

Credit Suisse International

(registered as an unlimited liability company in England and Wales under No. 2500199)

Series SPCSI 2013-198

EUR 10,000,000 Secured Notes linked to Instituto de Crédito Oficial due 2018

Issue Price: 100 per cent.

This document is a securities note (the “**Securities Note**”) prepared for the purposes of Article 5(3) of Directive 2003/71/EC (the “**Prospectus Directive**”). The Securities Note contains information relating to the above Note(s) (the “**Securities**”). The Securities Note shall be read in conjunction with the registration document dated 18 July 2013 which has been approved by the Central Bank (as defined below) (the “**Registration Document**”) containing information in respect of Credit Suisse International (the “**Issuer**”), as prepared for the purposes of Article 5(3) of the Prospectus Directive. Together, the Registration Document and the Securities Note comprise a “prospectus” (the “**Prospectus**”) for the Securities, prepared for the purposes of Article 5(1) of the Prospectus Directive.

24 July 2013

SECURITIES NOTE

The Issuer accepts responsibility for the information contained in this document. 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 this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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 Issuer will not be providing any post issuance information in relation to the Securities.

The Securities Note has been approved by the Central Bank of Ireland (the “Central Bank”), as competent authority under the Prospectus Directive. The Central Bank only approves this Securities Note as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Securities which are to be admitted to trading on the regulated market of the Irish Stock Exchange (the “Irish Stock Exchange”) or other regulated markets for the purposes of Directive 2004/39/EC. Application has been made to the Irish Stock Exchange for the Securities to be admitted to the Official List and trading on its regulated market. There can be no assurance that any such listing will be obtained, or if obtained, will be maintained.

References in the Securities Note to Securities being “**listed**” (and all related references) shall mean that such Securities have been admitted to trading on the regulated market of the Irish Stock Exchange and have been admitted to the Official List (the “**Official List**”). The regulated market of the Irish Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). The Securities Note together with the Registration Document will constitute a prospectus for the purposes of the Prospectus Directive.

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 Registration Document or the Securities Note, and neither the Issuer nor the Dealer (as such term as defined in the section of the Securities Note entitled “Issue Specific Terms”) accepts responsibility for any information or representation so given. The Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Securities or the distribution of the Prospectus in any jurisdiction where any such action is required except as specified herein.

The distribution of the Prospectus and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession the Registration Document or the Securities Note comes are required by the Issuer to inform themselves about, and to observe, such restrictions.

The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under the applicable law.

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

Terms defined in the General Terms and Conditions of Notes (the “**General Conditions**”) set out in the Base Prospectus dated 14 June 2012 relating to the Issuer’s Structured Products Programme for the issuance of Notes, Certificates and Warrants that has been approved by the UK Listing Authority (the

“Principal Base Prospectus”), as supplemented by the Issue Specific Terms set out herein (the **“Conditions”**), have the same meaning herein unless otherwise defined in the Issue Specific Terms.

For the purpose of this Securities Note, references in the Principal Base Prospectus to the applicable Final Terms (including, for the avoidance of doubt, within the sections thereof incorporated by reference and forming part of this Prospectus) shall be to the provisions set out below under “Issue Specific Terms”. In the event of any inconsistency between the Issue Specific Terms and the General Conditions or Principal Base Prospectus, the Issue Specific Terms will prevail.

Table of Contents

	Page
RISK FACTORS.....	5
DOCUMENTS INCORPORATED BY REFERENCE	13
ISSUE SPECIFIC TERMS	14
DESCRIPTION OF COLLATERAL OBLIGATIONS.....	36
DESCRIPTION OF THE CUSTODIAN AND THE CUSTODY AGREEMENT	37
DESCRIPTION OF THE SECURITY TRUSTEE AND THE SECURITY TRUST DEED	38
CLEARING ARRANGEMENTS	40
TAXATION	41
SELLING RESTRICTIONS	48
GENERAL INFORMATION.....	50

RISK FACTORS

The risk factors set out below should be read in addition to pages 4 to 8 of the Registration Document and pages 7-8 and 111-127 of the Issuer's Annual Report for the year ending 31 December 2012. Such risk factors are risk factors that are material to the Securities in order to assess the market risk associated with them or which may affect the Issuer's ability to fulfil its obligations under them.

Risk Factors

Security

Only the Security Trustee may pursue the remedies available under the Security Trust Deed to enforce the rights of the Securityholders under the Security Trust Deed and no Securityholder may enforce the rights under the Security Trust Deed in relation to the Secured Property directly against the Issuer or any of its assets unless the Security Trustee, having become bound to proceed in accordance with the terms of the Security Trust Deed, fails or neglects to do so within a reasonable period of time following the obligation to enforce having arisen and such failure or neglect is continuing.

Floating Security

The Security Trust Deed creates a floating charge. Under English law, the interest of the Security Trustee and the Securityholders in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidator and the claims of certain preferential creditors on enforcement of the Security. An administrator is also entitled to use floating charge assets in an administration. Section 250 of the Enterprise Act 2002 abolished Crown preference in relation to all insolvencies (and thus reduced the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge, which are largely restricted to claims by employees), but Section 176A of the Insolvency Act 1986 requires a "prescribed part" (up to a maximum amount of £600,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that certain of the Secured Property could be used if there were an administration of the Issuer and expenses of any administrators or liquidators and the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Secured Creditors.

Priority of claims

During the term of the Securities, on an enforcement of the Security the rights of the Securityholders to be paid amounts due under the Securities will be subordinated to (i) certain rights of any preferential creditors as described above under the heading "*Floating Security*", (ii) the costs, charges, expenses and liabilities due and payable to the Security Trustee including costs incurred in the enforcement of the Security (including costs associated with the appointment and remuneration of any receiver) and the Security Trustee's remuneration, (iii) the remuneration and costs, charges, expenses and liabilities due and payable to the Agents and the Custodian under the Agency Agreement and the Custody Agreement, respectively and (iv) any claim of the Issuer in respect of an Issuer Delivery Amount relating to an Asset Swap Loss.

Such prior ranking claims shall reduce any Physical Settlement Entitlement and/or Cash Settlement Entitlements of the Securityholders.

Interest Rate

As the Securities bear interest at a fixed rate (subject to certain provisions as described in the following paragraphs), subsequent changes in market interest rates may adversely affect the value of the Securities.

The rate of interest (if any) payable under the Securities will be dependent upon the observed 3-month EURIBOR rate of interest being greater than or equal to the relevant Minimum Reference Rate and less than or equal to the relevant Maximum Reference Rate (each being specified rates of interest on particular dates). Therefore, if the observed 3-month EURIBOR rate of interest were to be less than the Minimum Reference Rate or greater than the Maximum Reference Rate in any given Interest Period, no interest will be payable on the Securities in respect of such Interest Periods. The performance of the observed 3-month EURIBOR rate of interest is dependent upon a number of factors including supply and demand in the international money markets, which are influenced by measures taken by governments and central banks, as well as speculations and other macroeconomic factors. The 3-month EURIBOR rate of interest will be observed five Fixing Business Days (as defined in Schedule 2 to the Issue Specific Terms) prior to the first day of the next following Interest Period (as defined in the Conditions).

No interest shall be payable on an Interest Payment Date falling on or after the date on which (i) the Issuer determines that a Collateral Event has occurred or (ii) an Issuer Event occurs (each as described in the Conditions). See the section entitled *“Amounts payable and/or deliverable upon early redemption of the Securities after a Collateral Event or an Issuer Event has occurred, and reinvestment risk following such early redemption”* below.

Security Trustee Indemnity

In certain circumstances, the Securityholders may be dependent on the Security Trustee to take certain actions in respect of the Securities, in particular if the Security created pursuant to the Security Trust Deed becomes enforceable following an Event of Default in respect of the Issuer. Prior to taking such action, the Security Trustee may require indemnification and/or to be secured and/or pre-funded to its satisfaction. If the Security Trustee is not indemnified and/or secured and/or pre-funded to its satisfaction it may decide, and shall be entitled, not to take such action and such inaction will not constitute a breach by it of its obligations under the Security Trust Deed. Consequently, the Securityholders would have to either arrange for such indemnity and/or security and/or pre-funding or accept the consequences of such inaction by the Security Trustee (which could prevent or delay settlement of the Securities). Securityholders should be prepared to bear the costs associated with any such indemnity and/or security and/or pre-funding and/or the consequences of any such inaction by the Security Trustee. Such inaction by the Security Trustee will not entitle Securityholders to take action directly against the Issuer to pursue remedies for any breach by the Issuer of the Security Trust Deed or the Securities (although the events giving rise to the need for Security Trustee action might also permit the Securityholders to exercise certain rights directly under the Conditions).

Amounts payable and/or deliverable upon early redemption of the Securities after a Collateral Event or an Issuer Event has occurred, and reinvestment risk following such early redemption

If the Issuer determines that a Collateral Event has occurred or an Issuer Event occurs, the Securities may be redeemed prior to the Scheduled Maturity Date, in each case, in accordance with the Conditions. In the event of such early redemption, rather than receiving the Redemption Amount on the Scheduled Maturity Date an investor in the Securities may receive its Cash Settlement Entitlement and/or Physical Settlement Entitlement, in respect of its Securities. In calculating the Cash Settlement Entitlement and the Physical Settlement Entitlement, the Calculation Agent will be required to determine the Collateral Obligations Value and the Hypothetical Asset Swap Value.

The Collateral Obligations Value represents the prevailing market value of the Reference Collateral Obligations at the time such Collateral Obligations Value is being determined, which may rise as well as fall.

The Hypothetical Asset Swap Value calculates whether, at the time the Hypothetical Asset Swap Value is determined, the cash flows on the Aggregate Nominal Amount of Securities which remain outstanding

are more or less valuable than the cash flows on the Reference Collateral Obligations (taking account of any amounts due but unpaid). If the Securities redeem early as a result of a Collateral Event or Issuer Event at a time when the cashflows on the Aggregate Nominal Amount of the Securities which remain outstanding are more valuable than the Reference Collateral Obligations, the Hypothetical Asset Swap Value will be a positive figure, thereby increasing the Cash Settlement Entitlement each Securityholder will be entitled to receive on redemption of its Securities. Conversely, if in such circumstances the cash flows on the Aggregate Nominal Amount of the Securities which remain outstanding are less valuable than the cash flows on the Reference Collateral Obligations, the Hypothetical Asset Swap Value will be a negative figure, thereby entitling the Issuer to a portion of the Charged Collateral Obligations which will result in a decrease in the Physical Settlement Entitlement (for each Delivery Compliant Holder) and/or Cash Settlement Entitlement a Securityholder will be entitled to receive on redemption of the Securities.

Therefore, the value of the Cash Settlement Entitlement (if applicable) and/or Physical Settlement Entitlement (for each Delivery Compliant Holder) in respect of a Securityholder may be less than the Redemption Amount such Securityholder would have received had such Collateral Event and/or Issuer Event not occurred and such value may be less than the amount a Securityholder paid for its Securities. On early redemption of the Securities, a Securityholder shall only be entitled to receive its Physical Settlement Entitlement if it satisfies the Pre-Conditions to Delivery which are specified in Schedule 2 to the Issue Specific Terms. To the extent that a Securityholder has not satisfied the Pre-Conditions to Delivery within the requisite time period, its receipt of the Physical Settlement Entitlement may be delayed. No interest or other compensation is payable to Securityholders as a result of any such delay. Further, if delivery of all or part of a Physical Settlement Entitlement to a Securityholder is deemed to be impossible, illegal or not reasonably practicable (including as a result of the Pre-Conditions to Delivery not being satisfied by the Delivery Lapse Date (as defined in the Conditions)), the relevant portion of the Physical Settlement Entitlement shall be liquidated and paid to or to the order of such Securityholder. A Securityholder which has satisfied the Pre-Conditions to Delivery may receive an aggregate value upon redemption (comprised of its Physical Settlement Entitlement and/or Cash Settlement Entitlement, as appropriate) which is higher or lower than the value received by a Securityholder which has not satisfied the Pre-Conditions to Delivery (and receives only a Cash Settlement Entitlement) or which is unable to take delivery of its entire Physical Settlement Entitlement.

Securityholders may not be able to liquidate any Physical Settlement Entitlement received and/or reinvest such liquidated proceeds and/or any Cash Settlement Entitlement at an effective interest rate as high as the interest rate or yield on the Securities or may only be able to do so at a significantly lower rate. Investors in the Securities should consider such reinvestment risk in light of other investments available at that time.

Mark-to-Market Arrangements

The amount of Charged Collateral Obligations at any time held by the Custodian and subject to the Security Trust Deed will vary pursuant to the Mark-to-Market Arrangements. If at any time the Calculation Agent determines that there is an Asset Swap Loss, the Issuer shall be entitled to remove a portion of the Charged Collateral Obligations from the Custody Account. If any such Asset Swap Loss later decreases, the Issuer shall be required to return Collateral Obligations to the Custody Account. Any Charged Collateral Obligations which are removed from the Custody Account will cease to form part of the Secured Property unless and until returned to the Custody Account. Consequently, if the Securities were to redeem early at a time when the Issuer has not returned Collateral Obligations to the Custody Account as required under the Mark-to-Market Arrangements, although the Issuer is obliged to pay the Collateral Shortfall Value in respect of such non-returned Collateral Obligations, such portion of the Cash Settlement Entitlements attributable to the Collateral Shortfall Value is highly likely to be unsecured.

The Mark-to-Market Arrangements also provide that the maximum nominal amount of Collateral Obligations from time to time held in the Custody Account (comprising Charged Collateral Obligations)

shall not exceed the amount of the Reference Collateral Obligations which reflects an amount equal to the aggregate nominal amount of Securities then outstanding. The Issuer is not obliged, and therefore will not, transfer any Collateral Obligations in excess of this nominal amount to the Custody Account. This means that if the Securities were to redeem early at a time when there is an Asset Swap Gain (where the Hypothetical Asset Swap Value is positive, reflecting the fact that the Securities' cash flows are more valuable than those of the Reference Collateral Obligations) resulting in an increased Cash Settlement Entitlement for each Securityholder, such portion of the Cash Settlement Entitlements attributable to the Asset Swap Gain will also be highly likely to be unsecured.

Redemption by Securityholders upon Event of Default of the Issuer

Following the occurrence of an Event of Default a majority of 75 per cent. of the Securityholders acting by way of Extraordinary Resolution (or by way of a written resolution valid and effective as an Extraordinary Resolution) will be able to declare all Securities due and repayable and, subject to their indemnifying and/or providing the Security Trustee with security and/or prefunding the Security Trustee, direct the Security Trustee to enforce the Security Interest and thereby bind any Securityholders who did not attend and/or vote in respect of the Extraordinary Resolution and/or Securityholders who voted in a manner contrary to the majority.

Credit Risk

Collateral Obligor

If (i) the issuer of the Collateral Obligations (the “**Collateral Obligor**”) fails to make any scheduled payment when due or (ii) an event of default occurs in relation to the Collateral Obligations or (iii) any amendment is made to any guarantee in respect of the Collateral Obligations, which results in such guarantee not having the same economic effect as it did on the Look-back Date, or (iv) a substitution, variation or redenomination occurs in respect of the currency in which any payment under or related to the Collateral Obligations is denominated when compared with the Original Terms or (v) the Collateral Obligor redeems or repurchases the Collateral Obligations in whole or in part before the Maturity Date, then a Physical Settlement Entitlement (if such Securityholder is a Delivery Compliant Holder) and a Cash Settlement Entitlement (if applicable) will be deliverable and/or payable, respectively, to each Securityholder in respect of its Securities in accordance with the Conditions and no Redemption Amount will be payable on the Maturity Date. In such circumstances, the value of Physical Settlement Entitlement (due to a Delivery Compliant Holder) and/or Cash Settlement Entitlement due to the Securityholders may be less than the Redemption Amount and therefore Securityholders are exposed to the credit risk of the Collateral Obligor, amendment risk in respect of any guarantee and redemption and/or prepayment risk in respect of the Collateral Obligations.

Issuer

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

The performance and solvency of the Issuer may 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.

Custodian

The Secured Property will be held in an account with the Custodian in the name of the Issuer. The Securityholders are therefore relying on the Custodian to perform its obligations under the Custody Agreement. In addition, to the extent the Custodian is permitted to appoint a sub-custodian, securities

depository or clearing system to hold the Secured Property, the Securityholders are relying on the performance by each such party of their respective obligations.

The Securities are subject to the credit risk of the Custodian (and any sub-custodian, securities depository or clearing system) to the extent that the Secured Property will be held by such entity on behalf of the Issuer and in the event that delivery of the Secured Property to such entity has taken place by book entry transfer through a clearing system, as the Issuer may only have a contractual claim as against such entity for the return of the Secured Property rather than a proprietary interest in the Secured Property.

Provision of Information

The Issuer (i) has not provided nor will it provide prospective investors in the Securities with any information or advice with respect to the Collateral Obligor or the Custodian and (ii) does not make any representation as to the credit quality of the Collateral Obligor or the Custodian. The Issuer or the Calculation Agent may have acquired, or during the term of the Securities may acquire, non-public information with respect to the Collateral Obligor or the Custodian which will not be disclosed to Securityholders.

The timing and limited scope of the information provided to Securityholders regarding the Collateral Obligor and/or the occurrence of a Collateral Event before the Maturity Date may affect the liquidity of the Securities and accordingly the ability of Securityholders to value the Securities.

Business Relationships and Conflicts of Interest

There is no limitation or restriction on the Issuer or any of its affiliates with regard to acting as advisor (or with regard to taking on any other similar role) to other parties or persons or entering into, performing or enforcing its rights in respect of a broad range of transactions in various capacities for its own account and for the account of other persons, from time to time in relation to its business. This, and other future activities of the Issuer and/or its affiliates may give rise to conflicts of interest. These interests may conflict with the interests of the Securityholders and the Securityholders may suffer a loss as a result. In particular, the Issuer and/or its affiliates may deal in the Collateral Obligations not comprising the Secured Property and may have existing or future business relationships with the Collateral Obligor or its affiliates, the Custodian, the Security Trustee, the Securityholders or any other person or entity (including, but not limited to, lending, depository, risk management, advisory and banking relationships), and will pursue actions and take steps that it deems or they deem necessary or appropriate to protect its or their interests (in whatever capacity) arising therefrom (including, without limitation, any action which might constitute or give rise to a Collateral Event (as defined in the Conditions) before the Maturity Date) without regard to the consequences for a Securityholder.

Depending upon the circumstances, the interests of the Securityholders, the Issuer and the other parties whose interests are secured under the Security Trust Deed may differ and may not be aligned.

No Claim against Collateral Obligor

The Securities will not represent a claim against the Collateral Obligor and, in the event of any loss, a Securityholder will not have recourse under the Securities to the Collateral Obligor (other than any rights that the relevant Securityholder will have upon the successful delivery of any Physical Settlement Entitlement).

Determinations as to Collateral Events

The determination as to whether a Collateral Event has occurred before the Maturity Date shall be made by the Issuer. Such determinations will be made objectively and therefore may not have regard to any related determination by the Collateral Obligor or any action taken, omitted to be taken or suffered by any other person including, without limitation, any creditor of the Collateral Obligor.

Calculation Agent and Calculation Discretion Risk

In making certain determinations under the Securities, the Calculation Agent may be required to exercise its discretion. Where this occurs, any return to a Securityholder under the Securities may be less than Securityholders were otherwise expecting. For example, upon the occurrence of a Collateral Event, if certain quotes are not received from established dealers, the Calculation Agent will be required to calculate the Collateral Obligations Value and the Hypothetical Asset Swap Value and, in accordance with such calculations, any Asset Swap Gain or Asset Swap Loss. This in turn may affect the calculation of any Cash Settlement Entitlement payable to Securityholders and/or the Physical Settlement Entitlement deliverable to the Securityholders. Such determinations of amounts payable or deliverable under the Securities may be less than the amounts or deliveries that would have been determined had such quotes been received. In performing its duties in connection with the Securities, the Calculation Agent is required to act reasonably, although it is not under any duty to consider the interests of Securityholders or any other person.

Replacement Calculation Agent

If the Securities become due and payable as a result of the occurrence of an Event of Default in respect of the Issuer, the Calculation Agent may not be performing, or capable of performing, its calculation duties in respect of the Securities (since, as the date of this document, the Issuer and the Calculation Agent are the same entity). In such circumstances, the Securityholders will need to (or failing which, the Security Trustee may request the Securityholders to) appoint a replacement financial institution of international repute to take the place of the Calculation Agent, acting by Extraordinary Resolution or by a written resolution being valid and effective as an Extraordinary Resolution or to instruct the Security Trustee to act (subject to providing such indemnity and/or security and/or pre-funding to the satisfaction of the Security Trustee – see “*Security Trustee Indemnity*” above). Arranging for, and appointing any, such replacement Calculation Agent may delay any required calculation of the Collateral Obligations Value and the Hypothetical Asset Swap Value (and therefore the determination of whether there is an Asset Swap Gain or Asset Swap Loss).

If the Security Trustee has requested the Securityholders to appoint a replacement Calculation Agent and no such appointment has been made, the Security Trustee shall have no obligation to act. Consequently, the calculation of any Cash Settlement Entitlement and/or Physical Settlement Entitlement and any related Liquidation of Charged Collateral Obligations and related payments on the Securities may be delayed. Securityholders shall not be entitled to any interest or other compensation because of any such delay.

Liquidation

Where the Securities are to be redeemed other than on the Scheduled Maturity Date, the Calculation Agent or the Security Trustee (as applicable) may be required to sell or otherwise liquidate a portion of the Charged Collateral Obligations in accordance with the Conditions. Except as specifically provided in the Issue Specific Terms, the Calculation Agent or the Security Trustee (as applicable) may sell all or any part of the Charged Collateral Obligations at any time or at different times during the relevant period or in stages in respect of smaller portions and will not have any liability for so doing if a higher price could have been obtained had such sale taken place at a different time during such specified period and/or had or had not been effected in stages in respect of smaller portions.

Exchange Rates and Exchange Controls

The Issuer will pay principal on the Securities in euro. This presents certain risks relating to currency conversions if a Securityholder's financial activities are denominated principally in a currency or currency unit (the “**Investor's Currency**”) other than euro. These include the risk that exchange rates may significantly change (including changes due to a devaluation of the euro or a revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or

modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (i) the Investor's Currency equivalent yield on its Securities, (ii) the Investor's Currency equivalent value of the principal payable on its Securities and (iii) the Investor's Currency equivalent market value of its Securities. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Securityholders may receive less principal than expected, or no principal at all.

Modification, Waiver and Substitution

The General Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and/or vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority. In addition, the Issuer may make certain amendments to the terms of the Securities if the purpose of such amendments is to cure certain ambiguities or supplement certain provisions and if the Issuer considers such amendments to be not prejudicial to the interests of the Securityholders or if the purpose of such amendments is to correct a manifest error.

Legality of Purchase

The Issuer does not have nor does it assume responsibility for the lawfulness of a prospective investor's acquisition of the Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different) or the compliance by that prospective investor with any law, regulation or regulatory policy applicable to it. A prospective investor may not rely on the Issuer in connection with its determination as to the legality of its acquisition of the Securities or as to the other matters referred to above.

Secondary Market

It is not possible to predict the price at which Securities will trade in the market or whether such market will be liquid or illiquid and the Issuer does not intend to provide a market for the Securities. The 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. Any Securities so purchased may be held or resold or surrendered for cancellation. The only way in which a Securityholder can realise value from a Security prior to maturity is to sell it at its then market price in the market, which may be significantly less than the amount that such Securityholder initially invested. There can be no assurance that a secondary market in the Securities will develop, or if it does develop, that it will provide Securityholders with any liquidity of investment or that it will continue for the life of the Securities.

Any secondary market price quoted by the Issuer may be affected by several factors including, without limitation, prevailing market conditions 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.

Loss of Investments

If the amount payable (taken together with the value of any deliverable Physical Settlement Entitlement, if applicable) on redemption, exercise or expiry of the Securities is less than their issue price, investors may lose all or part of their investment.

The Issue Price may be more than the Securities' market value

The Issue Price in respect of any Securities 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.

Hedging

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

Tax Risks

The levels and basis of taxation on the Securities and any reliefs from such taxation can change at any time. The value of any tax reliefs will depend on an investor's individual circumstances. The tax and regulatory characterisation of the Securities may change over the life of the Securities. This could have adverse consequences for investors.

Each Securityholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Securities. The Issuer will not pay any additional amounts to Securityholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Securities or incurred in connection with any delivery of any Physical Settlement Entitlement (if applicable).

DOCUMENTS INCORPORATED BY REFERENCE

This Securities Note should be read and construed in accordance with the following documents which shall be deemed to be incorporated in, and form part of, this Prospectus.

The following sections of the Principal Base Prospectus (available on the Irish Stock Exchange's website at the following address: http://www.ise.ie/debt_documents/Base%20Prospectus_7941b8d3-55f4-4cf6-ada4-966b9bc5a614.PDF) are incorporated by reference and form part of this Prospectus:

- (i) General Terms and Conditions of Notes (pages 40 to 56 inclusive);
- (ii) Summary of Provisions relating to Notes while in Global Form (page 57);
- (iii) The Underlying Assets (page 223);
- (iv) Taxation (pages 331 to 376 inclusive); and
- (v) General Information (page 386 to 388 inclusive).

Any non-incorporated parts of the Principal Base Prospectus are either not relevant for investors in the Securities or are covered elsewhere in the Prospectus.

ISSUE SPECIFIC TERMS

The Securities will be subject to the General Conditions and also to the following provisions as set out in these issue specific terms (the “**Issue Specific Terms**” which include the relevant schedule(s) attached hereto). References in such General Conditions to the Final Terms shall be to the provisions set out in these Issue Specific Terms. In the case of a discrepancy or conflict with such General Conditions, the following Issue Specific Terms shall prevail.

1	Issuer:	Credit Suisse International
2	Series Number:	SPCSI 2013-198
3	Tranche Number:	Not Applicable
4	Applicable General Terms and Conditions:	Notes
5	Specified Currency or Currencies:	euro
6	Aggregate Nominal Amount:	EUR 10,000,000
7	Issue Price:	100 per cent. of the Specified Denomination per Security
8	Specified Denominations:	EUR 100,000
9	Issue Date/Payment Date:	7 June 2013
10	Maturity Date:	30 April 2018 (the “ Scheduled Maturity Date ”), as may be adjusted pursuant to Schedule 2 to these Issue Specific Terms.
11	Interest Basis:	Fixed Rate, subject to the Interest Calculation Provisions set out in Schedule 1 to these Issue Specific Terms.
12	Premium Basis:	Not Applicable
13	Redemption/Payment Basis:	Redemption at par, subject to the Adjustment Provisions set out in Schedule 2 to these Issue Specific Terms.
14	Put/Call Options:	Not Applicable

PROVISIONS RELATING TO INTEREST AND PREMIUM

15	Fixed Rate Provisions:	Applicable, subject to (i) the Interest Calculation Provisions set out in Schedule 1 to these Issue Specific Terms and (ii) the fact that no Interest Amount shall be payable on any Interest Payment Date falling on or following an Event Determination Date (as defined in Schedule 2 to these Issue Specific Terms).
	Rate(s) of Interest:	The Rate of Interest in respect of each Interest Period shall be determined in accordance with the Interest Calculation Provisions set out in Schedule 1 to these Issue Specific Terms.
	Interest Commencement Date:	31 May 2013.
	Interest Payment Date(s):	30 January, 30 April, 30 July and 30 October in each

		year from, and including, 30 July 2013 to, and including, the Scheduled Maturity Date, in each case subject to adjustment in accordance with the Modified Following Business Day Convention.
	Interest Amount(s):	As calculated in accordance with the Conditions, and subject to the Interest Calculation Provisions set out in Schedule 1 to these Issue Specific Terms.
	Broken Amount(s):	Not Applicable
	Day Count Fraction:	30/360 (which, for the avoidance of doubt, shall be adjusted)
16	Floating Rate Provisions:	Not Applicable
17	Premium Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

18	Redemption Amount:	The Redemption Amount in respect of each Security will be 100 per cent. of its Specified Denomination, subject to the Adjustment Provisions set out in Schedule 2 to these Issue Specific Terms.
19	Settlement Currency:	The Specified Currency
20	Details relating to Instalment Securities:	Not Applicable
21	Call Option:	Not Applicable
22	Put Option:	Not Applicable

UNDERLYING ASSETS

23	List of Underlying Assets:	The Collateral Obligations, as referred to in the Schedules to these Issue Specific Terms.
24	Equity-linked Securities:	Not Applicable
25	Equity Index-linked Securities:	Not Applicable
26	Commodity-linked Securities:	Not Applicable
27	Commodity Index-linked Securities:	Not Applicable
28	ETF-linked Securities:	Not Applicable
29	Fund-linked Securities:	Not Applicable
30	FX-linked Securities:	Not Applicable
31	FX Index-linked Securities:	Not Applicable
32	Inflation Index-linked Securities:	Not Applicable
33	Interest Rate Index-linked Securities:	Not Applicable
34	Cash Index-linked Securities:	Not Applicable
35	Adjustments Convention:	See the Schedules to these Issue Specific Terms.

GENERAL PROVISIONS

36	(i) Form of Securities:	Bearer Securities
----	-------------------------	-------------------

	(ii) Global Security:	Permanent Global Security
37	Financial Centre(s):	London
38	Minimum Transferable Number of Securities:	Not Applicable
39	Listing and Admission to Trading:	
	(i) Stock Exchange(s) to which application will initially be made to list the Securities:	Irish Stock Exchange.
	(ii) Admission to trading:	Application has been made by or on behalf of the Issuer for the Securities to be admitted to the Official List of the Irish Stock Exchange Limited and to trading on its regulated market. No assurance can be given that any such application will be successful. No other application has been or will be sought for the Securities to be admitted to trading on another regulated market (as defined in the Prospectus Directive).
40	Entities (other than stock exchanges) to which application for listing and/or approval of the Securities will be made:	Not Applicable
41	Security Codes and Ticker Symbols:	
	ISIN Code:	XS0939093307
	Common Code:	093909330
	Swiss Security Number:	21496830
	Telekurs Ticker:	Not Applicable
	WKN number:	Not Applicable
42	Clearing and Trading:	
	Clearing System(s) and any relevant identification number(s):	Euroclear Bank S.A./N.V. and Clearstream Banking, SA, Luxembourg
	Additional Clearing System(s):	None.
	Delivery of Securities:	Delivery against payment
	Minimum Trading Lot:	Not Applicable
43	Agents:	
	Calculation Agent:	Credit Suisse International One Cabot Square London E14 4QJ
	Fiscal Agent:	The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL
	Paying Agents:	The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL

Custodian:	The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL
Security Trustee	BNY Mellon Corporate Trustee Services Limited One Canada Square London E14 5AL
44 Dealer(s):	Credit Suisse International
45 Additional steps that may only be taken following approval by Extraordinary Resolution:	Not Applicable
46 Specified newspaper for the purposes of notices to Securityholders:	Not Applicable
47 Additional Provisions:	<ol style="list-style-type: none"> 1. As set out in the Schedules to these Issue Specific Terms. 2. If the Securities redeem early due to an Illegality or an Event of Default (which would constitute an Issuer Event for the purpose of Schedule 2 to these Issue Specific Terms), notwithstanding anything to the contrary in General Condition 5(b) and the definition of "Early Payment Amount", each Securityholder shall receive its Physical Settlement Entitlement and/or Cash Settlement Entitlement, in each case determined in accordance with Schedule 2 to these Issue Specific Terms. 3. General Condition 3 shall be deleted in its entirety and replaced with the following: <p>"3 Status</p> <p>The Securities are secured obligations of the Issuer."</p> 4. General Condition 8 shall be deleted in its entirety and replaced with the following: <p>"8 Events of Default</p> <p>If any one or more of the following events (each an "Event of Default") has occurred and is continuing:</p> <ol style="list-style-type: none"> (a) the Issuer fails to pay any amount due on the Securities within 30 days after the due date; or (b) the Issuer fails to perform or observe any of its other obligations under the Mark-to-Market Arrangements (as defined in Schedule 3) and such failure continues for at least a period of 30 days; or (c) the Issuer materially breaches any of

the covenants set out in Clauses 5 and 6 of the Security Trust Deed, and any such material breach continues unremedied for at least a period of 30 days; or

- (d) a resolution is passed, or a final order of a court in the United Kingdom is made, and where not possible, not discharged or stayed within a period of 90 days, that the Issuer be wound up or dissolved,

then the holders acting by Extraordinary Resolution (or a written resolution being valid and effective as an Extraordinary Resolution) may declare all Securities immediately due and payable, whereupon such Securities shall become redeemable in accordance with Paragraph 2 of these Additional Provisions above unless, prior to the time when such Extraordinary Resolution becomes effective, all Events of Default have been cured.”

5. Replacement Calculation Agent:

If the Securities become due and payable as a result of the occurrence of an Event of Default, the Securityholders may, acting by Extraordinary Resolution (or a written resolution being valid and effective as an Extraordinary Resolution) appoint a replacement Calculation Agent, provided that such Calculation Agent satisfies the “Know Your Customer” requirements of the Security Trustee and the Custodian and is a financial institution of international repute, to make the determinations and calculations required to be made by the Calculation Agent in relation to such Event of Default and the Securities.

SCHEDULE 1

INTEREST CALCULATION PROVISIONS

1 Rate of Interest

The Rate of Interest in respect of each Interest Period falling within a Reference Rate Observation Period shall be either (i) 5.00 per cent. per annum, if the Reference Rate (as determined by the Calculation Agent) in respect of such Interest Period is (a) greater than or equal to the Minimum Reference Rate and (b) less than or equal to the Maximum Reference Rate, or (ii) 0.00 per cent. per annum in all other circumstances.

“Maximum Reference Rate” means, in respect of an Interest Period falling within a Reference Rate Observation Period, the corresponding rate of interest specified in the column titled “Applicable Maximum Reference Rate” as set out in paragraph 2 below.

“Minimum Reference Rate” means, in respect of an Interest Period falling within a Reference Rate Observation Period, the corresponding rate of interest specified in the column titled “Applicable Minimum Reference Rate” as set out in paragraph 2 below.

“Reference Rate” means, in respect of an Interest Period, the rate for deposits in euros for a period of 3 months which appears on the Reuters Screen “EURIBOR01” (or such successor screen thereto as may be determined by the Calculation Agent) as of 11.00 a.m., Brussels time, on the Reference Rate Observation Day, or if such rate does not appear on the relevant Reuters Screen (or any successor screen page thereto), the rate determined by the Calculation Agent.

“Reference Rate Observation Day” means, in respect of each Interest Period, five Fixing Business Days (as defined in Schedule 2 below) prior to the first day of the next following Interest Period or, in the case of the final Interest Period, five Fixing Business Days prior to the Scheduled Maturity Date.

“Reference Rate Observation Period” means, each period specified in paragraph 2 below.

2 Maximum and Minimum Reference Rates

Reference Rate Observation Period	Applicable Minimum Reference Rate	Applicable Maximum Reference Rate
From, and including, 31 May 2013 to, and including, 30 April 2014	0.00 per cent. per annum	1.00 per cent. per annum
From, but excluding, 30 April 2014 to, and including, 30 April 2015	0.10 per cent. per annum	1.10 per cent. per annum
From, but excluding, 30 April 2015 to, and including, 30 April 2016	0.25 per cent. per annum	1.35 per cent. per annum
From, but excluding, 30 April 2016 to, and including, 30 April 2017	0.50 per cent. per annum	1.60 per cent. per annum
From, but excluding, 30 April 2017 to, and including, 30 April 2018	0.70 per cent. per annum	1.85 per cent. per annum

SCHEDULE 2 ADJUSTMENT PROVISIONS

Payment by the Issuer of the Redemption Amount on the Maturity Date in respect of each Security is subject to the provisions of this Schedule 2 (the “**Adjustment Provisions**”).

1 General

Subject to paragraph 11 of this Schedule 2, if the Issuer determines at any time from and including the Look-back Date that a Collateral Event has occurred or an Issuer Event occurs (the date on which the Issuer determines such Collateral Event to have occurred or the date on which the Issuer Event occurs the “**Event Determination Date**”):

- (i) no Redemption Amount will be or become payable in respect of the Securities on the Maturity Date;
- (ii) within five Fixing Business Days following the Event Determination Date (the “**Event Notice Date**”), the Issuer shall give notice to the Securityholders (the “**Event Notice**”) that such Event Determination Date has occurred, together with a description in reasonable detail of the facts supporting or relevant to such determination (in respect of a Collateral Event only) and require each Securityholder to comply with the Pre-Conditions to Delivery (as set out in paragraph 9 below) to facilitate delivery of its Physical Settlement Entitlement (failing which only a Cash Settlement Entitlement shall be payable to the relevant Securityholder in accordance with this Schedule 2);
- (iii) within 30 Fixing Business Days of the Event Notice Date, the Calculation Agent will determine the Collateral Obligation Value and the Hypothetical Asset Swap Value in the manner set out in paragraph 3 below (the date of such determination, the “**Valuation Date**”);
- (iv) if the Event Determination Date has occurred as a result of an Event of Default only, the Security Trustee will consult with the Agents and the Custodian to determine the estimated value of the Priority Claims (if any) to be settled in accordance with the Post-Enforcement Priority of Payments (as defined in the Security Trust Deed) and, without prejudice to the Security Trustee’s right to be indemnified and/or secured and/or pre-funded to its satisfaction by the Securityholders prior to acting, shall be entitled to direct the Custodian to transfer to or to the order of the Security Trustee such aggregate nominal amount of Charged Collateral Obligations as is necessary to realise upon Liquidation in accordance with paragraph 10 below an amount not less than such estimated value of the Priority Claims (if any) (such aggregate nominal amount of the Charged Collateral Obligations, the “**Priority Delivery Amount**” and any proceeds from the Liquidation of such Priority Delivery Amount which is in excess of the aggregate of (i) the value of such Priority Claims; and (ii) any Liquidation Expenses (if any), the “**Priority Delivery Cash Component**”);
- (v) if an Issuer Claim Amount is determined in respect of the Valuation Date in accordance with paragraph 4 below, then on or prior to the fifth Fixing Business Day following the Valuation Date (the “**Issuer Settlement Date**”), the Issuer may direct the Custodian to transfer from the Custody Account to the Issuer, Charged Collateral Obligations having an aggregate nominal amount equal to the Issuer Delivery Amount determined in accordance with paragraph 4 below; and
- (vi) the Securities shall be redeemed by the Issuer delivering each Physical Settlement Entitlement and/or paying each Cash Settlement Entitlement, as applicable, to the Securityholders in accordance with paragraph 7 below.

2 Suspension of Payments

If the Issuer determines at any time that facts or evidence exists indicating that, with the giving of notice, lapse of time or expiration of any applicable grace period, a Collateral Event may occur, it shall not be required to make any payment with respect to the Securities for a period of ten Fixing Business Days (inclusive) commencing on the date on which it makes such determination (a **"Suspension Period"**). The Issuer shall promptly notify the Securityholders of the occurrence of a Suspension Period in accordance with General Condition 13.

If, by the end of a Suspension Period, the Issuer has not determined that a Collateral Event has occurred, it shall, on the day falling two Fixing Business Days after the end of such Suspension Period (such day, the **"Suspension Period Payment Date"**), be required to make all payments it would otherwise have been required to make in respect of the Securities but for the occurrence and operation of such Suspension Period (such payments, the **"Suspended Payments"**). No interest shall accrue on any Suspended Payments.

If the Scheduled Maturity Date falls within any Suspension Period, either (i) no Redemption Amount will be or become payable on the Maturity Date where, prior to the end of such Suspension Period, the Issuer determines a Collateral Event has occurred and the Securities will be redeemed on their Collateral Settlement Date in accordance with this Schedule 2 or (ii) the Maturity Date shall be postponed until the Suspension Period Payment Date where, by the end of such Suspension Period, the Issuer has not determined that a Collateral Event has occurred and no Issuer Event has occurred.

3 Determination of Values

In addition to those times specified elsewhere in the Conditions, the Calculation Agent shall determine the Collateral Obligations Value and the Hypothetical Asset Swap Value on a weekly basis on each Tuesday following the Issue Date (the first of which is expected to be 11 June 2013), provided that if such day is not a Fixing Business Day, such values shall be determined on the next following day that is a Fixing Business Day.

Determining Values

In order to determine the **"Collateral Obligations Value"**:

- (i) on the Valuation Date, the Calculation Agent shall first request each of three established dealers in the swaps market for the Collateral Obligations to provide its all in firm bid price to purchase in the Specified Currency all of the Reference Collateral Obligations (each such all in bid price, a **"COV Quotation"**), and
- (ii) at any other time, the Calculation Agent shall determine the Collateral Obligations Value for the Reference Collateral Obligations by reference to one or more of Bloomberg, Mark-it Group or Reuters (as it deems appropriate) and, if no such source is available, the Calculation Agent shall determine such amounts in such manner as it deems appropriate acting in a commercially reasonable manner.

In order to determine the **"Hypothetical Asset Swap Value"** (which may be positive, negative, or zero):

- (i) on the Valuation Date, the Calculation Agent shall first request each of three established dealers in the market to provide its quotation as to the amount in the Specified Currency it would require the Calculation Agent to pay to it (expressed for the purposes of the Conditions as a negative number), or the amount it would pay to the Calculation Agent (expressed for the purposes of the Conditions as a positive number), in consideration for entering into an agreement pursuant to which the Calculation Agent would pay to the dealer the Securities Cashflows and the dealer would pay to the Calculation Agent the Collateral Obligations Cashflows (each such quotation, **"HASV Quotation"** and, together with the COV Quotations, each a **"Quotation"**), and

- (ii) at any other time, the Calculation Agent shall determine the Hypothetical Asset Swap Value as the sum of the present values of Collateral Obligations Cashflows minus the sum of the present values of the Securities Cashflows, in each case as discounted from the relevant scheduled payment date by applying discount factors based on the EURIBOR interest rate swap curve derived by the Calculation Agent from the appropriate Reuters, Telerate or Bloomberg screens, and, if no such source is available, the Calculation Agent shall determine such discount factors in such manner as it deems appropriate acting in a commercially reasonable manner.

Quotations

If Quotations are required in order to determine the Collateral Obligations Value or the Hypothetical Asset Swap Value (each a **“Value”**), once such Quotations have been sought the Calculation Agent shall next determine such Value in the following manner:

- (i) where the Calculation Agent receives three Quotations for the relevant Value, it shall disregard the highest and the lowest such Quotations and shall determine the Value as being equal to the remaining Quotation;
- (ii) where the Calculation Agent receives two Quotations for the relevant Value only, it shall determine the Value as being equal to the arithmetic average of such Quotations;
- (iii) where the Calculation Agent receives one Quotation for the relevant Value only, it shall determine the Value as being equal to such Quotation; or
- (iv) where the Calculation Agent does not receive any Quotations for the relevant Value, it shall determine the Value in a commercially reasonable manner.

Where the Value being determined is a Hypothetical Asset Swap Value, the Calculation Agent will express its determination of Value as a positive or negative number as if providing a Quotation in respect thereto in accordance with the provisions above.

Where any Hypothetical Asset Swap Value determined in accordance with this paragraph 3 is negative, the absolute value of such number shall constitute an **“Asset Swap Loss”** and where it is positive, such number shall constitute an **“Asset Swap Gain”**.

4 Determination of the Issuer Delivery Amount

If (a) the Calculation Agent determines that an Asset Swap Loss exists as of the Valuation Date and/or (b) where the Event Determination Date has occurred as a result of a Collateral Event only, the Issuer and/or its Affiliates have incurred any costs due wholly or in part to the occurrence of a Collateral Event ((a) and (b) taken together, the **“Issuer Claim Amount”**), the following shall apply:

- (i) the Calculation Agent shall determine the aggregate nominal amount of Collateral Obligations (such amount, the **“Actual Issuer Notional”**) that represents the same proportion of the Reference Collateral Obligations as the proportion (capped at 100%) that the Issuer Claim Amount bears to the Collateral Obligations Value;
- (ii) where the Actual Issuer Notional is not an integer multiple of the specified denomination of the Collateral Obligations, the Calculation Agent shall round the Actual Issuer Notional up to the next whole integer number of specified denominations of the Collateral Obligations (such amount as rounded, the **“Rounded Issuer Notional”**);
- (iii) the **“Issuer Delivery Amount”** shall be the Actual Issuer Notional unless a Rounded Issuer Notional has been determined in accordance with sub-paragraph (ii), in which case it shall be such Rounded Issuer Notional;

- (iv) where the Rounded Issuer Notional is used as the Issuer Delivery Amount, the Calculation Agent shall also determine the amount (such amount, the **“Issuer Delivery Cash Component”**) that represents the same proportion of the Collateral Obligations Value as the proportion that (a) the difference between the Rounded Issuer Notional and the Actual Issuer Notional bears to (b) the nominal amount of the Reference Collateral Obligations; and
- (v) the Calculation Agent will notify the Issuer, the Security Trustee and the Securityholders of the Issuer Delivery Amount and, if applicable, the Issuer Delivery Cash Component, on the third Fixing Business Day following the Valuation Date.

5 Determination of the Physical Settlement Entitlement

Following the occurrence of an Event Determination Date, the Calculation Agent shall, not later than the fifth Fixing Business Day following the Valuation Date, determine the Physical Settlement Entitlement in respect of each Securityholder that has complied with the Pre-Conditions to Delivery in accordance with paragraph 9 below (each, a **“Delivery Compliant Holder”**) as follows:

- (i) the Calculation Agent shall determine the nominal amount of Charged Collateral Obligations that will be standing to the credit of the Custody Account after transfer of any Priority Delivery Amount and/or Issuer Delivery Amount to or to the order of the Security Trustee or the Issuer, as applicable, and that relate to such Delivery Compliant Holder (such amount, the **“Actual SH Notional”**), being a nominal amount representing the same proportion of such Charged Collateral Obligations standing to the credit of the Custody Account at such time as the proportion that the aggregate nominal amount of such Delivery Compliant Holder’s Securities bears to the Aggregate Nominal Amount of all Securities outstanding;
- (ii) where the Actual SH Notional in respect of a Delivery Compliant Holder is not an integer multiple of the specified denomination of the Collateral Obligations, the Calculation Agent shall round the Actual SH Notional down to the next whole integer number of specified denominations of the Collateral Obligations (such amount as rounded, the **“Rounded SH Notional”**);
- (iii) the **“Physical Settlement Entitlement”** for each Delivery Compliant Holder shall be its Actual SH Notional unless a Rounded SH Notional has been determined in accordance with sub-paragraph (ii), in which case it shall be such Rounded SH Notional; and
- (iv) where the Rounded SH Notional is used as the Physical Settlement Entitlement for a Delivery Compliant Holder, the Calculation Agent shall also determine the notional amount of Collateral Obligations that were rounded down in respect of such Delivery Compliant Holder (such amount, the **“Reduced SH Notional”**).

6 Determination of the Cash Settlement Entitlement

Following the occurrence of an Event Determination Date, the Calculation Agent shall, not later than the fifth Fixing Business Day following the Valuation Date, determine the Cash Settlement Entitlement in respect of each Securityholder as follows:

- (i) the Calculation Agent shall determine the remaining nominal amount of Charged Collateral Obligations that will be standing to the credit of the Custody Account after transfer of any Priority Delivery Amount and/or Issuer Delivery Amount to or to the order of the Security Trustee or the Issuer, as applicable, and transfer of each Physical Settlement Entitlement to each Delivery Compliant Holder (such amount, the **“Remaining Liquidation Notional”**);
- (ii) the Calculation Agent acting on behalf of the Issuer shall be entitled to direct the Custodian to transfer to or to the order of the Calculation Agent the Remaining Liquidation Notional of Charged Collateral Obligations in order to Liquidate the same as soon as practicable in accordance with paragraph 10 below, the proceeds of such Liquidation less the Liquidation Expenses being the

“Liquidation Proceeds” which the Calculation Agent shall cause to be paid into the Cash Account held with the Custodian;

- (iii) upon the Remaining Liquidation Notional of Collateral Obligations having been Liquidated in full, the Calculation Agent will determine the **“Cash Settlement Entitlement”** in respect of each Securityholder to be the sum of the following (rounded in accordance with Condition 4(e)(iii)):

(a) if

- (I) any Priority Claims were determined in accordance with paragraph 1 of this Schedule 2, an amount representing the same proportion of the Priority Delivery Cash Component (if any) as the proportion that the aggregate nominal amount of such Securityholder’s Securities bears to the Aggregate Nominal Amount of all Securities outstanding;
- (II) an Issuer Claim Amount was determined in respect of the Valuation Date, an amount representing the same proportion of the Issuer Delivery Cash Component (if any) as the proportion that the aggregate nominal amount of such Securityholder’s Securities bears to the Aggregate Nominal Amount of all Securities outstanding; and
- (III) an Asset Swap Gain was determined in respect of the Valuation Date, an amount representing the same proportion of such Asset Swap Gain as the proportion that the aggregate nominal amount of such Securityholder’s Securities bears to the Aggregate Nominal Amount of all Securities outstanding;

- (b) where the Issuer has not returned Collateral Obligations to the Custody Account where required in accordance with the Mark-to-Market Arrangements under the Security Trust Deed (such aggregate nominal amount of non-returned Collateral Obligations, the **“Collateral Shortfall Amount”**), an amount representing the same proportion of the Collateral Shortfall Value as the proportion that the aggregate nominal amount of such Securityholder’s Securities bears to the Aggregate Nominal Amount of all Securities outstanding, where:

“Collateral Shortfall Value” means an amount representing the same proportion of the Collateral Obligations Value as the proportion that the Collateral Shortfall Amount bears to the aggregate nominal amount of the Reference Collateral Obligations;

- (c) where such Securityholder is a Delivery Compliant Holder for which a Reduced SH Notional was determined, an amount (such amount, the **“Delivery Compliant Liquidation Notional”**) representing the same proportion of the Liquidation Proceeds (if any) as the proportion that the Securityholder’s Reduced SH Notional in respect of such Securityholder bears to the Remaining Liquidation Notional; and

- (d) where such Securityholder is not a Delivery Compliant Holder (a **“Non-compliant Holder”**), an amount representing the same proportion of the Remaining Liquidation Proceeds (if any) as the proportion that the aggregate nominal amount of such Securityholder’s Securities bears to the aggregate nominal amount of all Securities held by Non-compliant Holders, where:

“Remaining Liquidation Proceeds” means the Liquidation Proceeds (if any) less the aggregate of all Delivery Compliant Liquidation Notionals for all Delivery Compliant Holders.

Securityholders should note that the portion (if any) of a Cash Settlement Entitlement determined in accordance with paragraph 6(iii) above that is attributable to an Asset Swap Gain or any Collateral Shortfall Value is highly likely to be unsecured, as it relies upon

payment being made by the Issuer and is not covered by the Charged Collateral Obligations standing to the balance of the Custody Account from time to time.

7 Settlement of Securities

The Calculation Agent shall notify the Issuer and the Security Trustee when all Physical Settlement Entitlements and Cash Settlement Entitlements are determined and, subject to paragraphs 8 and 9 below, each Security shall redeem as soon as reasonably practicable following such determinations (the **"Scheduled Settlement Date"**) by the Issuer effecting delivery by directing the Custodian to transfer the Physical Settlement Entitlements and/or paying (or procuring to be paid) the Cash Settlement Entitlements in respect of each Securityholder.

If the Issuer is required to deliver Collateral Obligations to a Securityholder in respect of its Physical Settlement Entitlement, the Issuer shall, subject as provided in paragraphs 8 and 9 below, deliver (or cause to be delivered) such Physical Settlement Entitlement to the account at Euroclear or Clearstream, Luxembourg or any other relevant Clearing System designated by the relevant Securityholder in its Delivery Instruction Certificate.

The Issuer reserves all rights as to the choice of Clearing System, where relevant, and the manner of delivery of the Collateral Obligations to which a Securityholders is entitled and none of the Issuer, the Custodian or the Security Trustee shall have any responsibility for the capacity of a Securityholder to take delivery of the Collateral Obligations or for any matter which may affect the ability of a Securityholder to take delivery of the Collateral Obligations.

The Security Trustee has no responsibility for the delivery of Collateral Obligations, Physical Settlement Entitlements or Cash Settlement Entitlements to the persons entitled to them.

8 Alternative Settlement

- (i) If delivery of all or part of a Physical Settlement Entitlement to, or to the order of, a Securityholder is, in the determination of the Calculation Agent acting on behalf of the Issuer, impossible, illegal or not reasonably practicable (including as a result of the Pre-Conditions to Delivery not being satisfied by the Delivery Lapse Date (as defined below)) the Issuer shall:
 - (a) on the Scheduled Settlement Date deliver that portion (if any) of the Physical Settlement Entitlement which it is legally able to deliver or which it is possible or reasonably practicable to deliver; and
 - (b) deliver the remaining portion of the Physical Settlement Entitlement as soon as the applicable impossibility, illegality or impracticability is removed, if it is so removed.
- (ii) In the event that the Physical Settlement Entitlement is delivered to, or to the order of, a Securityholder on a date following the Scheduled Settlement Date, no additional payments of interest or otherwise will be payable by the Issuer in respect of such delay.
- (iii) Such obligation to deliver the Physical Settlement Entitlement will lapse in respect of any portion of the Physical Settlement Entitlement (the **"Lapsed Settlement Entitlement"**) not delivered to, or to the order of, the Securityholder by the fifth Fixing Business Day following the Scheduled Settlement Date (the **"Delivery Lapse Date"**) as a result of any such impossibility, illegality or impracticability. For the avoidance of doubt, any such delay in delivery will not affect the timely payment of the Cash Settlement Entitlement (if any) to the relevant Securityholder.
- (iv) In the event of the lapse of the obligation to deliver in accordance with sub-paragraph (iii) above, the Calculation Agent shall, within five Fixing Business Days following the Delivery Lapse Date (the **"Final Settlement Date"**), Liquidate the Lapsed Settlement Entitlement and the Calculation Agent shall, as soon as reasonably practicable following such Liquidation, pay to or to the order of

the Securityholder the proceeds of such Liquidation less any Liquidation Expenses in respect of such Liquidation. In connection with such Liquidation, the Calculation Agent shall be entitled to remove the Lapsed Settlement Entitlement from the Custody Account.

9 Pre-Conditions to Delivery

A Securityholder will not be entitled to any Physical Settlement Entitlement unless:

- (i) it has surrendered the relevant Securities and delivered a Delivery Instruction Certificate at the Fiscal Agent's specified office or provided equivalent information in lieu through the relevant Clearing System (as described below) not later than the fifth Fixing Business Day following the Event Notice Date;
- (ii) it has paid all costs and expenses (including any stamp or other taxes) notified to it (by or on behalf of) the Issuer as being payable in connection with the delivery of the Physical Settlement Entitlement to it; and
- (iii) delivery of the Physical Settlement Entitlement to such Securityholder is permitted by all relevant laws, rules and regulations and the terms of the Remaining Collateral Obligations (paragraphs 9(i), 9(ii) and 9(iii), together, the "**Pre-Conditions to Delivery**").

As receipt for such Securities surrendered (if such Delivery Instruction Certificate is not delivered through the relevant Clearing System), the Fiscal Agent will issue the Securityholder with a stamped, dated copy of such Delivery Instruction Certificate. The records of the Fiscal Agent will be conclusive evidence of any Securityholder's entitlement to a Physical Settlement Entitlement.

If Securities are held by Securityholders through Euroclear or Clearstream, Luxembourg, each Securityholder shall, in lieu of surrendering the Securities together with a Delivery Instruction Certificate, (i) instruct their Clearing System to block their holding of Securities from, and including, the date of such instruction to, and including, the Collateral Settlement Date and (ii) identify to the Clearing System the account to which their Physical Settlement Entitlement should be credited.

10 Liquidation

In effecting any Liquidation:

- (i) the relevant entity shall act in good faith and, subject as provided above, in respect of any sale, early repayment, early redemption or agreed termination in respect of the Collateral Obligations, shall agree a price that it reasonably believes to be representative of or better than the price available in the market for the sale of such Collateral Obligations in the appropriate size taking into account the total amount of Collateral Obligations to be sold, repaid, redeemed or terminated;
- (ii) the relevant entity shall use all reasonable care in the performance of its duties but shall not be responsible for any loss or damage suffered by any party as a result thereof;
- (iii) the relevant entity shall not, in connection with such Liquidation, have any obligations towards or relationship of agency or trust with any Securityholder;
- (iv) the relevant entity shall not be liable in respect of anything done or suffered by it in reliance on a document it reasonably believed to be genuine and to have been signed by the proper parties or on information to which it should properly have regard and which it reasonably believed to be genuine and to have been originated by the proper parties;
- (v) the relevant entity shall not be liable to effect a Liquidation of any of the Collateral Obligations if it determines, in its sole and absolute discretion, that any such Liquidation of some or all of the Collateral Obligations would or might require or result in a violation of any applicable law or regulation of the jurisdiction in which the Issuer is domiciled or any other relevant jurisdiction

(including any insolvency prohibition or moratorium on the disposal of assets) or that for any other reason it is not possible for it to dispose of the Collateral Obligations, and informs the Security Trustee of the same; and

- (vi) the relevant entity may sell any Collateral Obligation to any of its Affiliates provided that it sells such Collateral Obligations at a price that complies with the requirements of sub-paragraph (i) above.

11 Following Enforcement of Security

If an Event Determination Date has occurred as a result of an Event of Default (whether or not an Illegality or Collateral Event has previously occurred), the Security Trustee will not be required to take any action pursuant to this Schedule 2 unless:

- (i) to the extent that the Security Trustee has notified the Securityholders of such requirement, a replacement Calculation Agent has been appointed by the Securityholders (in accordance with Additional Provision 5 described under paragraph 47 of the Issue Specific Terms) to undertake all calculations and determinations specified in this Schedule 2;
- (ii) the Security Trustee has been directed by an Extraordinary Resolution of the Securityholders to enforce the Security (which direction, for the avoidance of doubt, may be included within an Extraordinary Resolution declaring the Securities immediately due and payable following the occurrence of an Event of Default); and
- (iii) in all cases, the Security Trustee has first been indemnified and/or secured and/or pre-funded to its satisfaction by the Securityholders.

12 Definitions and Expressions

The following capitalised terms and expressions shall have the following meanings:

“Asset Swap Gain” has the meaning given to it in paragraph 3 above.

“Asset Swap Loss” has the meaning given to it in paragraph 3 above.

“Cash Settlement Entitlement” has the meaning given to such term in paragraph 6 above.

“Collateral Default Event” means any default (howsoever defined) which occurs in relation to a Collateral Obligation as described in its specific terms and conditions, or, to the extent it does not constitute a default, the Collateral Obligor fails to make any scheduled payment in relation to the relevant Collateral Obligation on the due date therefor.

“Collateral Settlement Date” means the later of the Scheduled Settlement Date and the Final Settlement Date.

“Collateral Event” means a Collateral Default Event, a Collateral Guarantee Event, a Currency Event or a Collateral Redemption Event.

“Collateral Guarantee Event” means any amendment made to any guarantee given in respect of the Collateral Obligations, which results in such guarantee not having the same economic effect as it did on the Look-back Date.

“Collateral Obligations” means the 4.00 per cent. fixed rate notes due April 2018 issued by the Collateral Obligor (XS0900792473), guaranteed by the Kingdom of Spain.

“Collateral Obligations Cashflows” means a series of cashflows reflecting:

- (i) each amount which, pursuant to the Original Terms, was originally scheduled to be paid by the Collateral Obligor on or following the Event Determination Date in respect of principal and interest

on the Reference Collateral Obligations, with each such amount to be paid on the date on which it was scheduled to be paid, and in the currency it was scheduled to be paid in, in accordance with the Original Terms; plus

- (ii) a payment, on the date of calculation, of each amount that is then due but unpaid in respect of principal and interest in respect of each Reference Collateral Obligation together with interest thereon, compounded on a monthly basis at a rate of one-month euro EURIBOR in each case assuming that such Reference Collateral Obligations redeem on their scheduled maturity date.

“Collateral Obligor” means Instituto de Crédito Oficial as issuer of the Collateral Obligations.

“Collateral Redemption Event” means the exercise by the Collateral Obligor of any option or other right to redeem, repay or repurchase such Collateral Obligation whether in whole or part prior to its scheduled maturity date.

“Collateral Shortfall Amount” has the meaning given to it in paragraph 6(iii)(b) above.

“Collateral Shortfall Value” has the meaning given to it in paragraph 6(iii)(b) above.

“Currency Event” means, in respect of the Collateral Obligations, and as determined by the Calculation Agent, the redenomination, substitution or variation (in any manner) of the currency in which the Collateral Obligor makes (or is required to make) any payments in respect of the Collateral Obligations under the Original Terms.

“Delivery Instruction Certificate” means, in respect of any delivery of Collateral Obligations to a Securityholder, a delivery instruction certificate substantially in the form set out in Schedule 4 to these Issue Specific Terms, validly completed and executed by the relevant Securityholder or such other delivery instruction certificate as delivered by the relevant Securityholder or through the relevant Clearing System containing all the same information (as appropriate).

“EURIBOR” means the rate for each day in a period equal to the rate for deposits in the currency in which the payment is due to be made as published on the Reuters Screen “EURIBOR01” for a period of one day, as applicable, (or such successor screen page thereto determined by the Calculation Agent), or if such rate does not appear on the relevant Reuters Screen (or any successor screen page thereto), the rate determined by the Calculation Agent.

“Fixing Business Day” means a day which is (i) a Banking Day in London, (ii) a business day for the purposes of the terms and conditions of the Collateral Obligations and (iii) a TARGET Business Day.

“Issuer Event” means the redemption of the Securities as a result of an occurrence of an Illegality or an Event of Default (as amended by these Issue Specific Terms).

“Liquidation” means, in respect of any Collateral Obligations, the realisation of such Collateral Obligations for cash proceeds whether by way of sale, early redemption, early repayment or agreed termination or by such other means as the entity effecting such Liquidation deems appropriate, and

“Liquidate”, “Liquidated” and “Liquidating” shall be construed accordingly.

“Liquidation Expenses” means (i) any taxes and (ii) any reasonable transaction fees or commissions applicable to such Liquidation, including any brokerage or exchange commissions, provided that such transaction fees or commissions are limited to and no higher than those that would necessarily and routinely be charged by the third party market participant to whom such fees or commissions are payable for a sale transaction of that type to third parties on an arm’s length basis. For the avoidance of doubt, Liquidation Expenses shall include any fees and expenses charged or incurred by, or any other amounts owed to, the Security Trustee, the Custodian and the Agents for the performance of their duties specified in, or incidental to, the Conditions (the **“Liquidation Fees”**). Such Liquidation Fees shall be paid in accordance with the order of priority specified in the Security Trust Deed.

“Look-back Date” means 23 May 2013.

“Original Terms” means, in respect of the Collateral Obligations, the terms in effect with respect to such Collateral Obligations on the Look-back Date.

“Physical Settlement Entitlement” has the meaning given to such term in paragraph 5 above.

“Pre-Conditions to Delivery” has the meaning given to it in paragraph 9 above.

“Priority Claims” means, in respect of an enforcement of the security under the Security Trust Deed, the following claims:

- (i) the remuneration or costs, charges, expenses and liabilities (including properly incurred legal fees) incurred by (or provided for as being due and payable to the Security Trustee under the provisions of the Security Trust Deed) the Security Trustee or any Receiver in effecting the Liquidation of the Secured Property or executing the Security Trust Deed; and
- (ii) the remuneration or costs, charges, expenses and liabilities incurred by the Agents and the Custodian.

“Priority Delivery Amount” has the meaning given to it in paragraph 1 above.

“Priority Delivery Cash Component” has the meaning given to it in paragraph 1 above.

“Receiver” means a receiver and manager or other receiver (and may be a person or persons) appointed in respect of the Secured Property and shall, if allowed by law, include an administrative receiver.

“Reference Collateral Obligations” means, at any time, Collateral Obligations having an aggregate nominal amount equal to the Aggregate Nominal Amount of Securities then outstanding.

“Reference Collateral Obligations Initial Notional” means EUR 10,000,000.

“Secured Property” means the assets from time to time subject, or expressed to be subject, to the security created or expressed to be created by or pursuant to the Security Trust Deed or any part of those assets.

“Securities Cashflows” means a series of cashflows reflecting:

- (i) each amount which, pursuant to the General Conditions and these Issue Specific Terms, was originally scheduled to be paid by the Issuer on or following the Event Determination Date in respect of principal and interest on the Securities then outstanding, with each such amount to be paid on the date on which it was scheduled to be paid, and in the currency it was scheduled to be paid in, in accordance with the Conditions; and
- (ii) a payment on the date of calculation of each amount that is then due but unpaid in respect of principal and interest on the Securities then outstanding, with each such amount to be paid on the date on which it was scheduled to be paid, and in the currency it was scheduled to be paid in, in accordance with the Conditions together with interest thereon, compounded on a monthly basis at a rate of one-month euro EURIBOR,

in each case assuming that such Securities redeem on their Scheduled Maturity Date.

SCHEDULE 3 SECURITY

1 Security

1.1 General

All of the Issuer's present and future obligations and liabilities (whether actual or contingent) to (i) the Securityholders pursuant to the Conditions and the provisions of the security trust deed dated on or about the Issue Date (the "**Security Trust Deed**") entered into between the Issuer and BNY Mellon Corporate Trustee Services Limited, as security trustee (the "**Security Trustee**") and (ii) the Security Trustee pursuant to the Custody Agreement dated on or about the Issue Date (the "**Custody Agreement**") between the Issuer and The Bank of New York Mellon, acting through its London branch, as custodian (the "**Custodian**") and the Security Trust Deed and any receiver appointed by the Security Trustee pursuant to the Security Trust Deed (the "**Secured Obligations**") are secured by way of floating charge granted to the Security Trustee over all the Issuer's rights, title, interest and benefit present and future in, to and under:

- 1.1.1 all Collateral Obligations and any distributions thereon which may now be or hereafter are from time to time standing to the credit of an account set up pursuant to the Custody Agreement (the "**Custody Account**" and the Collateral Obligations from time to time in the Custody Account, the "**Charged Collateral Obligations**") and all cash from time to time standing to the credit of the cash account set up pursuant to the Custody Agreement (the "**Cash Account**") together with all interest accruing from time to time thereon and the debts represented thereby and all rights (whether direct or indirect) against any clearing system, nominee, depository or custodian in respect thereof;
 - 1.1.2 the Custody Agreement, including all rights to receive payment of any amounts which may become payable to the Issuer thereunder and all payments received by the Issuer thereunder including all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable or deliveries to become deliverable (as applicable) thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain other relief in respect thereto; and
 - 1.1.3 the proceeds of any of the foregoing,
- (sub-paragraphs 1.1.1 to 1.1.3 (inclusive) the "**Secured Property**" and such charge, the "**Security Interest**").

These Issue Specific Terms set out descriptions of certain of the provisions of the Security Trust Deed and the Custody Agreement that will apply once those agreements are executed and references to such agreements should be construed accordingly.

The amount of Charged Collateral Obligations at any time held by the Custodian and subject to the Security Trust Deed will vary pursuant to the mark-to-market arrangements set out in the Security Trust Deed (the "**Mark-to-Market Arrangements**"). The Mark-to-Market Arrangements provide that, if at any time the Calculation Agent determines there to be an Asset Swap Loss, the Issuer shall be entitled to remove a portion of the Charged Collateral Obligations from the Custody Account. If any such Asset Swap Loss later increases, the Issuer shall be entitled to remove additional Charged Collateral Obligations from the Custody Account (which will then cease to form part of the Secured Property). Similarly, if any such Asset Swap Loss later decreases, the Issuer shall be required to return Collateral Obligations to the Custody Account. This process will continue throughout the term of the Securities, provided that at no time will the Issuer be required

to transfer to the Custody Account an amount of Collateral Obligations in excess of the Reference Collateral Obligations. This means that, if there is an Asset Swap Gain and at such time an amount of Collateral Obligations equal to the Reference Collateral Obligations is already held in the Custody Account, the Issuer is not obliged, and therefore will not, transfer any further Collateral Obligations to the Custody Account.

Following the occurrence of a Collateral Event or an Issuer Event, the amount of Charged Collateral Obligations at any time held by the Custodian and forming part of the Secured Property may vary in accordance with the Conditions. If an Issuer Delivery Amount is determined in accordance with the Conditions, the Issuer shall be entitled to direct the Custodian to transfer to the Issuer from the Custody Account an amount of Charged Collateral Obligations that represents the Issuer Delivery Amount.

1.2 Application of Proceeds following Enforcement

The net proceeds of realisation of, or enforcement with respect to, the security over the Secured Property constituted by the Security Trust Deed shall be applied in delivery or payment of amounts due and payable or deliverable and unpaid or undelivered in accordance with paragraph 2.3 below.

None of the Security Trustee nor any Agent has any obligation to any Securityholder for payment or delivery of any amount by the Issuer in respect of the Securities.

1.3 Exercise of Rights in Respect of the Collateral Obligations

At any time prior to the enforcement of the security over the Secured Property, the Issuer may exercise any rights in its capacity as a holder of, or person beneficially entitled to, the Secured Property from time to time at its discretion without any requirement for the consent of the Security Trustee or the Securityholders or any other person. This notwithstanding, the Issuer has covenanted that until the release, reassignment, or discharge (as appropriate) of the Security it shall not remove the Secured Property from the Custody Account except as expressly permitted or provided for pursuant to the Conditions or the Security Trust Deed (see "Description of the Security Trustee and the Security Trust Deed" below). The Issuer is entitled to remove any interest or other distributions in respect of the Secured Property from time to time received into the Custody Account or Cash Account, as the case may be.

2 Enforcement

2.1 Security Becoming Enforceable

Subject as provided in paragraph 2.2 below, and to the provisions in respect of transfers of Charged Collateral Obligations described in paragraph 1.1 above, the security constituted under the Security Trust Deed over the Secured Property shall become enforceable upon an acceleration of the Securities following the occurrence of an Event of Default in accordance with Condition 8 (as amended) of the General Conditions.

2.2 Enforcement

At any time following an Event of Default and after the Securities are declared to be due and payable by the Securityholders acting by an Extraordinary Resolution (or a written resolution being valid and effective as an Extraordinary Resolution), the Security Trustee may be directed by the Securityholders to notify the Issuer that it shall take such proceedings and/or actions and/or steps as are available to it (subject to the Security Trustee being indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Security Trust Deed) pursuant to the terms of the Security Trust Deed in order to enforce the security over the Secured Property, subject always

to the requirement to apply Secured Property so enforced in accordance with the description contained in paragraph 2.3 below.

In taking any enforcement action to enforce the security over the Secured Property granted pursuant to the Security Trust Deed, the Security Trustee may (whether acting itself or through the Calculation Agent) in particular but without limitation:

- (A) sell all or any of the Secured Property in any manner permitted by law upon such terms as the Security Trustee shall in its absolute discretion determine; and/or
- (B) collect, recover or compromise and give a good discharge for any monies payable to the Issuer in respect of any of the Secured Property; and/or
- (C) appoint a Receiver in respect of the Secured Property to satisfy the Issuer's obligations under the Securities.

The Security Trustee shall notify the Issuer in the event that it takes any enforcement action pursuant to this paragraph 2.2.

2.3 Application of Secured Property and Proceeds

The Security Trust Deed requires that upon service of an Enforcement Notice, the Security Trustee shall apply the Secured Property and all moneys received by it under the Security Trust Deed in connection with the realisation or enforcement of the Security Interest, (after deduction of any taxes required to be paid in connection with the realisation or enforcement of the Security Interest prior to any such application) as set out below:

- (i) first, in paying the remuneration or costs, charges, expenses and liabilities (including properly incurred legal fees) incurred by (or provided for as being payable to the Security Trustee under the provisions of the Security Trust Deed) the Security Trustee or any receiver in effecting the Liquidation of the Secured Property or executing the trusts under the Security Trust Deed;
- (ii) secondly, in paying on a pro rata and *pari passu* basis the remuneration or costs, charges, expenses and liabilities incurred by the Agents and the Custodian;
- (iii) thirdly, in meeting the claim (if any) of the Issuer in respect of any Issuer Delivery Amount determined pursuant to the Conditions;
- (iv) fourthly, in meeting on a pro rata and *pari passu* basis the claims of the Securityholders; and
- (v) fifthly, in paying the remainder to the Issuer.

2.4 Only Security Trustee to Act

Only the Security Trustee may pursue the remedies available under the Security Trust Deed to enforce the rights of the Securityholders under the Security Trust Deed and the Securities and no Securityholder may proceed directly against the Issuer or any of its assets unless the Security Trustee, having become bound to proceed in accordance with the terms of the Security Trust Deed (and the Security Trustee having been indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Security Trust Deed), fails to do so within a reasonable period of time following the instance of the obligation to proceed having arisen and such failure is continuing. After enforcement and realisation of the security which has become enforceable and the distribution of the net proceeds, Securityholders or other Secured Creditors (as defined in the Security Trust Deed) may take any further steps against the Issuer to recover any sum still unpaid in respect of the Securities subject to the Securityholders' aggregate claim (having taken into

account the realisation proceeds from enforcement of the security constituted by the Security Trust Deed) being limited to the amounts due but unpaid in respect of the Securities.

2.5 Entitlement of the Security Trustee and Conflicts of Interest

In connection with the exercise of its trusts, powers, duties and discretions, the Security Trustee shall have regard to the interests of the Securityholders together and shall not have regard to the consequences of such exercise for individual Securityholders and the Security Trustee shall not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer, the Security Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders. In considering the interests of the Securityholders, the Security Trustee may have regard to any information provided to it by a clearing system or its operator as to the identity (either individually or by category) of its account holders with entitlements to the Global Security and may consider such interests as if such account holders were the holders of the Global Security.

2.6 Notice of Security Interests

The Securityholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Security Trust Deed and the Custody Agreement.

Schedule 4

Form of Delivery Instruction Certificate

The following form of Delivery Instruction Certificate is to be used for Securities surrendered to the Fiscal Agent, rather than where Securities are held by Securityholders through Euroclear or Clearstream, Luxembourg (in which case equivalent information shall be provided through the Clearing Systems).

To: The Bank of New York Mellon, acting through
its London Branch

Address: One Canada Square
London E14 5AL

Attention: Fiscal Agent

cc: BNY Mellon Corporate Trustee Services Limited

Address: One Canada Square
London E14 5AL

Attention: Security Trustee

cc: Credit Suisse International

Address: One Cabot Square
London E14 4QJ

Attention: Issuer

[DATE]

Credit Suisse International (the "Issuer")

Series SPCSI 2013-198

EUR 10,000,000 Secured Notes linked to Instituto de Crédito Oficial due 2018 (the "Securities")

Interpretation and Validity: Capitalised terms used in this Delivery Instruction Certificate have the meanings given to them in the Conditions of the Securities. This Delivery Instruction Certificate is not valid unless all of the paragraphs requiring completion are duly completed.

Delivery and Receipt: When duly completed, this Delivery Instruction Certificate should be presented together with the Securities to which it relates to the Fiscal Agent. As a receipt for this Delivery Instruction Certificate, a copy duly marked with the Fiscal Agent's stamp and the date and time of receipt will be issued and returned to the person presenting the Delivery Instruction Certificate.

Relevant Notes: I/We the undersigned am/are the holder of the Securities the principal amount and the security number(s) of which are specified below ("**Relevant Securities**"):

Principal Amount of Securities: [SPECIFY]

Security Number(s): [SPECIFY]

Representation and Warranty: I/We the undersigned represent and warrant that I/we am/are able to take delivery of our Physical Settlement Entitlement in compliance with applicable laws.

I/We the undersigned further agree and acknowledge that if delivery is, in the determination of the Calculation Agent, impossible, illegal or not reasonably practicable in respect of all or part of the Physical Settlement Entitlement, alternative settlement may apply in accordance with the Conditions.

Delivery and Paying Instructions: Please deliver the aggregate Physical Settlement Entitlement in respect of the Relevant Securities in accordance with the Conditions as follows:

If by delivery to a Clearing System: [SPECIFY]

Account holder: [SPECIFY]

Securities Account Number: [SPECIFY]

Cash Account Number: [SPECIFY]

If by delivery outside a Clearing System: [SPECIFY]

Addressee: [SPECIFY]

Address: [SPECIFY]

Costs and expenses

We hereby agree to pay and hereby indemnify the Issuer, the Security Trustee, the Custodian, the Agents and the Calculation Agent against all costs and expenses (including any stamp duty on the Physical Settlement Entitlement) payable in connection with such delivery in accordance with paragraph 9(ii) of Schedule 2 to the Issue Specified Terms.

Securityholder:

By:

Date:

Fiscal Agent:

Received by:

At its office at:

Date:

Time:

DESCRIPTION OF COLLATERAL OBLIGATIONS

Information (including information as to their past and future performance and volatility) on the Collateral Obligations may be obtained on the English language website of the Issuer of Collateral Obligations: <http://www.ico.es/web/contenidos/5/4/home/11051/index.html>; and on Bloomberg under “1051Z SM <equity>”.

Details of the Collateral Obligations are set out below.

Issuer of Collateral Obligations:	Instituto de Crédito Oficial
Collateral Obligations:	Series 439 4.00 per cent. notes due 30 April 2018
ISIN:	XS0900792473
Status:	Senior, unsecured
Currency:	EUR
Denomination:	EUR 1,000
Issue Price:	99.556 per cent.
Issue Date:	11 March 2013
Coupon:	4.00 per cent. per annum
Maturity Date:	30 April 2018
Redemption Price:	At par
Governing law:	English law
Address of Issuer of Collateral Obligations:	Instituto de Crédito Oficial Paseo del Prado, 4 28014 Madrid
Country of Incorporation:	Kingdom of Spain
Business Activities:	State-owned Corporate Entity
Bloomberg Identifier:	XS0900792473

DESCRIPTION OF THE CUSTODIAN AND THE CUSTODY AGREEMENT

The Custodian

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at One Wall Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

The Bank of New York Mellon's corporate trust business services \$12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralized debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$23 trillion in assets under custody and administration and more than \$1.1 trillion in assets under management. Additional information is available at bnymellon.com.

The Custody Agreement

Upon execution on or about the Issue Date, the Custody Agreement will set out the terms pursuant to which the Custodian agrees to hold the Charged Collateral Obligations and other Secured Property.

For further information on the terms and conditions of the Custody Agreement, please see the section of this Securities Note headed "Issue Specific Terms" and the Custody Agreement itself.

DESCRIPTION OF THE SECURITY TRUSTEE AND THE SECURITY TRUST DEED

The Security Trustee

BNY Mellon Corporate Trustee Services Limited will be appointed pursuant to the Security Trust Deed as Security Trustee for the Securityholders.

The Security Trustee was formerly known as J.P. Morgan Corporate Trustee Services Limited. On 2 October, 2006 the Security Trustee changed its name to BNY Corporate Trustee Services Limited and, subsequently, on the 1 March, 2011 the Security Trustee changed its name to BNY Mellon Corporate Trustee Services Limited.

The Security Trustee is a wholly owned subsidiary of BNY International Financing Corporation and administers a substantial and diverse portfolio of corporate trusteeships for both domestic and foreign companies and institutions.

The Security Trustee's registered office and principal place of business is at One Canada Square, London E14 5AL.

The Security Trustee will not be responsible for (i) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Security Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties, or (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents. The Security Trustee will not be liable to any Securityholder or other Secured Creditor for any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Charged Assets and has no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents.

The Security Trust Deed

All of the Issuer's present and future obligations and liabilities (whether actual or contingent) to (i) the Securityholders pursuant to these terms and conditions and the provisions of the Security Trust Deed and (ii) the Security Trustee (and any receiver appointed by it) pursuant to the Security Trust Deed and the Custody Agreement will, upon execution of the Security Trust Deed and the Custody Agreement on or about the Issue Date, be secured by way of a floating charge over the Secured Property.

Upon execution on or about the Issue Date, the Security Trust Deed will provide that, prior to any enforcement of the Security Interest, Charged Collateral Obligations and other Secured Property may be removed from the Custody Account and/or the Cash Account only upon the Issuer or the Calculation Agent (as applicable) delivering to the Security Trustee a certificate confirming its intention to remove any such Charged Collateral Obligations or such other Secured Property specifying one or more of the following circumstances as the reason for such removal:

- (i) in order to transfer the Secured Property to an affiliate of the Issuer at any time, provided that if it makes such a transfer it does so on terms requiring such affiliate to create equivalent security and rights over such Secured Property in favour of the Security Trustee;
- (ii) pursuant to the Mark-to-Market Arrangements;
- (iii) where the Secured Property being removed is interest or distributions in respect of the Charged Collateral Obligations or in respect of any other Secured Property;

- (iv) in order to Liquidate any Charged Collateral Obligations as required pursuant to the Conditions;
- (v) in order to deliver to the Issuer any Charged Collateral Obligations in respect of an Issuer Delivery Amount determined pursuant to the Conditions; and
- (vi) in order to deliver the Physical Settlement Entitlements or pay any Cash Settlement Entitlements to Securityholders pursuant to the Conditions.

In such cases, the Security in respect of such Secured Property shall be released automatically without the need for any notice or other formalities by any party and the Security Trustee shall be entitled to rely upon such certificate without further enquiry and with no liability to any person for so doing.

If an Event of Default occurs and is continuing, the Securityholders acting by Extraordinary Resolution (or written resolution being valid and effective as an Extraordinary Resolution) may direct the Fiscal Agent to declare all Securities immediately due and repayable, and may direct the Security Trustee (subject to it being indemnified and/or secured and/or prefunded to its satisfaction in accordance with the Security Trust Deed) as soon as reasonably practicable to enforce the Security Interest held by it pursuant to the Security Trust Deed. The net proceeds of realisation of, or enforcement with respect to, the Security Interest over the Secured Property (subject to the provisions in respect of transfer of Collateral Obligations described in paragraph 1.1 as set out in the section of this Securities Note headed "Security") constituted by the Security Trust Deed shall be applied in delivery or payment of amounts owing or deliverable and unpaid or undelivered by the Issuer first to the Security Trustee in respect of its fees, costs, charges expenses and liabilities, second to the Agents and the Custodian (on a pro rata and *pari passu* basis) in respect of their fees, costs, charges, expenses and liabilities, third to the Issuer in respect of any Issuer Delivery Amount, fourth to the Securityholders (on a pro rata and *pari passu* basis) and lastly, in paying the remainder (if any) to the Issuer.

For further information on the terms and conditions of the Security Trust Deed, please see the section of this Securities Note headed "Issue Specific Terms" and the Security Trust Deed itself.

CLEARING ARRANGEMENTS

The Securities will be cleared through Euroclear and Clearstream, Luxembourg. The Common Code and the International Securities Identification Number (ISIN) are set out in the Issue Specific Terms.

TAXATION

The following is a summary of the withholding tax position in certain countries in respect of the Securities based on current tax legislation and is intended only as general information for Securityholders. It does not relate to any other tax consequences unless otherwise specified. Each investor should consult their own tax advisers as to the tax consequences relating to its particular circumstances resulting from holding the Securities.

UNITED KINGDOM TAXATION

The comments below are of a general nature based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs) and are not intended to be exhaustive. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Securities. In particular, Securityholders holding their Securities via a depositary receipt system or clearance service should note that they may not always be the beneficial owners thereof. Certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer may be subject to special rules and this summary does not apply to such Securityholders. Any Securityholders who are in doubt as to their own tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, should consult their professional advisers.

Withholding

While the Securities continue to be listed on a recognised stock exchange within the meaning of Section 1005 Income Tax Act 2007, payments of interest by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax. The Irish Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the Irish Stock Exchange if they are both admitted to trading on the Irish Stock Exchange and are officially listed in Ireland in accordance with provisions corresponding to those generally applicable to countries in the European Economic Area.

Even if the Securities cease to be listed, provided that the Issuer is and 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 banking business within the meaning of section 878 of the Act, the Issuer will be generally entitled to make payments of interest under the Securities without withholding or deduction for or on account of United Kingdom income tax.

Interest on the Securities may also be paid without withholding or deduction for or on account of United Kingdom tax where interest on the Securities is paid to a person who belongs in the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Issuer reasonably believes 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.

Unless one of the circumstances outlined above applies, an amount must generally be withheld from payments of interest on the Securities issued by the Issuer on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provision of any applicable double taxation treaty.

Securityholders should note the provisions relating to the withholding or deduction of amounts as set out in paragraph 11 of the General Conditions.

Information Reporting

HM Revenue & Customs has powers to obtain information relating to securities in certain circumstances. This may include details of the beneficial owners of the Securities (or the persons for whom the Securities are held), details of the persons to whom payments derived from the Securities are or may be paid and information and documents in connection with transactions relating to the Securities. Information may be required to be provided by, amongst others, the holders of the Securities, persons by (or via) whom payments derived from the Securities are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Securities on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HM Revenue & Customs may be exchanged with tax authorities in other countries.

EU Savings Directive

The United Kingdom has implemented the EU Savings Directive (as defined below). Please refer to the section entitled “EU Savings Directive” in the “Italy Taxation” section for further details.

ITALY TAXATION

The statements herein regarding taxation are based on the laws in force in Italy as at the Issue Date of the Securities and are subject to any changes in law occurring after the Issue 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 securities or commodities) may be subject to special rules. This summary will not be updated after the date of the Securities to reflect changes in laws and, if such changes occur, the information in this summary could become invalid.

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

Tax treatment of the Securities

Interest, premium and other income from the Securities

Interest, premium and other income (including the difference between the redemption amount and the issue price) from Securities issued by, *inter alia*, non-Italian resident issuers that do not fall within the category of bonds or debentures similar to bonds (since they do not provide for an unconditional guarantee to pay at maturity an amount at least equal to their nominal value) nor represent securitized derivative financial instruments (since they represent a debt claim *vis-a-vis* the issuer), are subject to withholding tax at the rate of 20 per cent according to Art. 8, of Law Decree 30 September 1983, no 512.

The withholding tax applies as an advance withholding tax where the Securityholder is an individual entrepreneur holding the Securities within its entrepreneurial activity. In all other cases, the withholding tax applies as a final withholding tax.

Where an Italian resident Securityholder is (a) an Italian resident commercial partnerships (*società in nome collettivo*, *società in accomandita semplice* or a similar partnership) (b) a company or similar commercial entity resident in Italy or (c) a permanent establishments in Italy of foreign corporations to which the Securities are effectively connected, interest, premium and other income from the Securities will not be subject to the 20 per cent withholding tax, but must be declared in the relevant Securityholder income tax return and are subject to ordinary Italian corporate taxation and, in certain circumstances,

depending on the “status” of the Securityholder, also to IRAP (the regional tax on productive activities) according to the ordinary rules and rates.

No withholding tax is applied on payments made to a non-Italian resident Securityholder of interest or premiums 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 regulations.

Capital gains tax

Any gain realised from the sale or redemption of the Securities would be treated as part of the taxable income (and, in certain circumstances, depending on the “status” of the Securityholder, also as part of the net value of production for IRAP purposes) if realised by (a) Italian resident companies; (b) Italian resident commercial partnerships; (c) permanent establishments in Italy of foreign corporations to which the Securities are effectively connected; or (d) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity carried out.

Where an Italian resident Securityholder is an individual holding the Securities not in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Securityholder from the sale or redemption of the Securities would be subject to a substitute tax (*imposta sostitutiva*), levied at the current rate of 20 per cent, pursuant to Legislative Decree No. 461 of 21 November 1997 (“**Decree 461**”).

In respect of the application of the 20 per cent substitute tax, the taxpayers may opt for one of the three regimes described below:

- (i) the tax return regime (*regime della dichiarazione*) under which the 20 per cent substitute tax on capital gains is chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the individual pursuant to all investment transactions carried out during any given tax year. The individual will have to declare the overall capital gains realised in a certain tax year, net of any relevant incurred capital loss, in the annual personal income tax return and pay the 20 per cent substitute tax so determined together with the balance income tax due for the same period. The losses in excess of any realized gains may be carried forward against capital gains of the same kind realised in each of the following tax years up to the fourth tax year. As such regime constitutes the ordinary regime, the individual must apply it, whenever he does not elect for any of the two other following regimes;
- (ii) the administered savings regime (*regime del risparmio amministrato*) provided for by Article 6 of Decree 461/1997 that may be opted for by the individual to the extent that the Securities are deposited with a qualified Italian intermediary (or permanent establishment in Italy of a foreign intermediary), under which the 20 per cent substitute tax is paid on behalf of the individual by the intermediary with which the Securities are deposited on each capital gains realised on the transfer or redemption of the Securities in any tax year, net of any incurred capital loss. Under such regime, where a transfer or redemption of the Securities gives rise to a capital loss, such loss may be deducted from capital gains of the same kind subsequently realised within the same relationship of deposit, in the same tax year or in each of the following tax years up to the fourth. Under such regime the taxpayer is not required to declare the relevant income in the income tax return;
- (iii) the portfolio management tax regime (*regime del risparmio gestito*) provided for by Article 7 of Decree 461/1997, that may be opted to the extent that the Securities form part of a portfolio of securities managed by a qualified Italian intermediary (or permanent establishment in Italy of a foreign intermediary), under which the 20 per cent substitute tax is applied on the increase in value of the investment portfolio accrued, even if not realised, at each year-end (which appreciation includes any capital gains on the Securities) and is applied on behalf of the individual by the managing intermediary. Any depreciation in the investment portfolio accrued at year-end

may be carried forward against appreciations accrued in each of the following tax years up to the fourth tax year. Under such regime the taxpayer is not required to declare the relevant income in the income tax return.

Any capital gains realised by a Securityholder which is an Italian real estate investment fund is subject neither to substitute tax nor to any other income tax in the hands of the real estate investment fund. A withholding tax may apply in certain circumstances at the rate of 20 per cent on distributions made by the funds and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors in the Italian fund owning more than 5 per cent of the fund's units.

Capital gains realised by a Securityholder which is an Italian open-ended or a closed-ended investment fund or SICAV will not be subject neither to substitute tax nor to any other income tax in the hands of the Fund or the SICAV. A withholding tax may apply in certain circumstances at the rate of 20 per cent on distributions made by the fund or SICAV to certain categories of investors.

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

The 20 per cent final *imposta sostitutiva* on capital gains may be payable on capital gains realised upon sale for consideration or redemption of the Securities by non-Italian resident individuals or entities without a permanent establishment in Italy to which the Securities are effectively connected, if the Securities are held in Italy.

However, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Securities are effectively connected through the sale for consideration or redemption of the Securities are exempt from taxation in Italy if the Securities are listed on a regulated market in Italy or abroad.

In case the Securities are not listed on a regulated market in Italy or abroad, pursuant to the provisions of article 5 of Decree 461, non-Italian resident beneficial owners of the Securities without a permanent establishment in Italy to which the Securities are effectively connected are exempt from *imposta sostitutiva* in Italy on any capital gains realised, upon sale for consideration or redemption of the Securities, provided that the non-Italian resident Securityholder is either (i) resident, for tax purposes, in a State which allows for a satisfactory exchange of information with Italy; (ii) an international body or entity set up in accordance with international agreements which has entered into force in Italy; (iii) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) an institutional investor which is incorporated in a State which allows a satisfactory exchange of information with Italy. In such case, if non-Italian residents without a permanent establishment in Italy to which the Securities are effectively connected hold the Securities with an Italian authorised financial intermediary, in order to benefit from exemption from Italian taxation on capital gains, such non-Italian residents may be required to timely file with the authorised financial intermediary an appropriate self-declaration.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Securities are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Securities are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Securities. In such case, if non-Italian residents without a permanent establishment in Italy to which the Securities are effectively connected hold the Securities with an Italian authorised financial intermediary, in order to benefit from exemption from Italian taxation on capital gains, such non-Italian residents may be required to timely file, with the authorised financial intermediary, appropriate documents which include, *inter alia*, a certificate of residence issued by the competent tax authorities of the country of residence of the non-Italian residents.

The risparmio amministrato regime is the ordinary regime automatically applicable to non-resident persons and entities in relation to Securities deposited for safekeeping or administration at Italian banks, SIMs and other eligible entities, but non-resident Securityholder retain the right to waive this regime. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

Italian inheritance and gift tax

Under Law Decree No. 262 of 3 October 2006 (converted with amendments into Law No. 286 of 24 November 2006), as subsequently amended, transfers of the Securities by reason of death or gift or gratuities to (i) spouses, ascendants or descendants will be subject to inheritance and gift tax at the rate of 4 per cent on the value of the inheritance or gift exceeding € 1,000,000 per beneficiary, (ii) relatives within the fourth degree, ascendants or descendants relatives in law or other relatives in law within the third degree will be subject to inheritance and gift tax at the rate of 6 per cent (the inheritance and gift tax will apply only on the value of the inheritance or gift exceeding € 100,000 per beneficiary if the donee is a brother or sister of the donor), (iii) persons other than the ones mentioned in (i) and (ii) above will be subject to inheritance and gift tax at the rate of 8 per cent.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding € 1,500,000.

Moreover, an anti-avoidance rule is provided for in case of gift of assets, such as the Securities, whose sale for consideration would give rise to capital gains to be subject to the *imposta sostitutiva* provided for by legislative decree No. 461 of 21 November 1997, as subsequently amended. In particular, if the donee sells the Securities for consideration within five years from their receipt as a gift, the donee is required to pay the relevant *imposta sostitutiva* as if the gift had never taken place.

Transfer tax

Transfer tax has been repealed by Law Decree No. 248 of 31 December 2007, converted in law by Law No 31 of 28 February 2008. The transfer deed may be subject to registration tax at a fixed amount of € 168.

Wealth Tax

According to Article 19 of Decree of 6 December 2011, No. 201 ("**Decree No. 201/2011**"), converted with Law of 22 December 2011, No. 214, Italian resident individuals holding financial assets – including the Securities – outside of the Italian territory are required to pay a wealth tax at the rate of 0.15 per cent (the tax is determined in proportion to the period of ownership). The tax applies on the market value at the end of the relevant year or – in the lack of the market value – on the nominal value or redemption value of such financial assets held outside of the Italian territory. Taxpayers are enabled to deduct from the tax a tax credit equal to any wealth taxes paid in the State where the financial assets are held (up to the amount of the Italian wealth tax due).

Stamp taxes and duties

According to Article 19 of Decree No. 201/2011, a proportional stamp duty applies on a yearly basis at the rate of 0.15 per cent on the market value or – in the lack of a market value – on the nominal value or the redemption amount of any financial product or financial instruments. The stamp duty cannot be lower than Euro 34.2 and, for investors other than individuals, cannot exceed the amount of Euro 4,500.00. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Finance on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 9 February 2011) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Tax Monitoring

Pursuant to Law Decree No. 167 of 28 June, 1990, converted by Law No. 227 of 4 August, 1990, as amended, individuals resident in Italy who, at the end of the fiscal year, hold investments abroad or foreign financial activities must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). Such obligation is not provided if, inter alia, each of the overall value of the foreign investments or financial activities held at the end of the fiscal year, and the overall value of the related transfers carried out during the relevant fiscal year, does not exceed Euro 10,000.

EU Savings Directive

Legislative decree No. 84 of 18 April 2005 (“**Decree 84**”) implemented in Italy, as of 1 July 2005, the European Council Directive No. 2003/48/EC on the taxation of savings income (the “**EU Savings Directive**”). Under the EU Savings Directive, EU Member States are required to provide to the tax authorities of another EU Member State details of payments of interest (or similar income) paid by a person within their jurisdiction to (or for the benefit of) an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Details of payments of interest (or similar income) shall be provided to the tax authorities of a number of non-EU countries and territories, which have agreed to adopt similar measures. Belgium announced that it had decided to apply information exchange as per the EC Council Directive 2003/48/EC as 1 January 2010. Therefore, with regard to Belgium, the transitional period ended on 31 of December 2009.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

Under Decree 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 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.

IRELAND TAXATION

Ireland

Under Irish tax law there is no obligation on the Issuer to operate any withholding tax on payments of interest on the Securities except where the interest has an Irish source. The interest could be considered to have an Irish source, where, for example, interest is paid out of funds maintained in Ireland or where the securities are secured on Irish situate assets. The mere listing of the Securities on the Irish Stock Exchange and offering of the Securities to Irish investors will not cause the interest to have an Irish source.

In certain circumstances collection agents and other persons receiving interest on the Securities in Ireland on behalf of any person in Ireland, will be obliged to operate a withholding tax.

The tax consequences for any Irish resident or ordinarily resident investors receiving interest, premium on redemption and/or any 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

Ireland has implemented the EU Savings Directive into national law. Any Irish paying agent making an interest payment on behalf of the Issuer to an individual, and certain residual entities resident in another EU Member State and certain associated dependant territories of member state, will have to provide details of the payment to the Irish Revenue Commissioners who in turn will provide such information to the competent authorities of the State or territory residence of the individual or residual entity concerned.

SELLING RESTRICTIONS

UNITED STATES

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

Bearer Securities governed by Swiss law which may be exchanged for definitive securities will be subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Dealer may not, except as permitted by applicable law, offer, sell or deliver the Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons, and it will be required to send to each other Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Securities within the United States by the Dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

UNITED KINGDOM

The Dealer may only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Securities in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer.

The Dealer is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Dealer represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Securities to the public (within the meaning of that Directive) in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State in circumstances which do not require the publication by the Issuer or the Dealer of a prospectus pursuant to the Prospectus Directive.

ITALY

The offering of the Securities has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Securities be distributed in the Republic of Italy, except in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Securities or distribution of copies of this Prospectus or any other document relating to the Securities in the Republic of Italy must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (all as amended from time to time); and
- (ii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other competent authority.

GENERAL INFORMATION

- 1 The issue of the Securities was authorised pursuant to a resolution passed by the Board of Directors of the Issuer on 13 March 2006.
- 2 Copies of the Agency Agreement (and any supplement thereto) will be available for inspection during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the offices of the Paying Agent. In addition copies of the following in electronic form will be available free of charge at the principal office of the Paying Agent and at the registered office of the Issuer, during usual business hours on any weekday (Saturdays and public holidays excepted):
 - (a) the Prospectus;
 - (b) the Principal Base Prospectus;
 - (c) the Custody Agreement and any supplement thereto;
 - (d) the Security Trust Deed and any supplement thereto; and
 - (e) the Registration Document.

The Registration Document is also available on the Irish Stock Exchange's website:

http://www.ise.ie/debt_documents/Regdoc_f8fcc3bb-eb0c-4dc7-b2ac-567e38a83188.pdf

The Principal Base Prospectus is also available on the Irish Stock Exchange's website:

http://www.ise.ie/debt_documents/Base%20Prospectus_7941b8d3-55f4-4cf6-ada4-966b9bc5a614.PDF

- 3 The appointed Irish listing agent in respect of the Securities is A&L Listing Limited.
- 4 The expenses relating to admission to trading will be approximately EUR 2,690.
- 5 Websites referred to in this document do not form part of the Prospectus.