cent. for the years of assessment 2012 and 2013 (that is, in respect of income earned during the calendar year or other basis period ending in 2011 and 2012 respectively).

Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 20 per cent. for the years of assessment 2012 and 2013.

### Corporate Taxpayers

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax if certain prescribed conditions are met including the following:

- (i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and
- (ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15 per cent.

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore ("**IRAS**") with respect to such conditions.

Non-resident corporate taxpayers, with certain exceptions, are subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to be received in Singapore.

The corporate tax rate in Singapore is 17 per cent. with effect from the year of assessment 2010. In addition, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. New companies will also, subject to certain conditions, be eligible for full tax exemption on their normal chargeable income of up to S\$100,000 a year for each of the company's first three years of assessment.

## **Withholding Tax on Interest and Other Payments on the Notes**

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17 per cent. with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 20 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (i) interest from debt securities derived on or after 1 January 2004;
- (ii) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (iii) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived by individuals through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

*Withholding Tax Exemption on Qualifying Payments by Specified Entities*

Pursuant to the Income Tax (Exemption of Interest and Other Payments for Economic and Technological Development) Notification 2012, a qualifying payment which is made to a person who is neither resident in Singapore nor a permanent establishment in Singapore by a specified entity shall be exempt from tax if the qualifying payment is liable to be made by such specified entity for the purpose of its trade or business under a debt security which is issued within the period from 1 April 2011 to 31 March 2021. A specified entity includes a bank licensed under the Banking Act, Chapter 19 of Singapore or approved under the Monetary Authority of Singapore Act, Chapter 186 of Singapore.

For the above purpose, the term "qualifying payment" means:

- (i) any interest, commission, fee or other payment; or
- (ii) any income derived from loans,

which is deemed under section 12(6) of the ITA to be derived from Singapore.

Pursuant to the Singapore Budget Statement 2012 and the MAS Circular FDD Cir 01/2012 published by the Monetary Authority of Singapore ("**MAS**") on 21 February 2012, it was announced that the above withholding tax exemption has been enhanced to include qualifying payments liable to be made to a permanent establishment in Singapore of a non-resident person by a specified entity for the purpose of its trade or business under a debt security which is issued within the period from 17 February 2012 to 31 March 2021. Notwithstanding

the above, these permanent establishments in Singapore of non-resident persons are required to declare such payments in their annual income tax returns and will be assessed to tax on such payments (unless specifically exempt from tax).

Qualifying Debt Securities Scheme

In addition, if the Dealers for more than half of the issue of a tranche of the Notes which are issued as debt securities under the Programme during the period from the date of this Base Prospectus to 31 December 2013 are:

- (a) financial institutions who have been awarded "Financial Sector Incentive (Bond Market) Company" status by the Minister for Finance of Singapore or such person as he may appoint; or
- (b) financial institutions in Singapore where their staff based in Singapore have a leading and substantial role in the distribution of such tranche of Notes,

such tranche of Notes ("**Relevant Notes**") would be "qualifying debt securities" under the ITA.

If the Relevant Notes are "qualifying debt securities":

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the "**Comptroller**") may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and the MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Relevant Notes by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore, or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not funds and profits of that person's operations through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and MAS), Qualifying Income from the Relevant Notes derived by any company or a body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
  - (a) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall declare and include such income in a return of income made under the ITA; and
  - (b) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and MAS a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other

particulars in connection with the Relevant Notes as the Comptroller may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (i) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and
- (ii) even though a particular tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:
  - (a) any related party of the Issuer; or
  - (b) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or the concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**break cost**", "**prepayment fee**" and "**redemption premium**" are defined in the ITA as follows:

"break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost in respect of the Relevant Notes without deduction or withholding of tax under Sections 45 and 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax is required under the ITA to include such income in a return of income made under the ITA.

The Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**") has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme,

subject to certain conditions having been fulfilled (including the submission by the issuer or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require to the Comptroller and the MAS), income tax exemption is granted on interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2013;
- (b) have an original maturity of not less than 10 years;
- (c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are "qualifying debt securities" which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, interest, discount income, prepayment fee, redemption premium and break cost from such Relevant Notes derived by:

- (i) any related party of the Issuer; or
- (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

### **Dividends Paid by Singapore Tax Resident Companies**

With effect from 1 January 2008, all Singapore-resident companies are under the one-tier corporate tax system ("**one-tier system**"). Under this system, the tax on corporate profits is final and dividends paid by a Singapore resident company will be tax exempt in Singapore in the hands of a shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

### **Capital Gains**

Singapore imposes a tax on income but does not impose tax on gains which are considered non-income (i.e., gains which are considered to be capital in nature). There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital. Any gains derived by any person from the sale of the Notes or disposal, exercise or expiry of the Warrants which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes or Warrants who apply or who are required to apply Singapore Financial Reporting Standard 39 - Financial Instruments: Recognition and Measurement ("**FRS 39**") for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes or Warrants, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".



## **Adoption of FRS 39 Treatment for Singapore Income Tax Purposes**

The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes or Warrants who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes or Warrants or any exercise or expiry of the Warrants.

## **Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## **Stamp Duty**

Stamp duty is payable on the instrument of transfer of stocks or shares having a register kept in Singapore, at the rate of S\$0.20 for every S\$100 or part thereof computed on the amount or value of consideration. The amount or value of consideration is the actual consideration or market value of such stock or shares, whichever is higher. The transferee is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty would be payable if an instrument of transfer which is executed outside Singapore is received in Singapore.

Stamp duty is not applicable to electronic transfers of stocks or shares through The Central Depository (Pte) Limited.

## **SPAIN**

### ***Spanish resident individuals***

### **Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*) ("PIT")**

#### **Warrants**

Following the criterion of the Spanish General Directorate of Taxes in several rulings (amongst others, rulings dated 27 August 2007, 4 August 2004, 14 October 2004, 8 July 2003 and 29 May 2001), income obtained by Spanish resident individuals under Warrants should be regarded as capital gains, in which case no withholdings on account of the PIT liability of the relevant Spanish holder of the Warrants will have to be deducted from capital gains obtained by Spanish resident individuals under the Warrants.

Notwithstanding that, Spanish resident individuals recognizing capital gains will still be subject to PIT – to be declared in their annual tax returns – according to the following rates:

- (a) Amounts up to EUR 6,000: 19 per cent.
- (b) Amounts exceeding EUR 6,000: 21 per cent.

However, please note that, for 2012 and 2013 only, capital gains will be subject to the following rates:

- (a) Amounts up to EUR 6,000.00: 21 per cent.
- (b) Amounts ranging between EUR 6,000.01 and EUR 24,000: 25 per cent.

- (c) Amounts exceeding EUR 24,000: 27 per cent.

### **Certificates and Notes**

Please note that income obtained by Spanish resident individuals under Certificates and Notes may be subject to withholding tax at 19 per cent. (21 per cent. in fiscal years 2012 and 2013) on account of the final PIT liability of the Spanish individual investor. The withholding tax regime will be as follows:

- (i) Interest paid to holders of Certificates and Notes who are Spanish resident individuals will be subject to Spanish withholding tax at 19 per cent. (21 per cent. in fiscal years 2012 and 2013) to be deducted by the depositary entity of the Certificates and Notes or the entity in charge of collecting the income derived thereunder, provided such entities are resident for tax purposes in Spain or have a permanent establishment in the Spanish territory.
- (ii) Income obtained upon transfer of the Certificates and Notes will be subject to Spanish withholding tax at 19 per cent. (21 per cent. in fiscal years 2012 and 2013) to be deducted by the financial entity acting on behalf of the seller, provided such entity is resident for tax purposes in Spain or has a permanent establishment in the Spanish territory.
- (iii) Income obtained upon redemption of the Certificates and Notes will be subject to Spanish withholding tax at 19 per cent. (21 per cent. in fiscal years 2012 and 2013) to be deducted by the financial entity appointed by the relevant Issuer (if any) for redemption of the Certificates and Notes, provided such entity is resident for tax purposes in Spain or has a permanent establishment in the Spanish territory.

Notwithstanding that, Spanish resident individuals earning such income will still be subject to PIT – to be declared in their annual tax returns – according to the following rates:

- (a) Amounts up to EUR 6,000: 19 per cent.
- (b) Amounts exceeding EUR 6,000: 21 per cent.

However, please note that, for 2012 and 2013 only, income will be subject to the following rates:

- (a) Amounts up to EUR 6,000.00: 21 per cent.
- (b) Amounts ranging between EUR 6,000.01 and EUR 24,000: 25 per cent.
- (c) Amounts exceeding EUR 24,000: 27 per cent.

### ***Spanish resident companies***

#### **Corporate Income Tax (*Impuesto sobre Sociedades*) ("CIT")**

Any income derived by Spanish companies under the Securities will be included in their CIT taxable income in accordance with applicable CIT legislation.

In case that the Securities would be listed on an OECD market, income obtained thereunder by Spanish resident corporates would be exempt from Spanish withholding taxes, exception made of income derived from accounts entered into with financial entities, provided that such income were based on financial instruments, such as the Securities. In that event, income would be subject to Spanish withholding tax at 19 per cent. (21 per cent. in fiscal years 2012 and 2013) to be deducted by the financial entity.

Should the Securities not be listed on an OECD market, income obtained by Spanish resident corporates thereunder will be subject to Spanish withholding taxes in similar terms than those described above in respect of Spanish resident individuals.

Without prejudice to the foregoing, Spanish resident companies earning such income will still be subject to CIT – to be declared in their annual tax returns – at a general 30 per cent. rate (25 per cent. in case of small and medium-sized companies, limited to overall profits up to EUR 300,000, provided certain additional requirements are met).

## **SWEDEN**

*The following provisions are only relevant in respect of Securities which are to be held within the Euroclear Sweden system.*

There is no Swedish withholding tax at source (*källskatt*) applicable on payments made by the relevant Issuer in respect of the Securities. Sweden operates a system of preliminary tax (*preliminärskatt*) to secure payment of taxes. In the context of the Securities a preliminary tax of 30 per cent. will be deducted from all payments of interest in respect of the Securities made to any individuals or estates that are resident in Sweden for tax purposes, provided the paying entity is subject to reporting obligations. Depending on the relevant holder's overall tax liability for the relevant fiscal year the preliminary tax may contribute towards, equal or exceed the holder's overall tax liability with any balance subsequently to be paid by or to the relevant holder, as applicable.

## **SELLING RESTRICTIONS**

*The selling restrictions relating to the Securities are those set out in the section entitled "Selling Restrictions" in the Principal Base Prospectus (pages 378 to 385 inclusive).*

## FORM OF FINAL TERMS

Final Terms dated [●]

[Credit Suisse International]/[Credit Suisse AG]

[Callable] [Trigger] [Yield]/[Return] [●]-linked Securities due [●]

linked to [●] (the "Securities")

Series [●]

issued pursuant to the Trigger Redeemable and Phoenix Securities Base Prospectus as part of the **Structured Products Programme for the issuance of Notes, Certificates and Warrants**

### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Base Prospectus dated 28 June 2012 [as supplemented on [●] [and by any further supplements up to, and including, the Issue Date] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**").] This document constitutes the Final Terms of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. Copies of the Base Prospectus [and each supplemental Prospectus] may be obtained from the registered office of the Issuer and the offices of the Distributors and Agents specified herein.

These Final Terms comprise the final terms for the issue [and public offer in [●]] [and admission to trading on [specify regulated market]] of the Securities.]

*[Include the next four paragraphs (which do not form part of the Base Prospectus for the purposes of Article 5.4 of the Prospectus Directive) and delete the previous two paragraphs if the Final Terms are drafted for Securities that are not to be listed on an EEA regulated market and are not to be offered to the public in the EEA.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the Base Prospectus dated 28 June 2012 [as supplemented on [●]]. This document constitutes the Final Terms of the Securities described herein. Copies of the Base Prospectus [and each supplemental Prospectus] may be obtained from the registered office of the Issuer and the offices of the Agents specified herein.

These Final Terms comprise the final terms for the issuance of the Securities.

Paragraphs 4 and 5 of page 3 of the Base Prospectus shall be deleted in their entirety.

These Final Terms do not constitute final terms for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). The Issuer is not offering the Securities in any jurisdiction in circumstances which would require a prospectus pursuant to the Prospectus Directive. Nor is any person authorised to make such an offer of the Securities on behalf of the Issuer in any jurisdiction. In addition, no application has been made (nor is it proposed that any application will be made) for listing of the Securities on any stock exchange.]

The terms and conditions applicable to the Securities are (1) the General Terms and Conditions of [Notes]/[Certificates]/[Warrants] (as modified and/or supplemented by any Additional Provisions specified as applicable below) and the Asset Terms for [Equity-linked]/[Equity Index-linked]/[Commodity-linked]/[Commodity Index-linked]/[ETF-linked]/[Fund-linked]/[FX-linked]/[FX Index-linked]/[Inflation Index-linked]/[Interest Rate Index-linked]/[Cash Index-linked] Securities set out in the Base Prospectus dated 14 June 2012 relating to the Issuer's Structured Products Programme and (2) the Terms and Conditions set out in the Base Prospectus dated 28 June 2012 relating to Trigger Redeemable and Phoenix Securities (which incorporates by reference the provisions referred to in (1) above), as completed by these Final Terms. References to such Base Prospectuses are to them as supplemented at the date of these Final Terms.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Italics denote guidance for completing the Final Terms.]*

1. Issuer: [Credit Suisse AG]/[Credit Suisse International]
 

*(N.B. For Certificates and Warrants, the Issuer should be Credit Suisse International)*

[Branch: [London Branch]/[Nassau Branch]/[Luxembourg Branch]/[Singapore Branch]

*(Delete if CSi is Issuer)*

Investors should be aware that certain tax and regulatory consequences may follow from issuing Securities through a particular branch, including whether payments on the Securities are subject to withholding tax: see "Taxation" section of the Base Prospectus. A branch located in a particular jurisdiction will also be subject to certain regulatory requirements and rules, breach of which may result in regulatory sanction and, possibly, investor claims. Investors should be aware that a branch is not a subsidiary and does not comprise a separate legal entity and that, in respect of any Securities issued by CS, obligations under such Securities are those of CS only, and investors' claims under such Securities are against CS only, notwithstanding the Branch through which it will have issued such Securities.]
2. Series Number: [●]/[Not Applicable]
3. Tranche Number: [●]/[Not Applicable]
 

*(Should be "Not Applicable" unless fungible with an existing series)*

*(If fungible with an existing series, give details of that series, including the date on which the Securities become fungible)*
4. Applicable General Terms and Conditions: [Notes]/[Warrants]/[Certificates]
 

*(N.B. In certain countries, Certificates should be documented using the General Note Conditions)*

[General Note Condition 4 shall also apply]

*(Include if the General Certificate Conditions or General Warrant Conditions apply and the Securities bear interest)*

5. Type of Security: [Yield Securities]  
 [Return Securities]  
 [Callable Yield Securities]  
 [Callable Return Securities]  
 [Trigger Yield Securities]  
 [Trigger Return Securities]  
 [Callable Trigger Yield Securities]  
 [Callable Trigger Return Securities]  
 [Trigger Securities]  
 [Callable Securities]  
 [Not Applicable]
6. Specified Currency or Currencies: [●]  
**PROVISIONS RELATING TO NOTES AND CERTIFICATES** [Applicable]/[Not Applicable]  
*(If not applicable, delete the remaining paragraphs of this section)*
7. [Number of Securities]/[Aggregate Nominal Amount]: *(N.B. In the case of (i) Notes or Certificates trading in notional, specify "Aggregate Nominal Amount" and in the case of (ii) Certificates which are trading in units, specify "Number of Securities")*
- (i) Series: [Up to] [●]  
*(N.B. If "Up to" then an Article 8 notice is required for the final amount/number)*
- (ii) Tranche: [●]/[Not Applicable]  
*(Should be "Not Applicable" unless fungible)*
8. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]] *(In the case of fungible issues only, if applicable)*  
*(N.B. Insert above, as applicable, for Notes or for Certificates which are trading in notional)*  
 [●] per Security  
*(N.B. Insert above for Certificates which are trading in units)*
9. Specified Denomination/Nominal Amount: [●]  
*(For Securities issued by Credit Suisse AG, the denomination should not be less than EUR 1,000 or equivalent thereof in other currencies if the Securities are (a) offered to the public in the EEA or (b) admitted to trading on a regulated market in the*

EEA)

10. Issue Date: [●]/[●] [Currency] Business Days after [●] (expected to be [●])
11. Maturity Date: [[●] [Currency] Business Days immediately following]/[The later of [●] and the [●] Currency Business Day immediately following] the [last] [Final Fixing Date]/[Knock-in Observation Date]/[Coupon Observation Date]/[Trigger Barrier Observation Date]/[(Specify other)] (expected to be [●]) (Specify the number and type of days by reference to which the Maturity Date is fixed)
12. Coupon Basis: [Applicable: [Fixed Rate Interest]/[Floating Rate Interest]/[other Coupon Amounts]/[(further particulars below)]]/[Not Applicable]
13. Redemption/Payment Basis: [Nominal Amount]/[a percentage of the Nominal Amount, as set out under the Redemption Provisions below]
- [Equity-linked]
- [Equity Index-linked]
- [Commodity-linked]
- [Commodity Index-linked]
- [ETF-linked]
- [Fund-linked]
- [FX-linked]
- [FX Index-linked]
- [Inflation Index-linked]
- [Interest Rate Index-linked]
- [Cash Index-linked]
14. Put/Call Options: [Call (further particulars specified below)]]/[Not Applicable]

**PROVISIONS RELATING TO WARRANTS**

[Applicable]/[Not Applicable]

*(If not applicable, delete the remaining paragraphs of this section)*

15. Type of Warrants: [Equity-linked]
- [Equity Index-linked]
- [Commodity-linked]
- [Commodity Index-linked]
- [ETF-linked]



- [Fund-linked]
- [FX-linked]
- [FX Index-linked]
- [Inflation Index-linked]
- [Interest Rate Index-linked]
- [Cash Index-linked]
16. Exercise Style: [European Style]  
[American Style]  
[Bermudan Style]
17. Expiration Date/Exercise Date: [●]
18. Minimum Exercise Number: [●] [, or integral multiples thereof]  
*(Minimum number of Warrants which can be exercised at any time)* *(Only for American Style Warrants. This must not be more than the Transferable Number)*
19. Maximum Exercise Number: [●]  
*(Maximum number of Warrants which can be exercised at any time, subject as otherwise specified in the General Warrant Conditions)* *(Only for American Style Warrants)*
20. Number of Securities:
- (i) Series: [Up to] [●]  
*(N.B. If "Up to" then an Article 8 notice is required for the final number)*
- (ii) Tranche: [●]/[Not Applicable]  
*(Should be "Not Applicable" unless fungible)*
21. Issue Price: [●] per Security
22. Nominal Amount: [●]  
*(Required for determination of Settlement Amount)*
23. Issue Date: [●]/[[●] Currency Business Days after [●] (expected to be [●])]
24. Settlement Date: [●] Currency Business Days after the [Expiration Date]/[relevant Exercise Date]

#### **PROVISIONS RELATING TO COUPON AMOUNTS**

25. **Fixed Rate Provisions:** [Applicable]/[Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Rate(s) of Interest: [●] per cent. per annum
- (ii) Interest Commencement Date: [●]  
*(Specify if different from the Issue Date)*
- (iii) Interest Payment Date(s): [[●] in each year]/[●]  
*(N.B. The General Conditions automatically adjusts all dates for payment purposes so adjustment wording should only be added here if dates will adjust for calculation purposes too)*
- (iv) Interest Amount(s): [[●] per Specified Denomination]/[[●] in nominal amount]/[Not Applicable]
- (v) Broken Amount: [●]/[Not Applicable]  
*(Insert particulars of any initial or final broken coupon amounts which do not correspond with the Coupon Amount(s) and the Interest Payment Date(s) to which they relate)*
- (vi) Day Count Fraction: [Actual/Actual]/[Actual/Actual – ISDA]/[Actual/ 365 (fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Actual/Actual – ICMA]  
*([adjusted]/[unadjusted] basis)*
- (vii) Determination Date(s): [Not Applicable]/[[●] in each year]  
*(Insert regular Interest Payment Dates, ignoring the Maturity Date in the case of a long or short last coupon. N.B. Only relevant where Day Count Fraction is Actual/Actual – ICMA)*
- (viii) Coupon Payment Condition: [Applicable. [●] (Specify details)]/[Not Applicable]  
*(If applicable, specify condition(s) upon which Coupon Amount is payable on a Coupon Payment Date)*
- (ix) Other terms relating to the method of calculating interest for Fixed Rate Securities: [Not Applicable]/[[●] (Specify details)]
26. **Floating Rate Provisions:** [Applicable]/[Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Commencement Date: [●]  
*(Specify if different from the Issue Date)*
- (ii) Interest Payment Date(s): [[●] in each year]/[●], subject to adjustment in accordance with the Business Day Convention]

- (iii) Business Day Convention: [Floating Rate Business Day Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[Other - specify details]
- (iv) Business Centre(s): [●]
- (v) ISDA Determination: *(N.B. For retail offerings, please check with CS Legal whether additional disclosure is required)*
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
  - ISDA Definitions: [●]
- (If different from those set out in the General Conditions)*
- (vi) Margin(s): [[+/-] [●] per cent. per annum]/[Not Applicable]
- (vii) Minimum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (viii) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (ix) Day Count Fraction: [Actual/Actual]/[Actual/Actual – ISDA]/[Actual/365 (fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Actual/Actual – ICMA]
- [(adjusted]/[unadjusted] basis)
- (x) Determination Date(s): [Not Applicable]/[[●] in each year]
- (Insert regular Interest Payment Dates, ignoring the Maturity Date in the case of a long or short last coupon. N.B. Only relevant where Day Count Fraction is Actual/Actual - ICMA)*
- (xi) Rate Multiplier: [●]/[Not Applicable]
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Securities, if different from those set out in the General Conditions: [●]/[Not Applicable]
- (xiii) Coupon Payment Condition: [Applicable. [●] (*Specify details*)]/[Not Applicable]
- (If applicable, specify condition(s) upon which Coupon Amount is payable on a Coupon Payment Date)*
27. **Other Coupon Provisions:** [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Coupon Amount: [[●] per Specified Denomination]/[[●] per cent. of the Nominal Amount[, subject to the Coupon Cap [and]/[or] Coupon Floor]]

[If on a Coupon Observation Date, the Level ([with]/[without] regard to the Valuation Time) of [the]/[any]/[each] Underlying Asset is [at or] [below]/[above] the Coupon Threshold [(corresponding to the relevant Coupon Observation Date)] of the Strike Price of the [relevant] Underlying Asset, the Coupon Amount per Security will be [●] [per Specified Denomination]/[per cent. of the Nominal Amount]/[as specified in the table below], [subject to the Coupon Cap [and]/[or] Coupon Floor] and payable on the Coupon Payment Date [(as specified in the table below and corresponding to the relevant Coupon Observation Date)], otherwise the Coupon Amount will be [●]]

*(Include the following if Coupon Call is applicable:)*

[If on a Coupon Observation Date, the Level ([with]/[without] regard to the Valuation Time) of [the]/[any]/[each] Underlying Asset is [at or] [below]/[above] the Coupon Threshold [(corresponding to the relevant Coupon Observation Date)] of the Strike Price of the [relevant] Underlying Asset, the Coupon Amount per Security will be an amount [subject to the Coupon Cap [and]/[or] Coupon Floor] equal to the product of (i) the Nominal Amount, (ii) the Coupon Call Performance, and (iii) the Participation and payable on the Coupon Payment Date [(as specified in the table below and corresponding to the relevant Coupon Observation Date)], otherwise the Coupon Amount will be [●]]

*(Include the following if Coupon Put is applicable:)*

[If on a Coupon Observation Date, the Level ([with]/[without] regard to the Valuation Time) of [the]/[any]/[each] Underlying Asset is [at or] [below]/[above] the Coupon Threshold [(corresponding to the relevant Coupon Observation Date)] of the Strike Price of the [relevant] Underlying Asset, the Coupon Amount per Security will be an amount [subject to the Coupon Cap [and]/[or] Coupon Floor] equal to the product of (i) the Nominal Amount, (ii) the Coupon Put Performance, and (iii) the Participation and payable on the Coupon Payment Date [(as specified in the table below and corresponding to the relevant Coupon Observation Date)], otherwise the Coupon Amount will be [●]]

*(Include the following if Memory Coupon is applicable:)*

[If on a Coupon Observation Date, the Level ([with]/[without] regard to the Valuation Time) of [the]/[any]/[each] Underlying Asset is [at or] [below]/[above] the Coupon Threshold [(corresponding to the relevant Coupon Observation

Date)] of the Strike Price of the [relevant] Underlying Asset, the Coupon Amount per Security will be an amount [subject to the Coupon Cap [and]/[or] Coupon Floor] equal to the product of (i) the Nominal Amount, (ii) the Coupon Rate, and (iii) (a) the number of Coupon Observation Dates falling in the period commencing on, but excluding, the Issue Date and ending on, and including, such Coupon Observation Date, less (b) the number of Coupon Observation Dates on which a Coupon Amount was paid prior to such Coupon Observation Date, and payable on the Coupon Payment Date [(as specified in the table below and corresponding to the relevant Coupon Observation Date)], otherwise the Coupon Amount will be [●]

- (ii) Coupon Cap: [[●] per cent.]/[Not Applicable]
- (iii) Coupon Floor: [[●] per cent.]/[Not Applicable]
- (iv) Coupon Payment Dates: [[●], [●] and [●]]/[As specified in the table below]
- (v) Coupon Threshold: [[●] per cent.]/[As specified in the table below]
- (vi) Coupon Observation Date(s): [[●], [●] and [●]]/[As specified in the table below]/[Each Scheduled Trading Day which is not a Disrupted Day in the [relevant] Coupon Observation Period]/[Each day falling in the [relevant] Coupon Observation Period on which [such [Share]/[ETF Share] is traded on the relevant Exchange]/[one or more official levels of the [Index]/[FX Index]/[Interest Rate Index]/[Cash Index] is published], as determined by the Sponsor, regardless of whether such day is a Scheduled Trading Day or a Disrupted Day for such [Share]/[ETF Share]/[Index]/[FX Index]/[Interest Rate Index]/[Cash Index]
- (vii) Coupon Observation Date subject to Valuation Date adjustment: [Valuation Date adjustment applicable in respect of [[●], [●] and [●]]/[the]/[all] Coupon Observation Date[s]]/[Not Applicable]
- (viii) Coupon Observation Period: [From, and including, [●] to, and including, [●]]/[As specified in the table below]/[Not Applicable]

	<b>Coupon Observation Date<sub>n</sub></b>	<b>Coupon Observation Period<sub>n</sub></b>	<b>Coupon Threshold<sub>n</sub></b>	<b>Coupon Payment Date<sub>n</sub></b>	<b>Coupon Amount<sub>n</sub></b>
1.	[●]	[●] to [●]	[●] per cent.	[●]	[●]/[[●] per cent.]
2.	[●]	[●] to [●]	[●] per cent.	[●]	[●]/[[●] per cent.]
3.	[●]	[●] to [●]	[●] per cent.	[●]	[●]/[[●] per cent.]

*(Repeat as necessary)*

*(Delete the relevant columns as necessary)*

- (ix) Memory Coupon: [Applicable]/[Not Applicable]  
- Coupon Rate: [[●] per cent.]/[Not Applicable]
- (x) Coupon Call: [Applicable]/[Not Applicable]  
- Coupon Strike: [[●] per cent.]/[Not Applicable]  
- Participation: [Indicatively] [[●] per cent.]/[Not Applicable]  
*(N.B. If indicative then an Article 8 notice is required for the final participation)*  
- Minimum Participation: [[●] per cent.]/[Not Applicable]
- (xi) Coupon Put: [Applicable]/[Not Applicable]  
- Coupon Strike: [[●] per cent.]/[Not Applicable]  
- Participation: [Indicatively] [[●] per cent.]/[Not Applicable]  
*(N.B. If indicative then an Article 8 notice is required for the final participation)*  
- Minimum Participation: [[●] per cent.]/[Not Applicable]
- (xii) Coupon Fixing Price: [The Level [[with]/[without] regard to the Valuation Time)] of the [relevant] Underlying Asset on the relevant Coupon Observation Date  
*(N.B. Coupon Fixing Price is required if Coupon Call or Coupon Put is applicable)*
- (xiii) Knock-in Coupon Cut Off: [Applicable]/[Not Applicable]  
*(If applicable Coupon Amounts will not be payable following the occurrence of a Knock-in Event)*

#### **PROVISIONS RELATING TO REDEMPTION/SETTLEMENT**

28. Redemption Amount or (in the case of Warrants) Settlement Amount: [Single Factor Trigger Redeemable]/[Single Factor Phoenix]/[Worst of Trigger Redeemable]/[Worst of Phoenix]/[Fixed Redemption] applicable
29. Redemption Option Percentage: [100 per cent. of the Nominal Amount per Security (which shall be equal to the Specified Denomination)]/[●] per cent. of the Nominal Amount]/[Not Applicable]
30. Redemption Amount Cap: [[●] per cent. of the Nominal Amount]/[Not Applicable]
31. Initial Setting Date: [●]
32. Final Fixing Date: [●]  
[The Final Fixing Date shall not be deemed to be a Valuation Date for the purposes of any adjustment in accordance with the applicable Asset Terms]

33. Final Price: [The Level [[with]/[without] regard to the Valuation Time)] of the [relevant] Underlying Asset on the Final Fixing Date]

34. Strike Price: [●]  
*(Specify separately for each Underlying Asset)*  
 [The Level [[with]/[without] regard to the Valuation Time)] of the [relevant] Underlying Asset on the Initial Setting Date]

35. **Knock-in Provisions:** [Applicable]/[Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Knock-in Event: The Level [[with]/[without] regard to the Valuation Time)] of [the]/[any] Underlying Asset in respect of [the]/[any] Knock-in Observation Date [or Coupon Observation Date] is below the Knock-in Barrier

(ii) Knock-in Barrier: [●]/[[●] per cent. of the Strike Price]/[As specified in the table below]  
*(Specify separately for each Underlying Asset)*

(iii) Knock-in Observation Date(s): [[●], [●] and [●]]/[As specified in the table below]/[Each Scheduled Trading Day which is not a Disrupted Day in the [relevant] Knock-in Observation Period]/[Each day falling in the [relevant] Knock-in Observation Period on which [such [Share]/[ETF Share] is traded on the relevant Exchange]/[one or more official levels of the [Index]/[FX Index]/[Interest Rate Index]/[Cash Index] is published], as determined by the Sponsor, regardless of whether such day is a Scheduled Trading Day or a Disrupted Day for such [Share]/[ETF Share]/[Index]/[FX Index]/[Interest Rate Index]/[Cash Index]]

(iv) Knock-in Observation Date subject to Valuation Date adjustment: [Valuation Date adjustment applicable in respect of [[●], [●] and [●]]/[the]/[all] Knock-in Observation Date[s]]]/[Not Applicable]

(v) Knock-in Observation Period: [From, and including, [●] to, and including, [●]]/[As specified in the table below]/[Not Applicable]

	<b>Knock-in Observation Date<sub>n</sub></b>	<b>Knock-in Observation Period<sub>n</sub></b>	<b>Knock-in Barrier<sub>n</sub></b>
1.	[●]	[●] to [●]	[●]/[[●] per cent. of the Strike Price]
2.	[●]	[●] to [●]	[●]/[[●] per cent. of the Strike Price]
3.	[●]	[●] to [●]	[●]/[[●] per cent. of the Strike Price]

*(Repeat as necessary)*

*(Delete the relevant columns as necessary)*

36. **Trigger Redemption:** [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) **Trigger Event:** The Level [with]/[without] regard to the Valuation Time) of [the]/[each] Underlying Asset in respect of [the]/[any] Trigger Barrier Observation Date is at or above the Trigger Barrier
- (ii) **Trigger Barrier Redemption Date:** [Any of ,  and ]/[As specified in the table below]/[A day selected by the Issuer falling not later than 10 Currency Business Days after the occurrence of the Trigger Event]
- (iii) **Trigger Barrier Redemption Amount:** [ per cent. of the Nominal Amount]/[A percentage of the Nominal Amount, as specified in the table below]
- (iv) **Trigger Barrier:** []/[ per cent. of the Strike Price]/[As specified in the table below]
- (Specify separately for each Underlying Asset)*
- (v) **Trigger Barrier Observation Date(s):** [,  and ]/[As specified in the table below]/[Each Scheduled Trading Day which is not a Disrupted Day in the [relevant] Trigger Barrier Observation Period]/[Each day falling in the [relevant] Trigger Barrier Observation Period on which [such [Share]/[ETF Share] is traded on the relevant Exchange]/[one or more official levels of the [Index]/[FX Index]/[Interest Rate Index]/[Cash Index] is published], as determined by the Sponsor, regardless of whether such day is a Scheduled Trading Day or a Disrupted Day for such [Share]/[ETF Share]/[Index]/[FX Index]/[Interest Rate Index]/[Cash Index]]
- (vi) **Trigger Barrier Observation Date subject to Valuation Date adjustment:** [Valuation Date adjustment applicable in respect of [,  and ]/[the]/[all] Trigger Barrier Observation Date[s]]/[Not Applicable]
- (vii) **Trigger Barrier Observation Period:** [From, and including,  to, and including, ]/[As specified in the table below]/[Not Applicable]

	<b>Trigger Barrier Observation Date<sub>n</sub></b>	<b>Trigger Barrier Observation Period<sub>n</sub></b>	<b>Trigger Barrier<sub>n</sub></b>	<b>Trigger Barrier Redemption Amount<sub>n</sub></b>	<b>Trigger Barrier Redemption Date<sub>n</sub></b>
1.	<input type="checkbox"/>	<input type="checkbox"/> to <input type="checkbox"/>	<input type="checkbox"/> / <input type="checkbox"/> per cent. of the Strike Price]	<input type="checkbox"/> per cent. of the Nominal Amount	<input type="checkbox"/>
2.	<input type="checkbox"/>	<input type="checkbox"/> to <input type="checkbox"/>	<input type="checkbox"/> / <input type="checkbox"/> per cent. of the Strike Price]	<input type="checkbox"/> per cent. of the Nominal Amount	<input type="checkbox"/>
3.	<input type="checkbox"/>	<input type="checkbox"/> to <input type="checkbox"/>	<input type="checkbox"/> / <input type="checkbox"/> per cent. of the Strike Price]	<input type="checkbox"/> per cent. of the Nominal Amount	<input type="checkbox"/>



*(Repeat as necessary)*

*(Delete the relevant columns as necessary)*

- (viii) Knock-in Event Override [Applicable]/[Not Applicable]  
Condition:
- (ix) Trigger Barrier Fixing Price: The Level [with]/[without] regard to the Valuation Time) of the [relevant] Underlying Asset on the relevant Trigger Barrier Observation Date
37. **Physical Settlement Provisions:** [Applicable]/[Not Applicable]  
*(Not applicable to Warrants)* *(N.B. If physical settlement applies, structure should be cleared with CS Tax dept)*  
*(N.B. Physical settlement is only possible with third party shares admitted to an EU regulated market)*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Physical Settlement Trigger: [Applicable]/[Not Applicable]
- (a) Physical Settlement Trigger Event: [With]/[Without] regard to the Valuation Time, the Share Price of [the]/[any]/[each] Underlying Asset is [at or] below the Physical Settlement Trigger Event Barrier
- (b) Physical Settlement Trigger Event Barrier: [●]/[●] per cent. of the Strike Price]
- (c) Physical Settlement Trigger Observation Date: [●]
- (d) Physical Settlement Trigger Observation Date subject to Valuation Date adjustment: [Valuation Date adjustment applicable in respect of [●], [●] and [●]/[the]/[all] Physical Settlement Trigger Observation Date[s]]/[Not Applicable]
- (ii) Physical Settlement Option: [Applicable]/[Not Applicable]
- (a) Physical Settlement Option Notice Period: [●] Banking Days prior to the Maturity Date
- (b) Presentation Date Notice Period: [●] Banking Days prior to the Presentation Date
- (c) Ratio: [●] (*Specify separately for each Share*)/[Nominal Amount x [Spot Rate]/[Strike Price]]/[Not Applicable]
- (d) [Underlying Asset to be Delivered:] [Worst Performing Underlying Asset]  
*(Include if more than one Underlying Asset)*
38. Put Option: Not Applicable

39. Call Option: [Applicable]/[Not Applicable]  
*(Not applicable to Warrants)* *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[●] per cent. of the Nominal Amount] [together with any interest accrued to the date fixed for redemption]/[●]
- (iii) If redeemable in part: [●]
- (a) Minimum nominal amount to be redeemed: [●]
- (b) Maximum nominal amount to be redeemed: [●]
- (iv) Description of any other Issuer's option: [●]/[Not Applicable]
- (v) Notice period: [As per the General [Note]/[Certificate] Conditions]/[Not less than [●] Business Days]  
*(Complete if Notice is other than the 15 Business Days provided in the Principal Base Prospectus)*

40. Settlement Currency: [The Specified Currency]/[●]  
*(currency in which payment will be made)*

#### UNDERLYING ASSETS

41. **List of Underlying Assets:** Applicable
- | i   | Underlying Asset <sub>i</sub> | Weighting <sub>i</sub> | Composite <sub>i</sub>        |
|-----|-------------------------------|------------------------|-------------------------------|
| [●] | [●]                           | [●]/[Not Applicable]   | [Applicable]/[Not Applicable] |
| [●] | [●]                           | [●]/[Not Applicable]   | [Applicable]/[Not Applicable] |

*(Add further lines where necessary)*

*(If any Underlying Asset is a US share or index containing US shares, structure should be cleared by CS Tax Dept)*

42. **Equity-linked Securities:** [Applicable]/[Not Applicable]  
*(If not applicable, delete the following sub-paragraphs of this paragraph)*
- Single Share or Share Basket: [Single Share]/[Share Basket]
- (i) Share Issuer: [●] *(Specify name of Share Issuer)*
- (ii) Share: [●] *(Specify name of Share)*

- (iii) ISIN:
- (iv) Bloomberg Code:
- (v) Information Source:
- (vi) Exchange:
- (vii) Related Exchange: /[All Exchanges]
- (viii) Maximum Days of Disruption: [Eight] Scheduled Trading Days as specified in Asset Term 1]/[Not Applicable]
- (ix) Adjustment basis for Share Basket and Averaging Reference Dates and Reference Dates: In respect of  (*Specify applicable date (e.g. Initial Setting Date, Interim Valuation Date, Valuation Date)*): Share Basket and Reference Dates - [Individual/Individual]/[Common/Individual]/[Common/Individual]/[Common/Individual]  
*(Repeat as necessary)*
- (x) Trade Date: /[Not Applicable]
- (xi) Jurisdictional Event: [Applicable]/[Not Applicable]
- (xii) Jurisdictional Event Jurisdiction(s): /[Not Applicable]
- (xiii) Extraordinary Dividend: /[To be determined by the Issuer]
- (xiv) Share Substitution: [Applicable]/[Not Applicable]
- (xv) Additional Disruption Events:
- (a) Change in Law: [Change in Law Option 1]/2] [Applicable]/[Not Applicable]
- (b) Foreign Ownership Event: [Applicable]/[Not Applicable]
- (c) FX Disruption: [Applicable]/[Not Applicable]
- (d) Insolvency Filing: [Applicable]/[Not Applicable]
- (e) Hedging Disruption: [Applicable]/[Not Applicable]
- (f) Increased Cost of Hedging: [Applicable]/[Not Applicable]
- (g) Loss of Stock Borrow: [Applicable]/[Not Applicable]  
*(If not applicable, delete the following sub-paragraph of this paragraph)*
- Maximum Stock Loan Rate: /[Not Applicable]
- (h) Increased Cost of Stock Borrow: [Applicable]/[Not Applicable]  
*(If not applicable, delete the following sub-paragraph of this paragraph)*
- Initial Stock Loan Rate: /[Not Applicable]

(Default position for Loss of Stock Borrow/Increased Cost of Stock Borrow is Not Applicable)

(Repeat (i) to (xv) as necessary where there are more than one Share)

43. **Equity Index-linked Securities:** [Applicable]/[Not Applicable]
- (If not applicable, delete the following subparagraphs of this paragraph)
- Single Index or Index Basket: [Single Index]/[Index Basket]
- (i) Index: [●] (Specify name of Index)
- (ii) Type of Index: [Single-Exchange Index]/[Multi-Exchange Index]/[Proprietary Index]
- (iii) Bloomberg code(s): [●]
- (iv) Information Source: [●]
- (v) Required Exchanges: [●]/[Not Applicable]
- (vi) Related Exchange: [●]/[All Exchanges]
- (vii) Disruption Threshold: [20]/[●] per cent.
- (viii) Maximum Days of Disruption: [[Eight] Scheduled Trading Days as specified in Asset Term 1]/[Not Applicable]
- (ix) Adjustment basis for Index Basket and Averaging Reference Dates and Reference Dates: In respect of [●] (Specify applicable date (e.g. Initial Setting Date, Interim Valuation Date, Valuation Date)): Index Basket and Reference Dates - [Individual/Individual]/[Common/Individual]/[Common/Common]
- (Repeat as necessary)
- (x) Trade Date: [●]/[Not Applicable]
- (xi) Jurisdictional Event: [Applicable]/[Not Applicable]
- (xii) Jurisdictional Event Jurisdiction(s): [●]
- (xiii) Additional Disruption Events:
- (a) Change in Law: [Change in Law Option [1]/[2] Applicable]/[Not Applicable]
- (b) Foreign Ownership Event: [Applicable]/[Not Applicable]
- (c) FX Disruption: [Applicable]/[Not Applicable]
- (d) Hedging Disruption: [Applicable]/[Not Applicable]
- (e) Increased Cost of Hedging: [Applicable]/[Not Applicable]

(Repeat (i) to (xiii) as necessary where there are more than one Equity Index)

44. **Commodity-linked Securities:** [Applicable]/[Not Applicable]
- (If not applicable, delete the following sub-paragraphs of this paragraph)
- Single Commodity or basket of Commodities [Single Commodity]/[Basket of Commodities]
- (i) Commodity: [●]
- (ii) Bloomberg Code: [●]
- (iii) Information Source: [●]
- (iv) Jurisdictional Event: [Applicable]/[Not Applicable]
- (v) Jurisdictional Event Jurisdiction(s): [●]/[Not Applicable]
- (vi) Commodity Reference Price: [●]/[Commodity Reference Dealers]/[As specified in Asset Term 5]
- (vii) Price Source: [●]
- (viii) Exchange: [●]
- (ix) Delivery Date: [[●]/[●] Nearby Month]/[Not Applicable]
- (x) Specified Price: [the high price]/[the mid price]/[the low price]/[the average of the high price and the low price]/[the closing price]/[the opening price]/[the bid price]/[the asked price]/[the average of the bid price and the asked price]/[the settlement price]/[the official settlement price]/[the official price]/[the morning fixing]/[the afternoon fixing]/[the fixing]/[the bid fixing]/[the mid fixing]/[the asked fixing]/[the spot price]/[Other – please specify]
- (xi) Bullion Reference Dealers: [●]/[Not Applicable]
- (xii) Reference Dealers: [●]/[Not Applicable]
- (xiii) Trade Date: [●]/[Not Applicable]
- (xiv) Commodity Business Day Convention: [Following Commodity Business Day Convention]/[Modified Following Commodity Business Day Convention]/[Nearest Commodity Business Day Convention]/[Preceding Commodity Business Day Convention]/[No Adjustment]/[●]
- (xv) Common Pricing: [Applicable]/[Not Applicable]
- (xvi) Market Disruption Event:
- (a) Price Source Disruption: [Applicable]/[Not Applicable]
- (If not applicable, delete the following sub-paragraph of this paragraph)

- Price Materiality Percentage: [[●] per cent.]/[Not Applicable]
  - (b) Trading Disruption: [Applicable]/[Not Applicable]
  - (c) Disappearance of Commodity Reference Price: [Applicable]/[Not Applicable]
  - (d) Material Change in Formula: [Applicable]/[Not Applicable]
  - (e) Material Change in Content: [Applicable]/[Not Applicable]
  - (f) Tax Disruption: [Applicable]/[Not Applicable]
- (xvii) Disruption Fallbacks:
- (a) Delayed Publication or Announcement: [Not Applicable]/[Applicable – to be applied [first]/[second]/[third]/[fourth]/[fifth]/[sixth]]
    - Maximum Days of Disruption: [[Five] Commodity Business Days as specified in Asset Term 1]/[Not Applicable]
  - (b) Fallback Reference Dealers: [Not Applicable]/[Applicable – to be applied [first]/[second]/[third]/[fourth]/[fifth]/[sixth]]
  - (c) Fallback Reference Price: [Not Applicable]/[Applicable – to be applied [first]/[second]/[third]/[fourth]/[fifth]/[sixth]]
 

*(If not applicable, delete the following sub-paragraph of this paragraph)*

    - alternate Commodity Reference Price: [●]
  - (d) Issuer Determination: [Not Applicable]/[Applicable – to be applied [first]/[second]/[third]/[fourth]/[fifth]/[sixth]]
  - (e) Postponement: [Not Applicable]/[Applicable – to be applied [first]/[second]/[third]/[fourth]/[fifth]/[sixth]]
 

*(If not applicable, delete the following sub-paragraph of this paragraph)*

    - Maximum Days of Disruption: [[Five] Commodity Business Days as specified in Asset Term 1]/[Not Applicable]
  - (f) Other: [Not Applicable]/[Applicable – to be applied [first]/[second]/[third]/[fourth]/[fifth]/[sixth]]
- (xviii) Additional Disruption Events:
- (a) Change in Law: [Applicable]/[Not Applicable]
  - (b) Hedging Disruption: [Applicable]/[Not Applicable]
  - (c) Increased Cost of Hedging: [Applicable]/[Not Applicable]

*(Repeat (i) to (xviii) as necessary where there are more than one Commodity)*

45. **Commodity Index-linked Securities:** [Applicable]/[Not Applicable]
- (If not applicable, delete the following subparagraphs of this paragraph)*
- Single Commodity Index or basket of Commodity Indices: [Single Commodity Index]/[Basket of Commodity Indices]
- (i) Commodity Index: [●]
  - (ii) Bloomberg Code: [●]
  - (iii) Information Source: [●]
  - (iv) Jurisdictional Event: [Applicable]/[Not Applicable]
  - (v) Jurisdictional Jurisdiction(s): Event [●]/[Not Applicable]
  - (vi) Trade Date: [●]/[Not Applicable]
  - (vii) Market Disruption Event:
    - (a) Price Source Disruption: [Applicable]/[Not Applicable]
    - (b) Trading Disruption: [Applicable]/[Not Applicable]
    - (c) Disappearance of Component Price: [Applicable]/[Not Applicable]
    - (d) Early Closure: [Applicable]/[Not Applicable]
    - (e) Material Change in Formula: [Applicable]/[Not Applicable]
    - (f) Material Change in Content: [Applicable]/[Not Applicable]
    - (g) Tax Disruption: [Applicable]/[Not Applicable]
  - (viii) Additional Disruption Events:
    - (a) Change in Law: [Applicable]/[Not Applicable]
    - (b) Hedging Disruption: [Applicable]/[Not Applicable]
    - (c) Increased Cost of Hedging: [Applicable]/[Not Applicable]
- (Repeat (i) to (viii) as necessary where there are more than one Commodity Index)*

46. **ETF-linked Securities:** [Applicable]/[Not Applicable]
- (If not applicable, delete the following subparagraphs of this paragraph)*

- Single ETF Share or ETF Share Basket: [Single ETF Share]/[ETF Share Basket]
- (i) ETF Share: [●]
- (ii) Fund: [●]
- (iii) Fund Adviser: [●]/[Not Applicable]
- (iv) Fund Administrator: [●]/[Not Applicable]
- (v) Additional Fund Documents: [●]/[Not Applicable]
- (vi) Exchange: [●]
- (vii) Related Exchange: [●]/[All Exchanges]
- (viii) Maximum Days of Disruption: [[Eight] Scheduled Trading Days as specified in Asset Term 1]/[Not Applicable]
- (ix) Adjustment basis for ETF Share Basket and Averaging Reference Dates and Reference Dates: In respect of [●] (*Specify applicable date (e.g. Initial Setting Date, Interim Valuation Date, Valuation Date)*): ETF Share Basket and Reference Dates - [Individual/Individual]/[Common/Individual]/[Common/Individual]/[Common/Individual]  
*(Repeat as necessary)*
- (x) Extraordinary Dividend: [●]/[To be determined by the Issuer]
- (xi) Reference Index: [●]/[Not Applicable]
- (xii) Trade Date: [●]/[Not Applicable]
- (xiii) Jurisdictional Event: [Applicable]/[Not Applicable]
- (xiv) Jurisdictional Event Jurisdiction(s): [●]/[Not Applicable]
- (xv) Share Substitution: [Applicable]/[Not Applicable]
- (xvi) Additional Disruption Event:
- (a) Change in Law: [Change in Law Option [1]/[2] Applicable]/[Not Applicable]
- (b) Cross-contamination: [Applicable]/[Not Applicable]
- (c) Foreign Ownership Event: [Applicable]/[Not Applicable]
- (d) Fund Insolvency Event: [Applicable]/[Not Applicable]  
*(If not applicable, delete the following sub-paragraph of this paragraph)*
- Fund Insolvency Entity: [●]
- (e) Fund Modification: [Applicable]/[Not Applicable]
- (f) FX Disruption: [Applicable]/[Not Applicable]



- (g) Hedging Disruption: [Applicable]/[Not Applicable]
- (h) Increased Cost of Hedging: [Applicable]/[Not Applicable]
- (i) Regulatory Action: [Applicable]/[Not Applicable]
- (j) Strategy Breach: [Applicable]/[Not Applicable]
- (Default position for Cross-Contamination/Fund Insolvency Event/Fund Modification/Regulatory Action/Strategy Breach is Applicable)*
- (k) Loss of Stock Borrow: [Applicable]/[Not Applicable]
- (If not applicable, delete the following sub-paragraph of this paragraph)*
- Maximum Stock Loan Rate: [●]/[Not Applicable]
- (l) Increased Cost of Stock Borrow: [Applicable]/[Not Applicable]
- (If not applicable, delete the following sub-paragraph of this paragraph)*
- Initial Stock Loan Rate: [●]/[Not Applicable]
- (Default position for Loss of Stock Borrow/Increased Cost of Stock Borrow is Not Applicable)*

*(Repeat (i) to (xvi) as necessary where there are more than one ETF Share)*

47. **Fund-linked Securities:** [Applicable]/[Not Applicable]
- (If not applicable, delete the following sub-paragraphs of this paragraph)*
- Single Reference Fund or basket of Reference Funds [Single Reference Fund]/[Basket of Reference Funds]
- (i) Reference Fund: [As per the Asset Terms]/[●]
- (ii) Fund Interest: [●]
- (iii) Fund Interest Unit: [As per the Asset Terms]/[●]
- (iv) Additional Fund Documents: [None]/[●]
- (v) Hypothetical Investor Jurisdiction: [England]/[●]
- (vi) Redemption Fees: [●]
- (vii) Additional Fund Service Provider: [●]
- (viii) Fund Adviser: [As per the Asset Terms]/[●]

- (ix) Fund Administrator: [As per the Asset Terms]/[●]
- (x) Fund Insolvency Entity: [None]/[●]
- (xi) Key Persons: [None]/[●]
- (xii) Trade Date: [●]/[Not Applicable]
- (xiii) Jurisdictional Event: [Applicable]/[Not Applicable]
- (xiv) Jurisdictional Event  
Jurisdiction: [●]/[Not Applicable]
- (xv) NAV Trigger Percentage: [●]
- (xvi) NAV Trigger Period: [●]
- (xvii) Additional Fund Disruption Event: [Applicable]/[Not Applicable]
- [●] (*Specify details*)
- (xviii) Reinvestment of Dividends: [Applicable]/[Not Applicable]
- (xix) Redemption Proceeds: [As per the Asset Terms]/[●]

*(Repeat (i) to (xix) as necessary where there are more than one Fund)*

48. **FX-linked Securities:** [Applicable]/[Not Applicable]

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

*(For Securities linked to emerging markets FX Rates, check with CS Legal whether EMTA provisions need to be included)*

Single FX Rate or Basket of FX Rates: [Single FX Rate]/[Basket of FX Rates]

- (i) FX Rate: [●]/[Determined in accordance with the Spot Rate]
- (ii) FX Page: [●]
- (iii) Information Source: [●]
- (iv) Trade Date: [●]/[Not Applicable]
- (v) Jurisdictional Event: [Applicable]/[Not Applicable]
- (vi) Jurisdictional Event  
Jurisdiction(s): [●]/[Not Applicable]
- (vii) Base Currency: [●]
- (viii) Reference Currency: [●]/[Specified Currency]
- (ix) Event Currency: [●]
- (x) Non-Event Currency: [●]

(xi) FX Business Day Convention: [Following FX Business Day Convention]/[Modified Following FX Business Day Convention]/[Nearest FX Business Day Convention]/[Preceding FX Business Day Convention]/[No Adjustment]/[●]

(xii) Settlement Rate Option: [●]

(xiii) Benchmark Obligation: [Applicable]/[Not Applicable]

*(If not applicable, delete the following subparagraphs of this paragraph)*

(a) Benchmark Obligation description: [●]

(b) Primary Obligor: [●]

(c) Type of Instrument: [●]

(d) Currency of Denomination: [●]

(e) Coupon: [●]

(f) Maturity Date: [●]

(g) BB Number: [●]

(h) Face Value: [●]

(xiv) Market Disruption Events:

(a) Benchmark Obligation Default: [Applicable]/[Not Applicable]

(b) Dual Exchange Rate: [Applicable]/[Not Applicable]

(c) General Inconvertibility: [Applicable]/[Not Applicable]

(d) General Non-Transferability: [Applicable]/[Not Applicable]

(e) Governmental Authority Default: [Applicable]/[Not Applicable]

(f) Illiquidity: [Applicable]/[Not Applicable]

*(If not applicable, delete the following subparagraphs of this paragraph)*

- Minimum Amount: [●]

- Illiquidity Valuation Date: [●]

(g) Material Change in Circumstances: [Applicable]/[Not Applicable]

(h) Nationalisation: [Applicable]/[Not Applicable]

- (i) Price Materiality: [Applicable]/[Not Applicable]
- (If not applicable, delete the following sub-paragraphs of this paragraph)*
- Settlement Rate Option for determining Primary Rate: [●]
  - Settlement Rate Option for determining Secondary Rate: [●]
  - Price Materiality Percentage: [●]
- (j) Price Source Disruption: [Applicable]/[Not Applicable]
- (k) Specific Inconvertibility: [Applicable]/[Not Applicable]
- (If not applicable, delete the following sub-paragraph of this paragraph)*
- Minimum Amount: [●]
- (l) Specific Non-Transferability: [Applicable]/[Not Applicable]
- (xv) Disruption Fallbacks:
- (a) Issuer Determination: [Not Applicable]/[Applicable – to be applied [first]/[second]/[third]/[fourth]/[fifth]]
  - (b) Currency-Reference Dealers: [Not Applicable]/[Applicable – to be applied [first]/[second]/[third]/[fourth]/[fifth]]
- (If not applicable, delete the following sub-paragraph of this paragraph)*
- Reference Dealers: [●]
- (c) Fallback Reference Price: [Not Applicable]/[Applicable – to be applied [first]/[second]/[third]/[fourth]/[fifth]]
- (If not applicable, delete the following sub-paragraph of this paragraph)*
- alternative price source: [●]
- (d) Postponement: [Not Applicable]/[Applicable – to be applied [first]/[second]/[third]/[fourth]/[fifth]]
- (If not applicable, delete the following sub-paragraph of this paragraph)*
- Maximum Days of Disruption: [[Five] FX Business Days as specified in Asset Term 1]/[Not Applicable]

- (e) Other: [Not Applicable]/[Applicable – to be applied  
[first]/[second]/[third]/[fourth]/[fifth]]
- (xvi) Additional Disruption Events:
- (a) Change in Law: [Applicable]/[Not Applicable]
- (b) Hedging Disruption: [Applicable]/[Not Applicable]
- (c) Increased Cost of Hedging: [Applicable]/[Not Applicable]
- (Repeat (i) to (xvi) as necessary where there are more than one FX Rate)*
49. **FX Index-linked Securities:** [Applicable]/[Not Applicable]
- (If not applicable, delete the following subparagraphs of this paragraph)*
- Single FX Index or FX Index Basket: [Single FX Index]/[FX Index Basket]
- (i) FX Index: [●] (*Specify name of FX Index*)
- (ii) FX Rate(s): [●]/[Determined in accordance with the Spot Rate]
- (iii) FX Page(s): [●]
- (iv) Information Source: [●]
- (v) Maximum Days of Disruption: [[Five] Scheduled Trading Days as specified in Asset Term 1]/[Not Applicable]
- (vi) Trade Date: [●]/[Not Applicable]
- (vii) Jurisdictional Event: [Applicable]/[Not Applicable]
- (viii) Jurisdictional Event Jurisdiction(s): [●]/[Not Applicable]
- (ix) Base Currency: [●]
- (x) Reference Currency: [●]/[Specified Currency]
- (xi) Settlement Rate Option: [●]
- (xii) Additional Disruption Events:
- (a) Change in Law: [Applicable]/[Not Applicable]
- (b) Hedging Disruption: [Applicable]/[Not Applicable]
- (c) Increased Cost of Hedging: [Applicable]/[Not Applicable]
- (d) Index Calculation Agent Event: [Applicable]/[Not Applicable]
- (e) Index Disruption Event: [Applicable]/[Not Applicable]
- (f) Insolvency Disruption Event: [Applicable]/[Not Applicable]

- (g) Change of Sponsor: [Applicable]/[Not Applicable]
- (Repeat (i) to (xii) as necessary where there are more than one FX Index)*
50. **Inflation Index-linked Securities:** [Applicable]/[Not Applicable]
- (If not applicable, delete the following subparagraphs of this paragraph)*
- (i) Inflation Index: [●]
- (ii) Related Bond: [●]/[Fallback Bond]/[Not Applicable]
- (iii) Fallback Bond: [●]/[Not Applicable]
- (iv) End Date: [●]
- (v) Daily Inflation Rate: [Applicable]/[Not Applicable]
- (If not applicable, delete the following subparagraphs of this paragraph)*
- (a) Primary Lag: [●]/[Three months]
- (b) Secondary Lag: [●]/[12 months]
- (Repeat (i) to (v) as necessary where there are more than one Inflation Index)*
51. **Interest Rate Index-linked Securities:** [Applicable]/[Not Applicable]
- (If not applicable, delete the following subparagraphs of this paragraph)*
- Single Interest Rate Index or Index Rate Index Basket: [Single Interest Rate Index]/[Interest Rate Index Basket]
- (i) Interest Rate Index: [●] (*Specify name of Interest Rate Index*)
- (ii) Information Source: [●]
- (iii) Maximum Days of Disruption: [[Eight] Scheduled Trading Days as specified in Asset Term 1]/[Not Applicable]
- (iv) Trade Date: [●]/[Not Applicable]
- (v) Jurisdictional Event: [Applicable]/[Not Applicable]
- (vi) Jurisdictional Event  
Jurisdiction(s): [●]/[Not Applicable]
- (vii) Additional Disruption Events:
- (a) Change in Law: [Applicable]/[Not Applicable]
- (b) Hedging Disruption: [Applicable]/[Not Applicable]
- (c) Increased Cost of Hedging: [Applicable]/[Not Applicable]

*(Repeat (i) to (vii) as necessary where there are more than one Interest Rate Index)*

52. **Cash Index-linked Securities:** [Applicable]/[Not Applicable]
- (If not applicable, delete the following subparagraphs of this paragraph)*
- (i) Cash Index: [●]
  - (ii) Reference Rate: [●]
  - (iii) Specified Page: [●]
  - (iv) Compounding Dates: [●]
  - (v) Initial Compounding Date: [●]
  - (vi) Day Count Denominator: [●]/[360]
- (Repeat (i) to (vi) as necessary where there are more than one Cash Index)*
53. Valuation Time: [As determined in accordance with the Conditions]/[●]  
/[Not Applicable]
- (N.B. Not applicable for Commodity, Commodity Index, Fund or Inflation Index Underlying Assets as they do not have a Valuation Time)*

#### **GENERAL PROVISIONS**

54. (i) Form of Securities: *(Insert for Notes)* [Bearer Securities]/[Registered Securities]/[Uncertificated]
- (Insert for Certificates and Warrants)* Registered Global Security
- (If Certificates or Warrants, delete paragraph (ii) below)*
- (ii) Global Security: [Permanent Global Security]/[Not 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: [Applicable]/[Not Applicable]
55. Financial Centre(s): [Not Applicable]/[●] *(Specify details)*
- (N.B. This item relates to the place of payment, and not Interest Payment Dates)*
56. Minimum Transferable Number of Securities: [●]/[Not Applicable]
- (Applicable for Notes)*

57. Transferable Number of Securities: [Integral multiples of [●]],[Not Applicable]  
*(Applicable for Certificates or Warrants)*
58. Listing and Admission to Trading:
- (i) Stock Exchange(s) to which application will initially be made to list the Securities: [London Stock Exchange] *(CS only)*  
*(Application may subsequently be made to other stock exchange(s))* [Irish Stock Exchange]  
[Luxembourg Stock Exchange]  
[NASDAQ OMX Nordic]  
[NASDAQ OMX Stockholm]  
[Oslo Børs]  
[Euronext Amsterdam]
- [The Issuer will apply for listing the Securities on the official list of Borsa Italiana S.p.A and admission to trading on the [electronic "Securitized Derivatives Market" (SeDeX)],[Electronic Bond Market (MOT)] organised and managed by Borsa Italiana S.p.A.]
- (N.B. Restrictions apply to Securities listed on Borsa Italiana, speak to CS Legal or Middle Office)*
- [●]  
[None]
- (ii) Admission to trading: [Application has been made for the Securities to be admitted to trading on the Regulated Market of the [●] with effect from [●] provided, however, no assurance can be given that the Securities will be admitted to trading or listed on the Regulated Market of the [●] on the Issue Date or any specific date thereafter]  
[Not Applicable]
59. Entities (other than stock exchanges) to which application for listing and/or approval of the Securities will be made: [●],[Not Applicable]
60. Security Codes and Ticker Symbols:
- ISIN: [●],[Not Applicable]  
Common Code: [●],[Not Applicable]  
Swiss Security Number: [●],[Not Applicable]  
Telekurs Ticker: [●],[Not Applicable]  
WKN Number: [●],[Not Applicable]
61. Clearing and Trading:



Clearing System(s) and any relevant identification number(s):	[Euroclear Bank S.A./N.V. and Clearstream Banking, S.A., Luxembourg]  [Clearstream Banking AG, Frankfurt]  [Monte Titoli S.p.A.]  [Euroclear Finland]  [Euroclear Sweden]  [VPS]  [CREST]  [Other]
Delivery:	Delivery [against]/[free of] payment  [See further the section entitled "Details of the method and time limits for paying up and delivering the Securities" set out in Part B, item [8] below.]( <i>Insert if required</i> )
Minimum Trading Lot:	[●]/[Not Applicable]
62. Agents:	
Calculation Agent:	Credit Suisse International One Cabot Square London E14 4QJ
[Fiscal Agent]/[Principal Certificate Agent]/[Principal Warrant 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  [Nordea Securities Services Aleksis Kiven katu 3-5 Helsinki FI-00020 NORDEA Finland]  [ING Wholesale Banking / Securities Services Location Code BV 05.01 Van Heenvlietlaan 220 1083 CN Amsterdam The Netherlands]
Additional Agents:	[Applicable]/[Not Applicable]  ( <i>If not applicable, delete the remaining subparagraphs of this paragraph</i> )

Transfer Agent:	[Not Applicable]
<i>(Registered Notes only)</i>	[The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL]  [The Bank of New York Mellon (Luxembourg) S.A. Vertigo Building – Polaris 2-4 rue Eugene Ruppert L-2453 Luxembourg]
Registrar:	[Not Applicable]
<i>(Registered Notes, Certificates and Warrants only)</i>	[The Bank of New York Mellon (Luxembourg) S.A. Vertigo Building – Polaris 2-4 rue Eugene Ruppert L-2453 Luxembourg]  [Euroclear Finland Oy Urho Kekkosen katu 5C 00101 Helsinki]  [Nordea Bank Norway ASA Securities Services – Issuer Services Essendrops gate 7 P.O. Box 1166 Sentrum 0107 Oslo]  [Euroclear Sweden AB Box 191 SE-101 23 Stockholm]
Issuing Agent:	[Not Applicable]
<i>(Norwegian issues only)</i>	[Nordea Bank Norway ASA Securities Services – Issuer Services Essendrops gate 7 P.O. Box 1166 Sentrum 0107 Oslo]
Issuing Agent ( <i>Emissionsinstitut</i> ):	[Not Applicable]
<i>(Swedish issues only)</i>	[Nordea Bank AB (publ) Smålandsgatan 24 SE-105 71 Stockholm Sweden]
Issuing Agent:	[Not Applicable]
<i>(Finnish issues only)</i>	[Nordea Securities Services Aleksis Kiven katu 3-5 Helsinki FI-00020 NORDEA Finland]  <i>(Delete or add additional Agents as appropriate)</i>
63. Dealer(s):	[Credit Suisse Securities (Europe) Limited]/[Credit Suisse International]/[●]

[For the avoidance of doubt, the Dealer will not act as a Distributor, as defined in Part B, item [13], and will not place any Securities to the public] (*Insert if required*)

64. Additional steps that may only be taken following approval by Extraordinary Resolution: [Not Applicable]/[●] (*Specify details*)

65. Specified newspaper for the purposes of notices to Securityholders: [Not Applicable]/[●]

66. Additional Provisions: [Not Applicable]/[The "Additional Provisions for [Notes]/[Certificates] listed on Borsa Italiana S.p.A.", as set out in the Principal Base Prospectus relating to the Issuer's Structured Products Programme shall apply.]

[Renouncement Cut-Off Date: the first Currency Business Day after [●].

For the purpose of Borsa Italiana S.p.A, the expiry date (*data di scadenza*) will be [●]. (*Certificates only*)

*(N.B. For any Certificates listed on Borsa Italiana, only European Underlying Assets are allowed and the terms of the automatic exercise should only be triggered by closing prices and if the underlying market closes after 17:40 CET)*

[TEFRA does not apply as Securities cannot be issued in definitive bearer form]

## PART B – OTHER INFORMATION

### Terms and Conditions of the Offer

1. Offer Price:

[The Offer Price will be equal to the Issue Price]/[[●] per cent. of the Aggregate Nominal Amount]/[[●] per Security].

[To be determined on the basis of the prevailing market conditions on or around [●] subject to a maximum of [[●] per cent. of the Aggregate Nominal Amount]/[[●]per Security].]

[Up to [●] per cent. of the Offer Price is represented by a commission payable to the [relevant] Distributor.

See item [12] below for information on applicable fees.]

[Not Applicable]
2. Total amount of the offer. If the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer:

[Up to] [●]

[To be determined on the basis of the demand for the Securities and prevailing market conditions and published in accordance with Article 8 of the Prospectus Directive.]

[It is anticipated that the final amount of Securities to be issued on the Issue Date will be notified to investors by appropriate means (and also through a notice published on the [relevant] Distributor's website, if available) on or around the Issue Date. The final amount of Securities will depend on the outcome of the offer.]

[Not Applicable]
3. Conditions (in addition to those specified in the Base Prospectus) to which the offer is subject:

[The offer of the Securities is conditional on their issue.]

[Right to cancel: The offer may be cancelled if the Aggregate Nominal Amount or aggregate number of Securities purchased is less than [●], or if the Issuer or the [relevant] Distributor assesses, at its absolute discretion, that any applicable laws, court rulings, decisions by governmental or other authorities or other similar factors render it illegal, impossible or impractical, in whole or part, to complete the offer or that there has been a material adverse change in the market conditions. In the case of cancellation, unless otherwise specified by the [relevant] Distributor, the [relevant] Distributor will repay the purchase price and any commission paid by any purchaser without interest.]

[The Issuer reserves the right to withdraw the offer and/or to cancel the issue of the Securities for any reason at any time on or prior to the Issue Date.]

[For the avoidance of doubt, if any application has been made by a potential investor and the Issuer exercises such a right, each such potential investor will not be entitled to subscribe or otherwise purchase any Securities. The [relevant] Distributor will repay the Offer Price and any commission paid by any investor without interest.]

[The offer will be subject to the above provisions. In case of withdrawal or cancellation, the [relevant] Distributor will inform the investors that have already applied for the Securities by appropriate means (and also through a notice published on its website, if available) and repay the Offer Price and any commission paid by any investor without interest.]

[●]

4. The time period during which the offer will be open: From, and including, [●] to, and including, [●].

The Offer Period may be discontinued at any time. [Notice of the early closure of the Offer Period will be made to investors by appropriate means (and also through a notice published on the [relevant] Distributor's website, if available). See further the section entitled "Details of the minimum and/or maximum amount of application" set out in item [7] below.]

5. Description of the application process: [Prospective investors may apply to the [relevant] Distributor to subscribe for Securities in accordance with the arrangements existing between the [relevant] Distributor and its customers relating to the subscription of securities generally.]

[Investors will be notified by the [relevant] Distributor of the amount allotted.]

[Prospective investors will not be required to enter into any contractual arrangements directly with the Issuer in relation to the subscription for the Securities.]

[Not Applicable]

[●]

[Purchases from the relevant Distributors can be made by submitting to the relevant Distributor, a form provided by the relevant Distributor, or otherwise as instructed by the relevant Distributor.]

6. Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [●]/[Not Applicable]
7. Details of the minimum and/or maximum amount of application: [There is no minimum amount of application.]
- [All of the Securities requested through the [relevant] Distributor during the Offer Period will be assigned up to the maximum amount of the offer.]
- [Allotment of Securities will be managed and coordinated by the [relevant] Distributor subject to the arrangements existing between the [relevant] Distributor and its customers relating to the subscription of securities generally. There are no pre-identified allotment criteria. All of the Securities requested through the [relevant] Distributor during the Offer Period will be assigned up to the maximum amount of the offer.]
- [In the event that requests exceed the total amount of the offer, the [relevant] Distributor will close the Offer Period early, pursuant to item [4] above.]
- [The [maximum]/[minimum] number of Securities each individual investor may subscribe for is [●].]
- [Not Applicable]
8. Details of the method and time limits for paying up and delivering the Securities: [Payments for the Securities shall be made to the [relevant] Distributor on [●]/[such date as the [relevant] Distributor may specify] as instructed by the [relevant] Distributor.]
- [Payments for the Securities shall be made to the [relevant] Distributor in accordance with the arrangements existing between the [relevant] Distributor and its customers relating to the subscription of securities generally, as instructed by the [relevant] Distributor.]
- [The Securities are expected to be delivered to the purchasers' respective [book entry securities] accounts on or around [●]/[the date as notified by the [relevant] Distributor].]
- [The Securities will be issued on the Issue Date against payment to the Issuer by the [relevant] Distributor of the aggregate subscription moneys. Each investor will be notified by the [relevant] Distributor of the settlement arrangements in respect of the Securities at the time of such investor's application.]
- [Not Applicable]

9. Manner in and date on which results of the offer are to be made public: [The results of the offer will be published on the [relevant] Distributor's website following the closing of the Offer Period on or around the Issue Date [or, if such website is not available, the results of the offer will be available upon request from the [relevant] Distributor].]
- [•]
- [Not Applicable]
10. Categories of potential investors to which the Securities are offered and whether tranche(s) have been reserved for certain countries: [•]
- [Not Applicable]
11. Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Applicants will be notified by the [relevant] Distributor of the success of their application.] [Dealings in the Securities may begin before such notification is made]/[No dealings in the Securities may take place prior to the Issue Date.]
- [Not Applicable]
- [•]
12. Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [The Distributor[s] will charge purchasers a commission of [•]/[up to [•] per cent. of the [Specified Denomination]/[Nominal Amount]] per Security.]
- [The Issuer will pay a fee to the Distributor[s] in connection with the Offer of [•]/[up to [•] per cent. of the [Specified Denomination]/[Nominal Amount]] per Security.]
- [The Securities [will be]/[have been] sold at a discount of [up to] [•] per cent.]
- [The Issuer is not aware of any expenses or taxes specifically charged to the subscriber and not disclosed herein.]
- [Taxes charged in connection with the subscription, transfer, purchase or holding of Securities must be paid by the relevant investor and the Issuer will not have any obligation in relation thereto. Investors should consult their professional tax advisers to determine the tax regime applicable to their particular situation.]
- [Not Applicable]
- [•]
13. Name(s) and address(es), to the extent known to the Issuer, of the placers ("**Distributors**") in the various countries where the offer takes place: [•]
- [The Issuer reserves the right to appoint other distributors during the Offer Period. Any such appointment will be communicated to investors by means of a notice published on the Issuer's

website: [●]/[None]

14. Market-Maker: [●]/[Not Applicable]
15. Market-making agreement with the Issuer: [Yes]/[No]

### **Liability for the offer**

Any offers made by [the]/[a] Distributor will be made in its own name and not as an agent of the Issuer or the Dealer and only the [relevant] Distributor will be liable for the relevant offer. Neither the Issuer nor the Dealer accepts any liability for the offer or sale by the [relevant] Distributor of Securities.

### **[Risk Factors**

Investors should read the risk factors set out in the Trigger Redeemable and Phoenix Securities Base Prospectus dated 28 June 2012 before making a decision to subscribe for the Securities.] *[Italian trades only]*

### **[Selling Restrictions**

The selling restrictions applicable to the Securities are set out in the Principal Base Prospectus relating to the Issuer's Structured Products Programme.] *[Italian trades only]*

### **[Notice for investors in Finland**

Complaints relating to the offer may be submitted to the Securities Complaints Board.]

### **[Notice for investors in The Netherlands**

The Issuer does not have authorisation from the Dutch Central Bank for the pursuit of the business of a bank in The Netherlands and the Issuer does not have a licence pursuant to section 2:11(1) of the Financial Supervision Act.]

### **[Scenario Analysis**

[Include if desired]]

### **[Retrospective Simulation**

[Include if desired]

[Source of information: [●]]

The values used for the simulations are historic and past performance is not a reliable indicator of future performance. The simulations are only examples and should not be considered as implying that the same levels of return could be obtained.

The figures used for the simulations are denominated in [*specify currency*]. Where investors are resident in a country other than the country or countries of such currency, the return for such investors in the currency of their country of residence may be increased or decreased as a result of currency fluctuations.]

### **[Redemption Amount**

[Include Formula and related provisions if desired]]



**[Fixed Rate Securities only – YIELD**

Indication of yield:

[●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

**[Interests of Natural and Legal Persons involved in the [Issue]/[Offer]**

Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the [issue]/[offer] of the Securities has an interest material to the [issue]/[offer]. (Amend as appropriate if there are other interests)]

*[Equity-Linked, Equity Index-Linked, Commodity-Linked, Commodity Index-Linked, ETF-Linked, Fund-Linked, FX-Linked, FX Index-Linked, Inflation Index-Linked, Interest Rate Index-Linked, Cash Index-Linked or other variable linked Securities only – Performance of Share/Index/Commodity/Commodity Index/ETF Share/Fund/FX Rate/FX Index/Inflation Index/Interest Rate Index/Cash Index/other variable and other information concerning the Underlying Asset(s)*

*Need to include details of where past and future performance and volatility of the Share/Index/Commodity/Commodity Index/ETF Share/Fund/FX Rate/FX Index/Inflation Index/Interest Rate Index/Cash Index/other variable can be obtained. Where the underlying is an Index need to include the name of the Index and a description if composed by the Issuer and if the Index is not composed by the Issuer need to include details of where the information about the Index can be obtained. Where the underlying is not an Index need to include equivalent information.]*

*[The above paragraph should be included for Securities with Shares, Indices, Commodities, Commodity Indices, ETF Shares, Funds, FX Rates, FX Indices, Inflation Indices, Interest Rate Indices, Cash Indices and/or other variables as underlyings]*

**[Explanation of effect on value of investment and associated risks**

*Need to include a clear and comprehensive explanation of how the value of the investments is affected by the relevant Underlying Asset(s) and the circumstances when the risks are most evident. (N.B. Only include if the Securities are derivative securities to which Annex XII of the Prospectus Directive Regulation applies with a denomination of less than EUR 100,000 (or its equivalent)]*

**[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer

[●]

*(See ["Use of Proceeds"] wording in the Principal Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

[(ii) Estimated net proceeds:

[●]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii)] Estimated total expenses: [●]

*(Include breakdown of expenses)*

*(If the Securities are derivative securities to which Annex XII of the Prospectus Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

**[Rating]**

The Securities have been rated [●] by [●].

[The rating is by a registered rating agency established in the EU]/[The rating is by an unregistered rating agency established outside the EU]/[The rating is by a third country rating agency that is endorsed by an EU registered agency]/[The rating is by a third country rating agency that has not applied to be registered but is certified in accordance with such Regulation.]

**[Responsibility]**

The Issuer accepts responsibility for the information contained in these Final Terms. 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 these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.] *(N.B. Delete this paragraph if the Securities are not (a) offered to the public in the EEA or (b) admitted trading on a regulated market in the EEA)*

Signed on behalf of the Issuer:

By: \_\_\_\_\_

Duly authorised

By: \_\_\_\_\_

Duly authorised

**[Index Trademark(s)/Disclaimer(s)] [delete if not applicable]**

[Add if applicable]

**[Additional Selling Restrictions] [delete if not applicable]**

[Add if applicable]

**[Additional Taxation Provisions] [delete if not applicable]**

[Add if applicable]