

# Credit Suisse AG, Nassau Branch

Series NNP 2010-014

**LBP 7,500,000,000 Interest Bearing Lebanon Credit Linked Notes due April 2013**

**Issue Price: 103.20 per cent.**

This securities note (the “**Securities Note**”) has been 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 Notes (the “**Notes**” or “**Securities**”). The Securities Note shall be read in conjunction with the registration document (the “**Registration Document**”) dated 13 August 2010 containing information in respect of Credit Suisse AG (the “**Issuer**” or the “**Bank**”), 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.

The Securities Note comprises issue specific terms and conditions of the Securities (the “**Issue Specific Terms**”) and certain information relating thereto and the base terms and conditions of the Securities (the “**General Conditions**”) which are supplemented by the Issue Specific Terms.

12 October 2010

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief 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. The Securities Note together with the Registration Document will constitute a prospectus for the purposes of the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Securities to be admitted to the Official List (the "**Official List**") and trading on its regulated market. No assurance can be given that such an application to admit the Securities to the Official List and to trading on the regulated market will be successful.

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 accepts responsibility for any information or representation so given that is not contained in the Registration Document or the Securities Note. The Prospectus does not constitute an offer of Securities, 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 Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exemptions, the Securities may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons. A further description of the restrictions on offers and sales of the Securities in the United States or to U.S. persons is set forth below under "Subscription and Sale".

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## **RISK FACTORS**

The purchase of the Securities involves substantial risks and is suitable only for investors who have such knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Securities. Before making an investment decision, a prospective purchaser of the Securities should consider carefully, in the light of its own financial circumstances and investment objectives, all the information set forth in this Securities Note and, in particular, the considerations set forth below.

### **The Securities may not be a suitable investment for all investors**

Each investor in the Securities must determine the suitability of an investment in the Securities in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained in the Securities Note and the Registration Document;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant securities, assets and/or financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities are complex financial instruments. A potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

### **No secondary market**

No secondary market is expected to develop in respect of the Securities and, in the unlikely event that a secondary market in the Securities does develop, there can be no assurance that it will continue. 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.

### **Taxation**

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. Neither the Issuer nor the Paying Agent will pay any additional amounts to the Securityholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Securities.

### **Credit Risk**

A prospective purchaser of the Securities should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in the Securities.

The Securities are credit-linked to the performance of the Reference Entity and the Reference Obligation. Investors should note that the Securities differ from ordinary debt securities issued by the Bank in that the amount of principal and interest (if any) payable by the Bank is dependent on whether a Credit Event has occurred in respect of the Reference Entity. In certain circumstances, the Securities will cease to bear interest (if any) and the value paid to Securityholders on redemption may be less than their original investment and may in certain circumstances be zero.

The Securities are linked to the creditworthiness of the Reference Entity. The likelihood of a Credit Event occurring in respect of any Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of such Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Prospective Securityholders should review the Reference Entity and conduct their own investigation and analysis with respect to the creditworthiness of the Reference Entity and the likelihood of the occurrence of a Credit Event with respect to the Reference Entity.

Some Reference Obligations or Valuation Obligations, as the case may be may have no, or only a limited, trading market. The liquidity of Reference Obligations or Valuation Obligations, as the case may be will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the Reference Entity. The financial markets have experienced periods of volatility and reduced liquidity which may re-occur and reduce the market value of the relevant Reference Obligation(s) or Valuation Obligations, as the case may be.

Some or all of the Reference Obligations or Valuation Obligations, as the case may be may also be subject to restrictions on transfer and may be considered illiquid. If a Credit Event occurs in respect of a Reference Entity, any resulting diminution in market value of the related Reference Obligation or Valuation Obligations, as the case may be could be further magnified by reason of such limited liquidity for Reference Obligations or Valuation Obligations, as the case may be generally or that Reference Obligation or Valuation Obligations, as the case may be in particular.

The Bank's obligations in respect of the Securities are irrespective of the existence or amount of the Bank's and/or any Affiliates' credit exposure to a Reference Entity and the Bank and/or any Affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

## **Provision of Information**

In relation to the Securities, none of the Issuer, Credit Suisse International and any other Affiliate (as defined herein) makes any representation as to the credit quality of any Reference Entity. The Issuer, Credit Suisse International and/or any other Affiliate may have acquired, or during the term of the Securities may acquire, information in relation to any Reference Entity that is or may be construed, in the context of the Securities, not to be publicly available or known to the Securityholders. None of the Issuer, Credit Suisse International and/or any other Affiliate, is under any obligation to make such information, whether or not confidential, available to Securityholders.

## **Early Redemption of the Securities may affect the return on the Securities and result in substantial losses to Securityholders**

The Securities will be redeemed prior to the Maturity Date upon the Bank's election to give a Credit Event Notice following the occurrence of a Credit Event. The redemption amount or the relevant portion of the Portfolio to be delivered, as the case may be, may be substantially less in value than the nominal amount of a Security and may in certain circumstances, be zero. Upon the occurrence of an Early Redemption Event (as defined herein), the Securities will be redeemed early at the redemption amount calculated in accordance with Product Term 2(a)(ii). Accordingly, the Securities are only suitable as an investment for investors who are able and willing to withstand loss of their investment.

## **Possible delay in delivery of Portfolio**

An issue of Securities may include provision for the delivery of a portion of the Portfolio to holders of those Securities. If such delivery is to take place, it may be delayed by factors outside the Bank's control, for example disruption on relevant clearing systems. The Bank will not be responsible for any such delay and shall not be obliged to compensate holders of Securities therefor. Holders of the Securities will be solely responsible for determining whether they are permitted to hold any portion of the Portfolio to be delivered, including under applicable securities laws.

## **Potential Conflicts of Interest**

The Bank, Credit Suisse International and/or any other Affiliate may engage in trading activities (including hedging activities) related to interests underlying any Securities and other instruments or derivative products based on or related to interests underlying any Securities for their proprietary accounts or for other accounts under their management. The Bank, Credit Suisse International and their respective Affiliates may also issue other derivative instruments in respect of interests underlying any Securities for their proprietary accounts or for other accounts under their management. The Bank, Credit Suisse International and their respective Affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Securities or may act as financial adviser to companies whose securities impact the return on Securities. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Securities.

## **Business relationships**

The Issuer, Credit Suisse International and/or any other Affiliate may have existing or future business relationships with a Reference Entity (including, but not limited to, lending, depository, risk management, advisory and banking relationships), and will pursue actions and take steps that they

deem or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Securityholder.

The Issuer, Credit Suisse International and its Affiliates may deal in each Obligation and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, a Reference Entity or any other person or entity having obligations relating to a Reference Entity and may act with respect to such business in the same manner as each of them would had the Securities not been in issue, regardless of whether any such action might have an adverse effect on a Reference Entity or the position of a Securityholder or otherwise (including any action which might constitute or give rise to a Credit Event).

### **No claim against a Reference Entity or Obligations**

A Security will not represent a claim against any Reference Entity and, in the event of any loss, a Securityholder will not have recourse under a Security to any Reference Entity nor shall a Securityholder have any legal, beneficial or other interest whatsoever in any of the Obligations.

### **Legality of purchase**

Neither the Issuer, Credit Suisse International nor any other Affiliate has or assumes any responsibility for the lawfulness of the acquisition of the Securities by a prospective purchaser of the Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

### **Independent review and advice**

Each prospective purchaser of Securities must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Securities (i) is fully consistent with its (or if it is acquiring the Securities in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Securities as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Securities in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Securities.

### **Determinations**

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

### **No reliance**

A prospective purchaser may not rely on the Issuer, Credit Suisse International or any other Affiliate in connection with its determination as to the legality of its acquisition of the Securities or as to the other matters referred to above.

None of the Issuer, Credit Suisse International and any other Affiliate has any duty, obligation or responsibility towards a Securityholder unless otherwise agreed in writing with that Securityholder. In particular, without limiting the foregoing, none of the Issuer, Credit Suisse International and any other Affiliate need provide information to, act on the instruction or request of, find alternative mechanisms for realising money for, or take into account the views of any Securityholder. In taking action against third parties, the Issuer, Credit Suisse International and any other Affiliate may combine holdings of debt, securities or other interests as they shall see fit and apply proceeds thereof, as they shall see fit. The Issuer may only waive contractual obligations in respect of the Securities in writing.

## **2003 ISDA CREDIT DERIVATIVE DEFINITIONS**

Whilst there are many similarities between the terms used in this document and the terms used in the 2003 ISDA Credit Derivative Definitions there are many substantial differences and a prospective investor should understand that the complete terms and conditions of the Securities are as set out in this document alone and that the 2003 ISDA Credit Derivative Definitions are not incorporated by reference herein.

## **EMERGING MARKET RISK DISCLOSURE**

### **Emerging Markets**

Countries with emerging markets include, but are not limited to (1) countries that have an emerging stock market in a developing economy as defined by the International Finance Corporation, (2) countries that have low to middle income economies according to the World Bank, and (3) countries listed in World Bank publications as developing. The list of emerging markets countries is subject to continuous change; broadly they include any country other than Austria, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States of America.

### **Event Risk**

On occasion, a country or region will suffer an unforeseen catastrophic event (for example, a natural disaster) which causes disturbances in its financial markets, including rapid movements in its currency, that will affect the value of securities in, or which relate to, that country. Furthermore, the value of securities and any income derived therefrom can be affected by global events, including events (political, economic or otherwise) occurring in a country other than that in which the securities are issued or traded.

### **Political Risk**

Many emerging markets countries are undergoing, or have undergone in recent years, significant political change which has affected government policy, including the regulation of industry, trade, financial markets and foreign and domestic investment. The relative inexperience with such policies and instability of these political systems leaves them more vulnerable to economic hardship, public unrest or popular dissatisfaction with reform, political or diplomatic developments, social, ethnic, or religious instability or changes in government policies. Such circumstances, in turn, could lead to a reversal of some or all political reforms, a backlash against foreign investment, and possibly even a turn away from a market-orientated economy. For investors, the results may include confiscatory taxation, exchange controls, compulsory reacquisition, nationalisation or expropriation of foreign-owned assets without adequate compensation or the restructuring of particular industry sectors in a



way that could adversely affect investments in those sectors. Any perceived, actual or expected disruptions or changes in government policies of a country, by elections or otherwise, can have a major impact on the value of securities linked to those countries.

### **Economic Risk**

The economics of emerging markets countries are by their nature in early or intermediate stages of economic development, and therefore more vulnerable to rising interest rates and inflation. In fact, in many countries, high interest and inflation rates are the norm. Rates of economic growth, corporate profits, domestic and international flows of funds, external and sovereign debt, dependence on international trade, and sensitivity to world commodity prices play key roles in economic development, yet vary greatly from country to country. Businesses and governments in these countries may have a limited history of operating under market conditions. Accordingly, when compared to more developed countries, businesses and governments of emerging markets countries are relatively inexperienced in dealing with market conditions and have a limited capital base from which to borrow funds and develop their operations and economies. In addition, the lack of an economically feasible tax regime in certain countries poses the risk of sudden imposition of arbitrary or excessive taxes, which could adversely affect foreign investors. Furthermore, many emerging markets countries lack a strong infrastructure and banks and other financial institutions may not be well-developed or well regulated. All of the above factors, among others, can affect the proper functioning of the economy and have a corresponding adverse effect on the performance of securities linked to a particular market.

### **Credit Risk**

Emerging markets sovereign and corporate debt tends to be riskier than sovereign and corporate debt in established markets. Issuers and obligors of debt in these countries are more likely to be unable to make timely coupon or principal payments, thereby causing the underlying debt or loan to go into default. The sovereign debt of some countries is currently in technical default and there are no guarantees that such debt will eventually be restructured (possibly in a Brady bond-like arrangement) allowing for a more liquid market in that debt. The measure of a company's or government's ability to repay its debt affects not only the market for that particular debt but securities related to that company or country. Additionally, evaluating credit risk for foreign bonds involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult. Many debt securities are simply unrated and may already be in default or considered distressed, there is often less publicly available business and financial information about foreign issuers than those in developed countries. Furthermore, foreign companies are often not subject to uniform accounting, auditing and financial reporting standards. Also, some emerging markets countries may have accounting standards that bear little or no resemblance to, or may not even be reconcilable with, US Generally Accepted Accounting Principles ("GAAP").

### **Currency Risk**

Many emerging markets securities are denominated in foreign currencies. The weakening of a country's currency relative to the US dollar or other benchmark currencies will negatively affect the dollar value of a security denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. It is important to note that some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency, but may not eliminate completely exposure to changing currency values.

## **Market Risk**

The emerging equity and debt markets of many emerging markets countries, like their economies, are in the early stages of development. These financial markets generally lack the level of transparency, liquidity, efficiency and regulation found in more developed markets. It is important, therefore, to be familiar with secondary market trading in emerging markets securities and the terminology and conventions applicable to transactions in these markets.

Price volatility in many of these markets can be extreme. Price discrepancies can be common and market dislocation is not uncommon. Additionally, as news about a country becomes available, the financial markets may react with dramatic upswings and/or downswings in prices during a very short period of time. These markets also might not have regulations governing manipulation and insider trading or other provisions designed to 'level the playing field' with respect to the availability of information and the use or misuse thereof in such markets. It may be difficult to employ certain risk management practices for emerging markets securities, such as forward currency exchange contracts, stock options, currency options, stock and stock index options, futures contracts and options on futures contracts.

## **Liquidity/Gapping Risk**

Liquidity of a security is directly affected by the supply and demand for that security. As the supply of potential sellers increases or demand by potential buyers decreases, or both, liquidity of the security will decrease and bid/offer spreads will generally widen. On some securities, because of their structure, liquidity is affected by the costs of unwinding an imbedded transaction. Natural disasters and economic, social, and political developments in a country can cause a decrease in the liquidity of investments related to that country, thereby making it difficult to sell promptly at an acceptable price. In addition, the failure, pending failure or financial difficulties of an entity holding significant positions in certain types of securities may trigger a decrease in the liquidity and value of the same or similar type of securities. The sale of securities, including illiquid securities, could also be subject to legal restrictions in some countries.

## **Regulatory/Legal Risk**

In emerging markets countries there is generally less government supervision and regulation of business and industry practices, stock exchanges, over the-counter markets, brokers, dealers and issuers than in more developed countries. Whatever supervision is in place may be subject to manipulation or control. Many countries have mature legal systems comparable to those of more developed countries, while others do not. The process of regulatory and legal reform may not proceed at the same pace as market developments, which could result in confusion and uncertainty and, ultimately, increased investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain areas, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries are generally inexperienced in the areas of business, corporate, commercial and finance law. Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that a foreign investor would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. An investor may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in foreign courts.

## **Trade Settlement, Processing and Clearing**

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

## **Bondholder/Shareholder Risk**

Rules in emerging markets countries regulating the ownership and corporate governance of companies (for example, requiring the disclosure of large ownership positions or governing tender offers by majority shareholders) may not exist or may provide little protection to bondholders and shareholders. Disclosure and reporting requirements in general, from annual and quarterly reports to prospectus content and delivery, may be minimal or non-existent. Antifraud and insider trading law is generally not very developed in many emerging markets countries. There may be no prohibitions or restrictions under local law on the ability of management to terminate existing business operations, sell or dispose of assets, or otherwise materially affect the value of the company without the consent of its shareholders. Antidilution protection may also be very limited. There may be no fiduciary duty, or a limited concept of fiduciary duty, on the part of management or the directors to the company or to the shareholders as a whole or minority shareholders. Remedies for violations of shareholders' rights may be difficult to obtain because of the absence of a system of derivative or class action litigation.

## **Risks in General**

The nature and extent of investment risks described above may vary from country to country and security to security. Many of these risks overlap, are correlated or related to one another, or are subsets of more general risks. These investment risks will vary with:

- the type of investment being made;
- the needs and objectives of particular investors;
- the manner in which a particular investment is made or a specific Instrument is offered, sold or traded;
- the location or domicile of the issuer;
- the diversification or concentration in a portfolio (e.g., the amount invested in any one currency, security, country or issuer); and
- the complexity of the transaction and the use of leverage.

## **Conclusion**

Investments in securities related to emerging markets countries may be considered speculative, and their prices will be much more volatile than those in the more developed countries of the world. It is the Securityholder's responsibility to manage the risks which arise as a result of investing in emerging markets securities and the allocation of assets in its portfolio. The risks set forth herein individually or in the aggregate, as well as other factors, could have a material adverse effect on any investment in the Securities. This Risk Disclosure Statement is not intended to be an exhaustive list of all the risk factors affecting emerging markets securities. Investors should seek advice from their own advisers with regard to tax, accounting and other factors to be considered when investing in the Securities which are linked to an emerging market / emerging markets.

Before making any investment in the Securities , any potential investor should independently satisfy itself that it understands and appreciates the significance of the relevant risks, and that such an investment is appropriate and suitable for it or its managed accounts in light of its objectives, experience, financial and operational resources, and other relevant circumstances. Investors should also ensure that they fully understand the nature of the transaction and contractual relationship into which they are entering and the nature and extent of their exposure to risk of loss, which may significantly exceed the amount of any initial payment by or to it.

Under no circumstances should this risk disclosure statement be construed as investment advice or be used or considered as an offer to sell, or a solicitation of any offer to buy, the Securities which are linked to an emerging market. While the Issuer may from time to time make a market in a securities linked to emerging markets, it does not commit to make a market in the Security and provides no guarantee that a market in the Security will exist at the time the Securityholder seeks to buy or sell the Security. The Issuer or a related entity may from time to time have long or short positions in and buy and sell Securities referred to herein. The Issuer or a related entity may also from time to time perform investment banking or other services for, or solicit investment banking or other business from, any issuer located in an emerging markets country or any government of an emerging markets country.

## ISSUE SPECIFIC TERMS

Terms defined in the General Conditions have the same meaning in the Issue Specific Terms unless otherwise defined in these Issue Specific Terms. For the avoidance of doubt, the Schedules attached to these Issue Specific Terms form part of the Issue Specific Terms.

In the event of any inconsistency between the Issue Specific Terms, the General Conditions and / or the Product Terms, the Issue Specific Terms will prevail.

*“Not Applicable” means an item is not applicable at the date of these Issue Specific Terms, subject to amendment as provided in the General Conditions. Italics in the left column denote a brief explanation of the Issue Specific Terms. Words in italics do not form any part of the Issue Specific Terms.*

<b>1</b>	Relevant Branch:	Nassau
<b>2</b>	Series Number:	NNP2010-014
<b>3</b>	Tranche Number:	Not Applicable
	(If fungible with an existing Series, details of that series, including the date on which the Securities become fungible).	
<b>4</b>	Specified Currency or Currencies:	Lebanese Pound (“ <b>LBP</b> ”)
<b>5</b>	Aggregate Nominal Amount:	
	(i) Series:	LBP 7,500,000,000
	(ii) Tranche:	Not Applicable
<b>6</b>	Issue Price:	103.20 per cent. of the Aggregate Nominal Amount.
<b>7</b>	Denomination(s)/Specified Denominations:	LBP 150,000,000 and increments of LBP 10,000,000 thereafter.
<b>8</b>	Trade Date:	21 September 2010
	Payment Date:	12 October 2010
	Issue Date:	12 October 2010
	Maturity Date:	4 April 2013
<b>9</b>	Interest Commencement Date:	Payment Date
	(if different from the Issue Date)	
<b>10</b>	Interest Basis:	Other (further particulars specified below)
<b>11</b>	All Guarantees:	Not Applicable
<b>12</b>	<b>PROVISIONS RELATING TO INTEREST</b>	
	<b>Fixed Rate Securities Provisions:</b>	Not Applicable

<b>Floating Rate Securities Provisions:</b>	Not Applicable
<b>Variable Rate Securities Provisions:</b>	Not Applicable
<b>Zero Coupon Securities Provisions:</b>	Not Applicable
<b>Further Particulars</b>	<p>Each Security shall bear interest from, and including, the Payment Date to, but excluding, the Maturity Date in amounts in United States Dollar (“<b>USD</b>”) equal to any LBP interest payments that the Issuer would have received by virtue of holding an amount of the Reference Obligations during the term of such Security equal to the Principal Amount, divided by the Reference Foreign Exchange Rate determined on such date determined on the date of payment of the LBP interest payments under the Reference Obligations subject to Product Terms 2 and 3.</p> <p>Interest shall be payable within two Business Days after the receipt of an interest payment or principal payment by the holders of the Reference Obligations in respect of such Reference Obligations (each an “<b>Interest Payment Date</b>”); provided that if Product Term 2(b) applies, interest shall cease to accrue from, and including, the Interest Payment Date immediately preceding the Event Date or from and including the Payment Date, as the case may be, and no amount of interest shall be payable thereafter.</p>

## **PROVISIONS RELATING TO REDEMPTION**

- 13**    **Final Redemption Amount**
- Subject to Product Terms 2 and 3, the Final Redemption Amount in respect of each Security will be an amount in USD, payable within two Business Days following the receipt by the holders of the Reference Obligations of the LBP redemption proceeds of the Reference Obligations that would have been received by the Issuer had it held an amount of Reference Obligations equal to the Aggregate Nominal Amount on the Maturity Date (the “**LBP Redemption Amount**”), divided by the Reference Foreign Exchange Rate determined on

	the date of payment of the LBP Redemption Amount.
(i) First to Default:	Not Applicable
(ii) Credit Event(s):	<p>The occurrence of any of the events specified below, in respect of any Reference Entity, shall constitute a Credit Event:</p> <p>Failure to Pay</p> <p>Holding Termination Event</p> <p>Obligation Acceleration</p> <p>Repudiation/Moratorium</p> <p>Restructuring</p> <p>Multiple Holder Obligation: Not Applicable</p> <p>Each Reference Obligation</p>
(iii) Obligations:	Each Reference Obligation
(iv) Obligation Characteristics:	Not Applicable
(v) Reference Entity/Reference Entities:	Lebanese Republic and any direct or indirect successor to such Reference Entity irrespective of whether such successor assumes any of the obligations of such Reference Entity
(vi) Reference Obligation(s):	Lebanon Treasury Notes due 4 April 2013, including those with BB number EI2620363, and any Substitute Reference Obligation(s) with an aggregate principal amount equal to the Aggregate Nominal Amount of the Series.
(vii) Excluded Obligations:	Not Applicable
(viii) <b>Cash Settlement:</b>	Applicable only upon Securityholder Cash Election in accordance with Product Term 2(e)(i)(1) (see Additional Provisions below)
(a) Cash Settlement Amount (in respect of each Security)	Not Applicable
(b) Final Price	Applicable (for the avoidance of doubt, only upon Securityholder Cash Election in accordance with Product Term 2(e)(i)(1) (see Additional Provisions below))
Valuation Date:	Single Valuation Date: 5 Business Days
Valuation Time:	11am London time
Quotation Method:	Bid
Quotation Amount:	Relevant Principal Amount of the

	Securities
Minimum Quotation Amount:	The lower of (1) USD 1,000,000 (or its equivalent in the relevant Obligation Currency) and (2) the Quotation Amount
Dealers:	As selected by the Calculation Agent
Settlement Currency:	The currency of denomination of the relevant Principal Amount of the Securities.
Cash Settlement Date:	5 Business Days
Reference Price:	100%
Quotations:	Include Accrued Interest
Valuation Method:	Market
(c) Market Value of Valuation Obligations	Not Applicable
(ix) <b>Physical Settlement</b>	Applicable
(a) Deliverable Obligations:	<p>(a) Each Reference Obligation provided that if a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Commencement Date</p> <p>(b) if the relevant Credit Event Notice was in respect of a Restructuring, an obligation, in respect of such Restructuring, which would have been described by (a) above as at the time immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring (rather than as at the Delivery Commencement Date).</p>



(b)	Deliverable Obligation Characteristics:	Not Applicable
(c)	Excluded Deliverable Obligations:	Not Applicable
(d)	Accreting Obligations:	Not Applicable
(e)	Optional Physical Settlement in lieu of Cash Settlement (Product Term 2(b)(iii)):	Not Applicable
(f)	Optional Physical Settlement in case of Alternative Settlement (Product Term 2(f)):	Applicable

## GENERAL PROVISIONS

<b>14</b>	<b>Form of Securities</b>	Bearer Securities
<b>15</b>	(i) Bearer / Exchangeable Bearer Securities:	Temporary Global Security exchangeable for a permanent Global Security which is exchangeable for Definitive Securities in the limited circumstances specified in the Permanent Global Security.
	(ii) Applicable TEFRA exemption:	D Rules
<b>16</b>	Additional Financial Centre(s) (General Conditions 6(h)) or other special provisions relating to payment dates:	New York, Beirut and London
<b>17</b>	Unmatured Coupon to become void upon redemption of Securities:	Not Applicable
<b>18</b>	Talon for future Coupons or Receipts to be attached to Definitive Securities (and dates on which such Talons mature):	Not Applicable
<b>19</b>	Stock Exchange(s) to which application will be made to list the Securities: <i>(Application may subsequently be made to other stock exchange(s))</i>	Irish Stock Exchange
<b>20</b>	Entities (other than stock exchanges) to which application for listing and/or approval of the Securities will be made:	None
<b>21</b>	ISIN Code:	XS0544719478
<b>22</b>	Common Code:	054471947
<b>23</b>	CUSIP Number:	Not Applicable
<b>24</b>	PORTAL Code:	Not Applicable
<b>25</b>	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg or DTC and the relevant identification	Not Applicable

	number(s):	
<b>26</b>	Delivery:	Delivery against payment
<b>27</b>	Calculation Agent:	Credit Suisse International
<b>28</b>	The Agents appointed in respect of the Securities are:	<p>Fiscal Agent and Transfer Agent:</p> <p>The Bank of New York Mellon, acting through its London Branch, One Canada Square, London, E14 5AL</p> <p>Registrar (where applicable) and Paying Agent:</p> <p>The Bank of New York Mellon, acting through its London Branch, One Canada Square, London, E14 5AL</p>
<b>29</b>	Dealer(s):	Credit Suisse International
<b>30</b>	Additional steps that may only be taken following approval by Extraordinary Resolution in accordance with General Condition 10(a)):	Not Applicable
<b>31</b>	Additional Business Days:	Not Applicable
<b>32</b>	Additional Provisions:	<p>(1) Please see Schedule 1 below.</p> <p>(2) In relation to the Deliverable Obligations, each Securityholder will be responsible for making its own custodial and/or other arrangements required for it to accept delivery of the Deliverable Obligations comprising the Portfolio. Following delivery to a Securityholder of such Deliverable Obligations, neither the Issuer nor the Seller shall have any further obligation to such Securityholder, who will be required to make its own arrangements for receipt of LBP payments in respect of such Deliverable Obligations, any conversion of LBP payments into a different currency and any transfer outside Lebanon of such LBP payments or amounts converted from such LBP payments.</p> <p>(3) Product Term 2(e)(i) of Schedule 1 shall be deleted in its entirety and replaced with the following:</p> <p>“(i) Subject to Product Term 2(f) and Product Term 2(g):</p> <p>(1) if the Securityholder notifies the Calculation Agent in writing no later than</p>

five (5) Business Days prior to the Delivery Commencement Date (such date on which the written notice is received by the Calculation Agent being the “**Securityholder Cash Election Notice Date**”) that it elects to receive the Credit Event Redemption Amount upon the occurrence of the events contained in Product Term 2(b) in lieu of the delivery of the Deliverable Obligations (the “**Securityholder Cash Election**” and each Securityholder making such Securityholder Cash Election a “**Cash Election Securityholder**”) the Bank shall deliver to the Securityholder the Credit Event Redemption Amount irrespective of whether the relevant Credit Event is continuing.

For the purposes of the calculation of Cash Settlement Amount in accordance with Product Term 2(c) upon a Securityholder Cash Election, (i) Final Price shall be deemed to be selected and all of the terms relevant to Final Price as set out in Issuer Specific Term 13(viii) of the Issue Specific Terms shall be applicable and (ii) references to “Credit Event Notice Date” in the definitions of “Cash Settlement Date” and “Valuation Date” shall be deleted and replaced by references to “Securityholder Cash Election Notice Date” instead.

Upon payment by the Bank of the Credit Event Redemption Amount, the Bank will be discharged from its obligations and liabilities under the Securities to each Cash Election Securityholder and the Securities of the Cash Election Securityholder will be partially redeemed in respect of the relevant Tranche(s) or, where all outstanding Tranches of Securities are affected, the Securities will be cancelled;

**OR**

(2) if in the determination of the Calculation Agent, acting on behalf of

the Bank:

- (A) due to circumstances beyond the control of the Bank, it is or would be impossible, illegal or in breach of any restriction (whether regulatory, fiduciary or contractual) which may be claimed by any person, for the Bank or Designated Affiliate to obtain in order to deliver or deliver some or all of the Deliverable Obligations forming part of the Portfolio to a Securityholder or Securityholders (each an **"Affected Securityholder"**) as provided in Product Term 2(d), including, but not limited to, circumstances in which the Bank or Designated Affiliate is or would be unable to obtain or deliver Deliverable Obligations as a result of a Settlement Disruption Event subsisting or due to any law, regulation or court order;
- (B) due to circumstances beyond the control of the Bank, it is or would be impracticable (whether on grounds of illiquidity or otherwise) for the Bank or Designated Affiliate to obtain in order to deliver or deliver some or all of the Deliverable Obligations forming part of the Portfolio to a Securityholder or Securityholders and/or it is not commercially reasonable for the Bank or Designated Affiliate to make such delivery (each also an **"Affected Securityholder"**) as provided in Product Term 2(d); and/or
- (C) due to circumstances within the control of the relevant Securityholder (including, without limitation, its failure to

take delivery of the Deliverable Obligations), the Bank or Designated Affiliate is unable to arrange, or conditions (including, without limitation, Product Term 2(c)(iii)) are not fulfilled, for the delivery of some or all of the Deliverable Obligations forming part of the Portfolio as provided in Product Term 2(c) to such Securityholder or Securityholders (each also an **"Affected Securityholder"**),

and, in relation to (A), (B) and (C) above, such circumstances continue for a period ending on the fiftieth (50th) Business Day following the Delivery Commencement Date (the **"Delivery Cut-Off Date"**), the Bank shall have no further delivery obligations under the Securities to the Affected Securityholder(s) with respect to those Deliverable Obligations the delivery of which to such Affected Securityholder is affected by circumstances described in (A), (B) and/or (C) above (each such Deliverable Obligation an **"Undeliverable Obligation"** with respect to such Affected Securityholder) and the Calculation Agent, acting on behalf of the Bank, shall, on the Business Day following the Delivery Cut-Off Date, designate a Business Day (the **"Undeliverable Obligation Valuation Date"**) within five Business Days of the Delivery Cut-Off Date. The Bank will pay to each Affected Securityholder in accordance with the Asset Delivery Notice within five Business Days following the Undeliverable Obligation Valuation Date the respective Affected Securityholder Cash Redemption Amount (in respect of the application of Product Term 2(e)(i)(1), irrespective of whether the relevant Credit Event and the circumstances described in (A), (B) and/or (C) above are continuing).

Upon such payment being made by the Bank, the Bank will be discharged from its obligations and liabilities under the

Securities to the Affected Securityholder and the Securities of the Affected Securityholder will be partially redeemed in respect of the relevant Tranche(s) or, where all outstanding Tranches of Securities are affected, the Securities will be cancelled.

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
Duly authorised

By: \_\_\_\_\_  
Duly authorised

## SCHEDULE 1

### PRODUCT TERMS OF CREDIT LINKED SECURITIES

*The following are the product terms and conditions of the Securities (the “**Product Terms**”) which, subject to the General Conditions of the Securities and the provisions of the Issue Specific Terms, will apply to the Securities.*

#### 1 Definitions

“**5 Year Valuation Date**” has the meaning set out in Product Term 2(f);

“**Accelerated or Matured**” means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Commencement Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws;

“**Accreted Amount**” means, with respect to an Accreting Obligation, an amount equal to (A) the sum of (1) the original issue price of such obligation and (2) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (B) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in the foregoing (A)(2)), in each case calculated as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the Delivery Commencement Date or applicable Valuation Date, as the case may be. If “Include Accrued Interest” is specified as being applicable in the Issue Specific Terms, then such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent). If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation's yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for purposes of the foregoing (A)(2) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the Delivery Commencement Date or applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable;

“**Accreting Obligation**” means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (A) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (B) periodic cash interest is also payable;

“**Affected Securityholder**” has the meaning set out in Product Term 2(e)(i)(A), 2(e)(i)(B) and 2(e)(i)(C);

**“Affected Securityholder Cash Redemption Amount”** has the meaning set out in Product Term 2(e)(iii);

**“Affected Securityholder Proportion”** has the meaning set out in Product Term 2(e)(iii).

**“Affected Securityholder Value”** has the meaning set out in Product Term 2(e)(iii);

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

**“Aggregate Nominal Amount”** means the amount specified in the Issue Specific Terms;

**“Alternative Settlement End Date”** has the meaning set out in Product Term 2(f);

**“Asset Delivery Notice”** has the meaning set out in Product Term 2(d)(iii), the pro forma of which is set out in this Securities Note;

**“Assignable Loan”** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;

**“Average Blended Highest”** means, with respect to more than one Reference Obligation and more than one Valuation Date, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date;

**“Average Blended Market”** means, with respect to more than one Reference Obligation and more than one Valuation Date, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date;

**“Average Highest”** means, with respect to only one Reference Obligation and more than one Valuation Date, the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent (or in accordance with the definition of “Quotation”) with respect to each Valuation Date;

**“Average Market”** means, with respect to only one Reference Obligation and more than one Valuation Date, the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date;

**“Bankruptcy”** means a Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case



within thirty calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive);

**“Blended Highest”** means, with respect to more than one Reference Obligation and only one Valuation Date, the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent (or in accordance with paragraph (b) of the definition of “Quotation”) for each Reference Obligation with respect to the Valuation Date;

**“Blended Market”** means, with respect to more than one Reference Obligation and only one Valuation Date, the unweighted arithmetic mean of the Market Values determined by the Calculation Agent for each Reference Obligation with respect to the Valuation Date;

**“Bond”** means any obligation that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security;

**“Borrowed Money”** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);

**“Business Day”** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in London, New York City and, if applicable, any other city as specified in the Issue Specific Terms;

**“Business Day Convention”** has the meaning as specified in the Issue Specific Terms;

**“Cash Settlement Amount”** has the meaning set out in Product Term 2(c);

**“Cash Settlement Date”** means (a) if the Cash Settlement Amount is not specified in the Issue Specific Terms, the date that is the number of Business Days specified in the Issue Specific Terms following the calculation of the Final Price and (b) if the Cash Settlement Amount is specified in the Issue Specific Terms, the date that is the number of Business Days specified in the Issue Specific Terms following the date of the Credit Event Notice Date;

**“Clearance System Business Day”** has the meaning set out in Product Term 2(d)(iii);

**“Conditionally Transferable Obligation”** means an obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any obligation other than Bonds, provided, however, that an obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of an obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a obligation be provided to a trustee, fiscal agent, administrative agent, clearing

agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition;

**“Consent Required Loan”** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;

**“Convertible Obligation”** means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation);

**“Credit Event”** are those specified in the Issue Specific Terms, in respect of any Reference Entity;

**“Credit Event Notice”** has the meaning set out in Product Term 2(b);

**“Credit Event Notice Date”** has the meaning set out in Product Term 2(b);

**“Credit Event Redemption Amount”** means, in respect of each Security, an amount equal to the outstanding nominal amount of such Security minus the Cash Settlement Amount;

**“Dealer”** means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained, including each Dealer specified in the Issue Specific Terms. If no Dealers are specified in the Issue Specific Terms, the Calculation Agent shall select the Dealers in its sole discretion. Upon a Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Dealer(s) for one or more of the foregoing;

**“Default Requirement”** means U.S.\$ 10,000,000 or its equivalent in any currency or currencies;

**“Deliverable Obligations”** shall be as set out in any Issue Specific Terms having each of the Deliverable Obligation Characteristics specified, if any, in the Issue Specific Terms;

**“Deliverable Obligation Characteristics”** means, as at the Delivery Commencement Date, the Deliverable Obligation Characteristics which are set out in the Issue Specific Terms;

**“Delivery Commencement Date”** has the meaning set out in Product Term 2(b);

**“Delivery Cut-Off Date”** has the meaning set out in Product Term 2(e)(i);

**“Delivery Expenses”** has the meaning set out in Product Term 7;

**“Designated Affiliate”** means Credit Suisse International or any Affiliate of the Bank designated as such by the Bank from time to time which may, at the time of such designation, engage in the trading or holding of obligations, such Designated Affiliate being as set out in the Issue Specific Terms;

**“Direct Loan Participation”** means a Loan in respect of which, pursuant to a participation agreement, the Bank is capable of creating, or procuring the creation of, a contractual right in favour of the Securityholder(s) that provides the Securityholder(s) with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the Securityholder(s) and the Bank (to the extent the Bank is then a lender or a member of the relevant lending syndicate);

**“Domestic Currency”** means the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which

the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor to any such currency);

**“Downstream Affiliate”** means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity;

**“Due and Payable Amount”** means the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Commencement Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts);

**“Early Redemption Determination Date”** has the meaning given to it in Product Term 2(a)(ii);

**“Early Redemption Event”** has the meaning given to it in Product Term 2(a)(ii);

**“Eligible Reference Entity”** means an entity:

- (1) that is in the same Moody’s or S&P industry group (the **“Industry Requirement”**) as the relevant Successor Reference Entity which is being substituted for a new Reference Entity (the **“Surviving Reference Entity”**), where:

**“Moody’s”** means Moody’s Investors Service, Inc.; and

**“S&P”** means Standard and Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc.;

- (2) that has a bid-side credit spread (at the time the Calculation Agent makes a selection of such entity) no greater than 110% of the bid-side credit spread of the relevant Surviving Reference Entity at that same time (the **“Credit Spread Requirement”**), in each case based on a credit default swap:
  - (a) on market standard terms for the relevant entity as at the time of such determination;
  - (b) in respect of the relevant Tranche principal amount equal to at least 50 per cent., but not more than 100 per cent., of the relevant Tranche principal amount; and
  - (c) with a term equal to the period from and including the date of the determination to and including the Maturity Date (the **“Remaining Term”**), provided that if the Calculation Agent, having used reasonable endeavours, cannot obtain Quotations from at least three dealers in respect of the Remaining Term, the term for the purposes of this sub-clause (c) shall be five years.

The bid-side credit spreads for the purpose of the Credit Spread Requirement shall be the unweighted arithmetic mean of the spread quotations obtained by the Calculation Agent (on the basis of the terms set out above) from at least three dealers, as determined by the Calculation Agent in good faith in a commercially reasonable manner and notified by the Calculation Agent to the Securityholder(s) on the date on which such Quotations are obtained;

- (3) that is principally traded in the credit derivatives market in respect of the same Geographical Region as the relevant Surviving Reference Entity, as determined in good faith and a commercially reasonable manner by the Calculation Agent, where:
- “**Geographical Region**” means the geographical region specified in the Issue Specific Terms being one of the following: North America, Latin America, Western Europe, Eastern Europe, Australia/New Zealand, Singapore, Asia (excluding Japan), Japan or such region determined in good faith by the Calculation Agent to give best effect to then current market practice in respect of the relevant Surviving Reference Entity; and
- (4) that is not an Affiliate of any Reference Entity hereunder both immediately prior to and following the relevant Succession Event;

“**Eligible Transferee**” means each of the following:

- (i) any bank or other financial institution, insurance or reinsurance company, mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in clause (iii)(A) below) or registered or licensed broker or dealer (other than a natural person or proprietorship); provided, however, in each case that such entity has total assets of at least USD 500,000,000 (or equivalent amounts in other currencies); or
- (ii) any affiliate of an entity specified in clause (i) above;
- (iii) each of a corporation, partnership, proprietorship, organization, trust or other entity:
- (A) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralized debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least USD 100,000,000 (or equivalent amounts in other currencies) or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD 100,000,000 (or equivalent amounts in other currencies);
- (B) that has total assets of at least USD 500,000,000 (or equivalent amounts in other currencies); or
- (C) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in clauses (i), (ii), (iii)(B) or (iv) of this definition; and
- (iv) a Sovereign, Sovereign Agency or Supranational Organization;

“**Equity Securities**” means:

- (A) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing those equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (B) in the case of an Exchangeable Obligation, equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such

obligation together with any other property distributed to or made available to holders of those equity securities from time to time;

**“Evaluation Period”** means the period from and including the Trade Date to and including the Maturity Date;

**“Event Date”** means the date which the Calculation Agent determines as (i) the date on which the Potential Failure to Pay or, if “Repudiation/Moratorium” is specified as an applicable Credit Event in the Issue Specific Terms, Potential Repudiation/Moratorium occurred or, if applicable, Potential Repudiation/Moratorium did not occur or (ii) the date on which the Credit Event occurred;

**“Exchangeable Obligation”** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation);

**“Excluded Deliverable Obligation”** means any obligations of the Reference Entity specified as such or of a type described in the Issue Specific Terms;

**“Excluded Obligation”** means any obligation of a Reference Entity specified as such or of a type described in the Issue Specific Terms;

**“Failure to Pay”** means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure;

**“Final Price”** means the price of the Reference Obligation, expressed as a percentage, determined in accordance with the specified Valuation Method. The Calculation Agent shall, as soon as practicable after obtaining all Quotations for a Valuation Date, upon request notify the Securityholders in writing of each such Quotation that it receives in connection with the calculation of the Final Price and shall, upon request, provide to the Securityholders a written computation showing its calculation of the Final Price;

**“Final Redemption Amount”** means the amount specified in the Issue Specific Terms;

**“Full Quotation”** means, in accordance with the Quotation Method, each firm quotation obtained from a Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an outstanding principal balance equal to the Quotation Amount;

**“Fully Transferable Obligation”** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an obligation shall not be considered to be a requirement for consent for purposes of the foregoing. For purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Fully Transferable Obligation, such determination shall be made as of the Delivery Commencement Date, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by Bank or Designated Affiliate;

**“Governmental Authority”** means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity;

**“Grace Period”** means the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred, provided that:

- (i) if a Potential Failure to Pay has occurred on or prior to the Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and thirty calendar days; and
- (ii) if, at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation;

**“Grace Period Business Day”** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency;

**“Highest”** means, with respect to only one Reference Obligation and only one Valuation Date, the highest Quotation obtained by the Calculation Agent (or in accordance with the definition of “Quotation”) with respect to any Valuation Date;

**“Holding Termination Event”** means, in the opinion of the Calculation Agent, in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner, a condition that has the effect of prohibiting or restricting the ability of the Issuer or its Affiliates to remain the owner of (or creditor with respect to, as appropriate), or to acquire or to freely transfer (otherwise than as provided in the terms of the Reference Obligations), LBP or the Reference Obligations, when compared to the position on the Trade Date.

**“Interest Payment Date”** means the dates as set out in the Issue Specific Terms;

**“Issue Date”** is as set out in the Issue Specific Terms;

**“Listed”** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange;

**“Loan”** means any obligation that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement, however described;

**“Market”** means, with respect to only one Reference Obligation and only one Valuation Date, the Market Value determined by the Calculation Agent with respect to the Valuation Date;

**“Market Value”** means, with respect to a Reference Obligation on a Valuation Date, (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if

more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject to the definition of "Quotation", an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained within the additional five Business Day period set forth in the definition of "Quotation", the Market Value shall be determined as provided in the definition of "Quotation";

**"Maturity Date"** shall be as set out in the Issue Specific Terms;

**"Maximum Maturity"** means an Obligation that has a remaining maturity from the Delivery Commencement Date of not greater than thirty years;

**"Minimum Quotation Amount"** means the amount specified as such in the Issue Specific Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) USD 1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount;

**"Modified Eligible Transferee"** means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

**"Modified Restructuring Maturity Limitation Date"** means the date that is the later of (x) the Maturity Date and (y) 60 months following the Restructuring Date in the case of a Restructured Bond or Loan, or 30 months following the Restructuring Date in the case of all other obligations;

**"Multiple Holder Obligation"** means an Obligation that (i) at the time of the event which would have constituted a Restructuring, assuming such Restructuring was determined by reference to such Obligation, is held by more than three holders that are not affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which would have constituted a Restructuring Credit Event, assuming such Restructuring was determined by reference to such Obligation; provided that any Obligation that is a Bond shall be deemed to satisfy the foregoing requirement (ii) above;

**"Non-Convertibility Condition"** means, "means, in the opinion of the Calculation Agent, in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner, a condition created by or resulting from any action of or failure to act by any Governmental Authority, or a local market condition that has the effect of prohibiting, restricting or materially delaying the exchange of LBP for USD, or the free and unconditional transferability of the resulting USD, or the free and unconditional transfer of LBP between non-resident accounts, when compared to the position on the Trade Date.

**"Not Bearer"** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream International or any other internationally recognized clearing system;

**"Not Contingent"** means any obligation having as of the Delivery Commencement Date and all times thereafter an outstanding principal balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). If applicable, a Convertible Obligation, an Exchangeable Obligation and

an Accreting Obligation shall be deemed to be Not Contingent if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Commencement Date;

**“Not Domestic Currency”** means any obligation that is payable in any currency other than the Domestic Currency;

**“Not Domestic Issuance”** means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity;

**“Not Domestic Law”** means any obligation that is not governed by the laws of (A) the relevant Reference Entity, if such Reference Entity is a Sovereign or (B) the jurisdiction of organisation of the relevant Reference Entity if such Reference Entity is not a Sovereign;

**“Not Sovereign Lender”** means any obligation that is not primarily owed to a Sovereign or Supranational Organization, including, without limitation, obligations generally referred to as “Paris Club debt”;

**“Not Subordinated”** means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified, any unsubordinated Borrowed Money obligation of the Reference Entity. For purposes of determining whether an obligation is “Not Subordinated”, the ranking in priority of payment of each Reference Obligation shall be determined as of the later of (1) the Trade Date and (2) the date on which such Reference Obligation was issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date;

**“Notice Date”** has the meaning as set out in Product Term 2(a);

**“Obligation”** means each Reference Obligation and any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if “All Guarantees” is specified as applicable in the Issue Specific Terms, as provider of any Qualifying Guarantee) which constitutes, or in the case of a Qualifying Guarantee or Qualifying Affiliate Guarantee, as the case may be, is in respect of, Borrowed Money or Bond or Loan (as set out in the Issue Specific Terms) having each of the Obligation Characteristics specified in the Issue Specific Terms, but excluding any Excluded Obligation;

**“Obligation Acceleration”** means one or more Obligations, in an aggregate amount of not less than the Default Requirement, have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations;

**“Obligation Characteristics”** means, as at the relevant Event Date, the Obligation Characteristics which are set out in the Issue Specific Terms;



**“Obligation Currency”** means the currency or currencies in which an Obligation is denominated;

**“Obligation Default”** means one or more Obligations, in an aggregate amount of not less than the Default Requirement, have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations;

**“Payment Date”** shall be as specified in the Issue Specific Terms;

**“Payment Requirement”** means USD 1,000,000 or its equivalent in any currency or currencies, unless otherwise specified in the Issue Specific Terms;

**“Permitted Currency”** means (1) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership) or (2) the legal tender of any country which, as of the date of such change, is a member of the Organization for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof;

**“Portfolio”** means, such Deliverable Obligations as are selected in its sole and absolute discretion acting in good faith and in a commercially reasonable manner, by the Calculation Agent, acting on behalf of the Issuer with an outstanding principal balance as at the Delivery Commencement Date in an aggregate amount not less than the Aggregate Nominal Amount, subject to Product Term 2(h).

**“Potential Credit Event Period”** has the meaning set out in Product Term 3;

**“Potential Failure to Pay”** means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligation(s) in accordance with the terms of such Obligation(s) at the time of such failure;

**“Potential Failure to Pay Period”** has the meaning set out in Product Term 3;

**“Potential Notice Delivery Period”** has the meaning set out in Product Term 3;

**“Potential Repudiation/Moratorium”** means an authorized officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement;

**“Potential Repudiation/Moratorium Period”** has the meaning set out in Product Term 3;

**“Public Source”** means each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of

business news in the country in which the Reference Entity is organized and any other internationally recognized published or electronically displayed news sources;

**“Publicly Available Information”** means information that reasonably confirms any of the facts relevant to the determination that a Credit Event described in a Credit Event Notice has occurred and which:

- (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; provided that, if the Bank or any of its Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Bank or one of its Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
- (ii) is information received from or published by (A) a Reference Entity or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
- (iii) is information contained in any petition or filing instituting a proceeding against or by a Reference Entity seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or similar law affecting creditors’ rights, or a petition presented for its winding-up or liquidation and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof; or
- (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative regulatory or judicial body.

Publicly Available Information may be assumed to have been disclosed without violating any law, agreement or understanding regarding its confidentiality and that the Bank or its Affiliates delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties and need not state that the relevant Credit Event (i) has met the Payment Requirement or, as the case may be, the Default Requirement, (ii) is the result of exceeding any applicable Grace Period or (iii) has met the subjective criteria specified in certain Credit Events;

**“Qualifying Affiliate Guarantee”** means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity;

**“Qualifying Guarantee”** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **“Underlying Obligation”**) for which another party is the obligor (the **“Underlying Obligor”**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being delivered together with the delivery of the Underlying Obligation;

**“Quotation”** means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation.
- (b) If the Calculation Agent is a party to the Credit Derivative Transaction and is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, then the party that is not the Calculation Agent may attempt to obtain Full Quotations from five or more Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If such party is able to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day within an additional five Business Days, the Calculation Agent shall use such Full Quotations or Weighted Average Quotation to determine the Final Price in accordance with the specified Valuation Method. If such party is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day within an additional five Business Days, the Quotations shall be deemed to be any Full Quotation obtained from a Dealer at the Valuation Time on such fifth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Dealers at the Valuation Time on such fifth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day. If the Calculation Agent is a third party and is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Calculation Agent may attempt to obtain Full Quotations from five or more Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is able to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day within an additional five Business Days, the Calculation Agent shall use all such Full Quotations or Weighted Average Quotations to determine the Final Price in accordance with the specified Valuation Method. If the Calculation Agent is unable to obtain between them two or more Full Quotations or a Weighted Average Quotation on the same Business Day within an additional five Business Days, the Quotations shall be deemed to be any Full Quotation obtained from a Dealer at the Valuation Time on such fifth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Dealers at the Valuation Time on such fifth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.
- (c) (i) If “Include Accrued Interest” is specified in the Issue Specific Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest; (ii) if “Exclude Accrued Interest” is specified in the Issue Specific Terms in respect of Quotations, such

Quotations shall not include accrued but unpaid interest; and (iii) if neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified in the Issue Specific Terms in respect of Quotations, the Calculation Agent shall determine, in its sole discretion, based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.

- (d) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the outstanding principal balance for purposes of determining the Final Price;

**“Quotation Amount”** means the amount specified as such in the Issue Specific Terms (which may be specified by reference to an amount in a currency or by reference to Representative Amount) or, if no amount is so specified, the relevant aggregate outstanding nominal amount of the Securities (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained);

**“Quotation Method”** means the applicable Quotation Method may be specified in the Issue Specific Terms by reference to one of the following terms:

**“Bid”** means that only bid quotations shall be requested from Dealers;

- (e) **“Offer”** means that only offer quotations shall be requested from Dealers; or
- (f) **“Mid-market”** means that bid and offer quotations shall be requested from Dealers and shall be averaged for purposes of determining a relevant Dealer's quotation.

If a Quotation Method is not specified in the Issue Specific Terms, Bid shall apply;

**“Reference Entity”** shall be each entity as specified in any Issue Specific Terms and, where any such entity is a Sovereign, any direct or indirect successor to such Reference Entity irrespective of whether such successor assumes any of the obligations of such Reference Entity provided that, if any such entity is not a Sovereign and a Succession Event occurs with respect to any Reference Entity and a Successor or Successors are determined, each Successor shall be a Reference Entity subject to the provisions of Product Term 4;

**“Reference Foreign Exchange Rate”** means, on any date, the arithmetic average of exchange rates for the same day purchase of USD for LBP (right hand side) expressed as a number of LBP per USD at or around 11:00 am London on such date as quoted to the Calculation Agent by three major LBP foreign exchange dealers as the Calculation Agent shall, in its sole and absolute discretion select. In the event that three such LBP offer side (right hand side) quotations are not available, then the Reference Foreign Exchange Rate shall be calculated using the average of the offer side (right hand side) quotations obtained (or if only one quotation is available, that quotation). If no such quotations are available, the Calculation Agent shall determine, in its sole and absolute discretion, a settlement price on such date;

**“Reference Obligations”** means the obligations, if any, specified in any Issue Specific Terms and, if there are obligations specified therein, any Substitute Reference Obligation(s);

**“Reference Price”** means the percentage specified as such in the Issue Specific Terms or, if a percentage is not so specified, one hundred per cent.;

**“Regulatory Change Costs”** means an amount determined by the Calculation Agent to be such sum as equals the cost, as a result of the Regulatory Change Event, which the Bank or its

Designated Affiliate incurred (or would have incurred had it held the Reference Obligations during the term of the Securities).

**“Regulatory Change Event”** means, in the sole and absolute discretion of the Calculation Agent, during the Evaluation Period: (i) the adoption of, change in or change in the interpretation or administration of, any law, rule or regulation after the Trade Date by any Governmental Authority; and/or (ii) the compliance by the Bank and/or any of its Affiliates with any request or directive of any Governmental Authority, which in any such case:

(1) would in respect of any amount of Reference Obligations which the Bank or its Designated Affiliate held or could have held during the term of the Securities, impose, modify, apply or eliminate any tax, reserve, special deposit, insurance assessment or any other requirement on the Bank and/or that Designated Affiliate and/or;

(2) affects in any other way the actual or potential cost to the Bank and/or its Designated Affiliate of hedging the obligations of the Bank with the Reference Obligations during the term of the Securities;

**“Relevant Obligations”** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its affiliates, as determined by the Calculation Agent in its sole discretion;

**“Representative Amount”** means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent in its sole discretion;

**“Repudiation/Moratorium”** means the occurrence of both of the following events: (a) an authorized officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement and (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date;

**“Repudiation/Moratorium Evaluation Date”** means, if a Potential Repudiation/Moratorium occurs on or prior to the Maturity Date, (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium;

**“Restructured Bond or Loan”** means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred;

**“Restructuring”** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation and such event is not

expressly provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of any Obligation (or, if applicable in any Issue Specific Terms, Multiple Holder Obligation) causing the Subordination of such Obligation (or, if applicable in any Issue Specific Terms, Multiple Holder Obligation) to any other Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above none of the following shall constitute a Restructuring:

- (a) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (b) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (c) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

For purposes of this definition of “Restructuring” only, the term Obligation (or, if applicable in any Issue Specific Terms, Multiple Holder Obligation) shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of any Qualifying Affiliate Guarantee or, if “All Guarantees” is specified as applicable in the Issue Specific Terms, any Qualifying Guarantee, as the case may be. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the first paragraph of this definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity;

**“Restructuring Date”** means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring;

**“Restructuring Maturity Limitation Date”** means the date that is the earlier of (x) thirty months following the Restructuring Date and (y) the latest final maturity date of any Restructured Bond or Loan, provided, however, that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Maturity Date or later than thirty months following the Maturity Date and if it is, it shall be deemed to be the Maturity Date or thirty months following the Maturity Date, as the case may be;

**“Securityholder Physical Settlement Election Notice”** has the meaning set out in Product Term 2(b);

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

**“Sovereign”** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof;

**“Sovereign Agency”** means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign;

**“Specified Currency”** means (i) if Specified Currency is specified in the Issue Specific Terms, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies or (ii) any currency or currencies specified in the Issue Specific Terms. Notwithstanding the provisions of this definition, the Bank may specify a single Specified Currency in any Issue Specific Terms;

**“Subordination”** means, with respect to an obligation (the **“Subordinated Obligation”**) and another obligation of the Reference Entity to which such obligation is being compared (the **“Senior Obligation”**), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganization or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. **“Subordinated”** will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

**“Substitute Reference Obligation”** means one or more obligations of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee, or, if “All Guarantees” is applicable in the Issue Specific Terms, Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity (including, without limitation, circumstances in which one or more

Successors to the Reference Entity have been identified and any one or more such Successors have not assumed the Reference Obligation), the Calculation Agent shall, in its sole discretion, identify one or more Obligations to replace such Reference Obligation.

- (b) Any Substitute Reference Obligation shall be an obligation that (1) ranks pari passu (or, if no such Obligation exists, then, at the Bank's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (A) the Payment Date and (B) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent, in its sole discretion, of the Security as originally issued and (3) is an obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee, or if "All Guarantees" is specified as applicable in the Issue Specific Terms, Qualifying Guarantee. The Substitute Reference Obligation(s) identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific obligation is identified as a Reference Obligation, any of the events set forth under provision (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines, in its sole discretion, that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific obligation is identified as a Reference Obligation, any of the events set forth under provision (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines, in its sole discretion, that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If (i) more than one specific obligation is identified as a Reference Obligation, any of the events set forth under provision (a) above has occurred with respect to all of the Reference Obligations and the Calculation Agent determines, in its sole discretion, that no Substitute Reference Obligation is available for any of the Reference Obligations, or (ii) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under provision (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines, in its sole discretion, that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the redemption of the Securities.
- (f) For purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation;

**"succeed"** means, for purposes of the definition of Succession Event and Successor, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant



Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required to be made by the Calculation Agent pursuant to the definition of Successor shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged;

**“Succession Event”** means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, “Succession Event” shall not include an event in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event;

**“Successor”** means, in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined by the Calculation Agent, in its sole discretion, as set forth below:

- (i) if one entity directly or indirectly succeeds to seventy-five per cent or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
- (ii) if only one entity directly or indirectly succeeds to more than twenty-five per cent (but less than seventy-five per cent) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent of the Relevant Obligations will be the sole Successor;
- (iii) if more than one entity each directly or indirectly succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent of the Relevant Obligations will each be a Successor;
- (iv) if one or more entities each directly or indirectly succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor;
- (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor; and
- (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an

equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor;

**“Supranational Organization”** means any entity or organization established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development;

**“Trade Date”** shall be as specified in any Issue Specific Terms;

**“Tranche”** has the meaning set out in Product Term 4;

**“Transferable”** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:

- (A) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
- (B) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;

**“Undeliverable Obligation”** has the meaning set out in Product Term 2(e)(i);

**“Undeliverable Obligation Valuation Date”** has the meaning set out in Product Term 2(e)(i);

**“Underlying Obligation”** has the meaning given to it in the definition of “Qualifying Guarantee”;

**“Underlying Obligor”** has the meaning given to it in the definition of “Qualifying Guarantee”;

**“Valuation Date”** has the meaning given to it in the Issue Specific Terms or as specified in Product Term 2(c)(iii), as the case may be;

(a) if “Single Valuation Date” is specified in the Issue Specific Terms, the date that is the number of Business Days specified in the Issue Specific Terms after the Credit Event Notice Date or, if the number of Business Days is not so specified, five Business Days, and (b) if “Multiple Valuation Dates” is specified in the Issue Specific Terms, each of the following dates:

- (i) the date that is the number of Business Days specified in the Issue Specific Terms after the Credit Event Notice Date (or, if the number of Business Days is not so specified, five Business Days); and
- (ii) each successive date that is the number of Business Days specified in the Issue Specific Terms (or, if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When “Multiple Valuation Dates” is specified, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the Issue Specific Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the Issue Specific Terms, Single Valuation Date shall apply;

**“Valuation Method”** means the Valuation Method specified in the Issue Specific Terms;

**“Valuation Obligations”** has the meaning set out in Product Term 2(c)(iii);

**“Valuation Obligation Notice Date”** has the meaning set out in Product Term 2(c)(iii);

**“Valuation Time”** means the time specified as such in the Issue Specific Terms or, if no time is so specified, 11:00 a.m. in the principal trading market for the Reference Obligation;

**“Value”** has the meaning set out in Product Term 2(c)(iii) or 2(e)(ii), as the case may be;

**“Voting Shares”** shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity; and

**“Weighted Average Quotation”** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an outstanding principal balance of as large a size as available but less than the Quotation Amount (but of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

## 2 Redemption

### (a) Redemption other than following a Credit Event Notice Date

- (i) **Redemption at Maturity.** Unless previously redeemed, or purchased by the Bank and cancelled, and provided that the Bank has not given a Credit Event Notice, in respect of the relevant Tranche where applicable, to the Securityholder(s) either (A) (if no Potential Credit Event Period is in effect on the Maturity Date) on or prior to the expiration of the Evaluation Period or (B) (if a Potential Credit Event Period is in effect on the Maturity Date) on or prior to the expiration of the Evaluation Period and at any time during the Potential Credit Event Period, each Security shall be redeemed by the Bank at its Final Redemption Amount, in the case of (A), on the Maturity Date, or, in the case of (B), on the second Business Day following the expiration of the Potential Credit Event Period as determined in accordance with Product Term 3, subject to the Business Day Convention.
- (ii) **Redemption for illegality.** The Calculation Agent, based on such information as it deems appropriate, may, in its sole and absolute discretion, determine at any time on or prior to the expiration of the Evaluation Period (the date of such determination being the **“Early Redemption Determination Date”**), that the performance of the Bank’s obligations under the Securities or any arrangements made to hedge its position under the Securities is or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or any change in the interpretation thereof; in which event (each an **“Early Redemption Event”**) as soon as practicable after such determination and, in any case, no later than the thirtieth calendar day following the Early Redemption Determination Date, the Calculation Agent, acting on behalf of the Bank, will give notice to the Securityholders of the determination of the Early Redemption Event

stating the nature of the Early Redemption Event (the date of such notification being a “**Notice Date**”). Such notice will be given in accordance with General Condition 13 and may be given irrespective of whether the relevant Early Redemption Event is continuing. Interest shall cease to accrue from and including the Interest Payment Date immediately preceding the Early Redemption Determination Date or from and including the Payment Date, as the case may be, and thereafter no payments of interest or principal on the Securities will be made and each Security will be redeemed by the Bank at an amount that has the effect of preserving for Securityholders the economic equivalent of the payment obligations of the Bank that would have arisen but for the early redemption (calculated with reference to the credit of the Reference Entities).

**(b) Redemption upon Bank Election to give a Credit Event Notice following the occurrence of a Credit Event**

If:

- (A) a Credit Event has occurred on or prior to the expiration of the Evaluation Period or a Potential Failure to Pay (or, if “Repudiation/Moratorium” is specified as applicable in the Issue Specific Terms, Potential Repudiation/Moratorium) has occurred during the Evaluation Period which results in the occurrence of a Failure to Pay (or, if “Repudiation/Moratorium” is specified as applicable in the Issue Specific Terms, Potential Repudiation/Moratorium) on or prior to the expiration of any applicable Potential Credit Event Period; and
- (B) at any time during the Evaluation Period, or, if a Potential Credit Event Period is in effect at the end of the Evaluation Period, at any time during the Potential Credit Event Period, the Bank, at its election, in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner (without having any obligation to make any such election), gives a notice to the Securityholder(s) of the occurrence of the Credit Event describing the Credit Event and providing Publicly Available Information in respect of such Credit Event (“**Credit Event Notice**” and the date that such notice is given being the “**Credit Event Notice Date**”);

***For the purposes of the Securities, the provisions in the remainder of this Product Term 2(b) shall apply in respect of the first Credit Event Notice, in respect of the relevant Tranche if applicable, given by the Bank to the Securityholder(s) in respect of the occurrence of any Credit Event in respect of any Reference Entity, unless otherwise specified in the Issue Specific Terms.***

then:

- (i) ***if Physical Settlement is applicable in the Issue Specific Terms:***  
on or prior to the second Business Day following the thirtieth calendar day following the Credit Event Notice Date, the Calculation Agent, acting on behalf of the Bank, will use reasonable endeavours to give notice to the Securityholders (the date stated in such notice being the “**Delivery Notice Date**”) of the Deliverable Obligations which the Bank expects to comprise the Portfolio and designating a Business

Day not later than the tenth, or earlier than the sixth, Business Day following the Delivery Notice Date as the “**Delivery Commencement Date**”; and the provisions of Product Term 2(d), 2(e), 2(f), 2(g) and 2(h) shall apply. On or prior to the Delivery Commencement Date, the Calculation Agent, acting on behalf of the Bank, may give notice to the Securityholders that the Bank is changing one or more Deliverable Obligations comprising the Portfolio.

- (ii) **if Cash Settlement is applicable in the Issue Specific Terms:** subject to Product Term 2(c) and 2(h) on the Cash Settlement Date the Bank shall pay to the Securityholders the Credit Event Redemption Amount related to each Security. Upon such payment being made, the Bank will be discharged from its obligations and liabilities under the Securities to each Securityholder and the Securities of each such Securityholder will be cancelled.
- (iii) **if Optional Physical Settlement is applicable in the Issue Specific Terms:** subject to 1. – 3. below, the provisions of Product Term 2(c)(iii) shall apply, provided that the Valuation Obligations may only comprise of Deliverable Obligations;
  - 1. the Securityholder(s) shall have the option to elect that, in lieu of receiving the Credit Event Redemption Amount, the Bank will deliver Deliverable Obligations, as determined pursuant to the provisions below. The Securityholder(s) may make such election by giving the Bank notice within thirty calendar days following the Credit Event Notice Date (a “**Securityholder Physical Settlement Election Notice**”);
  - 2. Thereafter, the Valuation Obligation Notice Date shall be deemed to have been the “**Delivery Notice Date**” and the Valuation Obligations shall be deemed to be the Deliverable Obligations which the Bank expects to comprise the Portfolio. The Calculation Agent, acting on behalf of the Bank shall designate a Business Day not later than the tenth, or earlier than the sixth, Business Day following the Delivery Notice Date as the “**Delivery Commencement Date**”. On or prior to the Delivery Commencement Date, the Calculation Agent, acting on behalf of the Bank, may give notice to the Securityholders that the Bank is changing one or more Deliverable Obligations comprising the Portfolio; and
  - 3. on the Delivery Commencement Date, the Bank or Designated Affiliate will, subject to the occurrence of a Settlement Disruption Event and receipt of an Asset Delivery Notice, commence procuring the delivery to each Securityholder of the relevant Deliverable Obligation(s), irrespective of whether the relevant Credit Event is continuing, and, subject to Product Term 2(d), 2(e), 2(f), 2(g) and 2(h).

If the Bank has not received a Securityholder Physical Settlement Election Notice by 5.00 p.m., London time on the day which is the thirtieth calendar day following the Credit Event Notice Date, within

five Business Days following the Valuation Date the Calculation Agent, acting on behalf of the Bank, will pay to the Securityholders (in accordance with the conditions of the Securities) the Credit Event Redemption Amount determined on the Valuation Date.

- (iv) Where the Credit Event relates to a Reference Entity which is a Successor (so that Tranches of the Securities exist pursuant to the terms set out in the definition of “Reference Entity”), then:
  - 1. the provisions of Product Terms 2(c), 2(d), 2(e), 2(f), 2(g), 2(h) and 3, shall apply, only in respect of the relevant Tranche(s) of Securities;
  - 2. the relevant Tranche(s) of Securities shall be partially redeemed upon the satisfaction of the Bank’s obligations under Product Terms 2(c), 2(d), 2(e), 2(f), 2(g), 2(h) and 3;
  - 3. the Securities shall remain outstanding (until the earlier of the Maturity Date or a Credit Event in respect of all outstanding Tranches) and shall continue to accrue interest, if applicable; and
  - 4. all references to “the Securities” in Product Terms 2(c), 2(d), 2(e), 2(f), 2(g), 2(h) and 3 and shall be read and construed as references to “the relevant Tranche(s) of Securities”.
- (v) The notices referred to in paragraphs (i) and (ii) above will be given in accordance with the provisions of General Condition 13 and may be given irrespective of whether the relevant Credit Event is continuing or whether the dates of such notices fall after the Maturity Date.
- (vi) Interest shall cease to accrue from and including the Interest Payment Date immediately preceding the Event Date or from and including the Payment Date, as the case may be, and thereafter no payments of interest or principal on the Securities will be made and each Security will be redeemed in the manner provided for in this Product Term 2.

**(c) Determination of Cash Settlement Amount**

The “**Cash Settlement Amount**” will be determined by the Calculation Agent in accordance with the following provisions:

- (i) If a Cash Settlement Amount is specified in the Issue Specific Terms, the Cash Settlement Amount will be such specified amount.
- (ii) If “Final Price” is specified in the Issue Specific Terms, the Cash Settlement Amount is the greater of (a)(i) the outstanding nominal amount of the Security multiplied by (ii) the Reference Price minus the Final Price and (b) zero;
- (iii) If “Market Value of Valuation Obligations” or “Optional Physical Settlement” is specified as applicable in the Issue Specific Terms, the Cash Settlement Amount will be determined in accordance with the following provisions:

1. For the purpose of determining the Cash Settlement Amount, on or prior to the second Business Day following the thirtieth calendar day following the Credit Event Notice Date the Calculation Agent, acting on behalf of the Bank, may give notice to the Securityholders (the date stated in such notice being the “**Valuation Obligations Notice Date**”) of the Obligations which the Bank expects to comprise the Portfolio (the “**Valuation Obligations**”) and designating a Business Day (the “**Valuation Date**”) not later than the sixth Business Day following the Valuation Obligations Notice Date as the date on which the Cash Settlement Amount shall be determined as follows:
2. The Calculation Agent shall determine the value (“**Value**”) of the aggregate nominal amount of each type of Valuation Obligation by requesting each of five dealers in the relevant market to provide its all-in bid price in the Specified Currency to purchase on the Valuation Date the aggregate nominal amount of each type of Valuation Obligation. For the purpose of making such requests, the Bank may, in its sole and absolute discretion (but, for the avoidance of doubt, shall never be obliged to): (i) request all-in bid prices from a dealer from which the Bank and/or its affiliates has requested or will contemporaneously request prices in connection with other notes, transactions or proprietary holdings unrelated to these Securities or otherwise, (ii) request all-in bid prices from dealers either orally, by electronic messaging (including, without limitation, E-mail, Bloomberg or Reuters), by facsimile, courier or post and (iii) request all-in bid prices for a type of Valuation Obligation in a nominal amount which is equal to or less than, but not less than 5% of, the aggregate nominal amount of such type of Valuation Obligation; and (iv) rather than making separate requests for all-in bid prices for the purposes of this provision, rely on a request or requests which were made in connection with other notes, transactions or proprietary holdings or otherwise unrelated to these Securities (with each such request constituting a request hereunder for the purposes of the Securities). In the event that the Bank receives an all-in bid price for an amount of the relevant Valuation Obligation that differs from the relevant actual nominal amount of that type of Valuation Obligation, it shall determine the all-in bid price for the nominal amount of each relevant Valuation Obligation as a pro rata amount of the price obtained. Each all-in bid price provided and/or determined in accordance with this paragraph shall be a “**Quotation**”.

If, following the Bank's request, four or more Quotations are provided or determined (as the case may be), the Bank shall disregard the highest and lowest Quotations and the respective Value shall be the arithmetic mean of the remaining Quotations. If three Quotations only are provided or determined (as the case may be), the Bank shall disregard the highest and lowest

Quotations and the respective Value shall be the remaining Quotation. If more than one Quotation has the same highest or lowest value, then the Bank shall disregard one such Quotation. If two or fewer than two Quotations are provided or determined (as the case may be), the respective Value shall be determined by the Bank in its sole and absolute discretion.

3. The Cash Settlement Amount shall be the outstanding nominal amount of each Security as of the Valuation Date less an amount equal to (a) the sum of each Value for each type of Valuation Obligation contained in the Portfolio divided by (b) the number of Securities outstanding as of the Valuation Date.

**(d) Delivery in respect of Physical Settlement**

- (i) The Bank or its Designated Affiliate shall, on the Delivery Commencement Date, commence procuring the delivery, in accordance with Product Term 2(d)(ii), 2(d)(iii) and 2(c)(iv), if applicable, to each Securityholder, or to such party as such Securityholder may specify, of the portion of the Portfolio equal to the proportion which the aggregate nominal amount of the Securities of such Securityholder bears to the Aggregate Nominal Amount of all the Securities outstanding on the Delivery Commencement Date (x) reduced by an amount of Deliverable Obligations determined by the Calculation Agent, in its sole and absolute discretion, to equal in value the Delivery Expenses in respect of such proportion of the Portfolio and (y) rounded down to the nearest integral authorised denomination of the relevant Deliverable Obligation(s) to be delivered, all as determined by the Calculation Agent in its sole and absolute discretion, and irrespective of whether the relevant Credit Event is continuing; subject to the provisions of Product Term 2(d)(ii)–(v)(inclusive), 2(e), 2(f), 2(g) and 2(h).
- (ii) The procuring of delivery of Deliverable Obligations pursuant to Product Term 2(c)(i) above shall be effected in such commercially reasonable manner as the Bank shall, in its sole and absolute discretion, determine to be appropriate and customary for such delivery and settlement of the applicable Deliverable Obligation in order to convey all right, title and interest to the relevant Securityholder free and clear of any liens, charges, claims or encumbrances created or incurred by the Bank or any of its Affiliates, but subject to any counterclaim or defence of a Reference Entity (other than any caused by the Bank or any of its Affiliates) for settlement within such period, beginning on the Delivery Commencement Date, that the Calculation Agent, in its sole and absolute discretion, determines as customary for such delivery and settlement; provided that if the Calculation Agent determines, in its sole and absolute discretion, that any of the circumstances described in subparagraphs (A), (B) or (C) of Product Term 2(e)(i) apply in respect of a Deliverable Obligation(s), the obligation to procure the delivery and settlement of such Deliverable Obligation(s) as provided above shall be deferred until such time that such circumstances cease to exist (subject to Product Term 2(e) and 2(f)). The Bank's obligation to procure the delivery of Deliverable Obligations to Securityholders shall not require or oblige the Bank and/or any of its Affiliates to (x) open any account for the purpose of any such delivery or to arrange any other formality or other action to be taken with respect to such delivery or (y)



arrange for or effect delivery to a trustee or fiduciary to hold Deliverable Obligations on behalf of the Securityholders. It shall be the responsibility of the relevant Securityholder to open any account for the purpose of any delivery of Deliverable Obligations or to arrange any other formality or other action to be taken with respect to such delivery. Delivery of the relevant portion of the Portfolio in the manner provided above will be at the risk of the relevant Securityholder. To the extent that the Deliverable Obligations consist of a Qualifying Guarantee, the Bank's obligation to deliver such Deliverable Obligation shall be satisfied by delivering the Underlying Obligation along with the benefit of the Qualifying Guarantee. Upon the satisfaction of its obligations under this provision, the Bank and its Affiliates shall have no further obligations or liability whatsoever in respect of the relevant Securities and the Securities of the relevant Securityholder shall forthwith be partially redeemed in respect of the relevant Tranche(s) or, where all outstanding Tranches of Securities are affected, the Securities shall forthwith be cancelled.

- (iii) As a precondition to the delivery of the relevant portion of the Portfolio to a Securityholder in the manner provided in Product Term 2(d)(i) and (ii) above, the relevant Securityholder must deliver to the Fiscal Agent, at the address specified in the Issue Specific Terms (or such other address as the Bank may notify to Securityholders, from time to time, in accordance with General Condition 13) no later than 5.00 p.m., London time on the fifth Business Day following the Delivery Notice Date (x) a duly completed Asset Delivery Notice substantially in the form set out in the pro-forma Asset Delivery Notice attached to this Product Supplement (the "**Asset Delivery Notice**") a copy of which may be obtained from the Paying Agent and (y) in the case of those Securityholders to whom definitive Securities had been made available or sent in accordance with General Condition 2, such definitive Securities. The Asset Delivery Notice must be delivered in writing. If the relevant definitive Securities (if they are then so represented) and the Asset Delivery Notice are not delivered in accordance with this provision, the obligations of the Bank to commence procuring the delivery of the relevant portion of the Portfolio to such Securityholder shall, subject to Product Term 2(d) and 2(e), be deferred until the later of (a) the Delivery Commencement Date and (b) the third Business Day following the date on which such Securityholder delivers the Asset Delivery Notice. The relevant Securityholder shall not be entitled to any payment, whether of interest or otherwise, in the event of such deferred delivery. On receipt of such Securities and Asset Delivery Notice the Fiscal Agent shall issue to the holder of the Securities as a receipt for such Securities a copy of such Asset Delivery Notice duly marked with the Fiscal Agent's stamp and the date and time of receipt and shall deliver to the Custodian, the Calculation Agent, the Bank and, in the case of Registered Securities, the Registrar a copy of such Asset Delivery Notice as soon as practicable after receipt thereof. A copy of the Asset Delivery Notice shall act as a receipt for both the Securities and the Asset Delivery Notice. Such copy shall be non-transferable and shall be prima facie evidence of entitlement of the person named therein to the relevant portion of the Portfolio in respect of the Securities specified therein. However, the records of the Fiscal Agent shall be conclusive evidence of such entitlement.

Securityholders should note, in relation to Securities held in Euroclear or Clearstream, Luxembourg, that such Securities will be presented and the Asset Delivery Notice in respect thereof delivered, on behalf of Securityholders by Euroclear or Clearstream, Luxembourg, as the case may be, and that holders of Securities held in Euroclear or Clearstream, Luxembourg will be required to instruct Euroclear or Clearstream, Luxembourg, as the case may be, to present such Securities and to deliver such Asset Delivery Notice not later than 10.00 a.m., Brussels or Luxembourg time, as the case may be, on the Clearance System Business Day prior to the date on which such Asset Delivery Notice is to be delivered. For these purposes, "Clearance System Business Day" means a day on which Euroclear and Clearstream, Luxembourg are open for business.

- (iv) The Asset Delivery Notice referred to in Product Term 2(d)(iii) must:
  - (a) specify the name and address of the relevant Securityholder and the person from whom the Bank may obtain details for the transfer or assignment of the relevant portion of the Portfolio and specify the account details for payment in the Specified Currency as set out in the Issue Specific Terms to the relevant Securityholder (in case such payment should be required);
  - (b) authorise the production of such notice in any applicable administrative or legal proceedings; and
  - (c) if the Securities are in bearer form, include or be accompanied by evidence, satisfactory to the Calculation Agent, of the ownership of the Securities by the relevant Securityholder.
- (v) Failure to properly complete and deliver such notice will result in such notice being null and void for the purposes of Product Term 2(d)(iii) above. Any determination as to whether such notice has been properly completed and delivered as provided in the General Conditions and/or the Product Supplement shall be made by the Calculation Agent, in its sole and absolute discretion, and shall be conclusive and binding on the Bank and the relevant Securityholder. The Asset Delivery Notice is irrevocable and may not be withdrawn after receipt thereof by the Bank.
- (vi) None of the Bank, its Affiliates or any other such person shall, prior to or following the delivery of Deliverable Obligations in accordance with these General Conditions, be under: (i) any obligation to deliver or procure the delivery to any Securityholder, or any subsequent beneficial owner of the relevant Deliverable Obligations, of any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such Deliverable Obligations; (ii) any obligation to exercise or procure exercise of any or all rights (including, without limitation, voting rights) attaching to the relevant Deliverable Obligations; or (iii) any liability to any Securityholder or any subsequent beneficial owner of the relevant Deliverable Obligations in respect of any loss or damage which such Securityholder or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of the Deliverable Obligations.

**(e) Alternative Settlement in respect of Physical Settlement**

- (i) Subject to Product Term 2(f) and Product Term 2(g) if, in the determination of the Calculation Agent, acting on behalf of the Bank:
- (A) due to circumstances beyond the control of the Bank, it is or would be impossible, illegal or in breach of any restriction (whether regulatory, fiduciary or contractual) which may be claimed by any person, for the Bank or Designated Affiliate to obtain in order to deliver or deliver some or all of the Deliverable Obligations forming part of the Portfolio to a Securityholder or Securityholders (each an “**Affected Securityholder**”) as provided in Product Term 2(c), including, but not limited to, circumstances in which the Bank or Designated Affiliate is or would be unable to obtain or deliver Deliverable Obligations as a result of a Settlement Disruption Event subsisting or due to any law, regulation or court order;
  - (B) due to circumstances beyond the control of the Bank, it is or would be impracticable (whether on grounds of illiquidity or otherwise) for the Bank or Designated Affiliate to obtain in order to deliver or deliver some or all of the Deliverable Obligations forming part of the Portfolio to a Securityholder or Securityholders and/or it is not commercially reasonable for the Bank or Designated Affiliate to make such delivery (each also an “**Affected Securityholder**”) as provided in Product Term 2(d); and/or
  - (C) due to circumstances within the control of the relevant Securityholder (including, without limitation, its failure to take delivery of the Deliverable Obligations), the Bank or Designated Affiliate is unable to arrange, or conditions (including, without limitation, Product Term 2(c)(iii)) are not fulfilled, for the delivery of some or all of the Deliverable Obligations forming part of the Portfolio as provided in Product Term 2(c) to such Securityholder or Securityholders (each also an “**Affected Securityholder**”),

and such circumstances continue for a period ending on the fiftieth (50th) Business Day following the Delivery Commencement Date (the “**Delivery Cut-Off Date**”), the Bank shall have no further delivery obligations under the Securities to the Affected Securityholder(s) with respect to those Deliverable Obligations the delivery of which to such Affected Securityholder is affected by circumstances described in (A), (B) and/or (C) above (each such Deliverable Obligation an “**Undeliverable Obligation**” with respect to such Affected Securityholder) and the Calculation Agent, acting on behalf of the Bank, shall, on the Business Day following the Delivery Cut-Off Date, designate a Business Day (the “**Undeliverable Obligation Valuation Date**”) within five Business Days of the Delivery Cut-Off Date. The Bank will pay to each Affected Securityholder in accordance with the Asset Delivery Notice within five Business Days following the Undeliverable Obligation Valuation Date the respective Affected Securityholder Cash Redemption Amount irrespective of whether the relevant Credit Event and the circumstances described in (A), (B) and/or (C) above are continuing. Upon such payment being made by the Bank, the Bank will be discharged from its obligations and liabilities under the Securities to the Affected Securityholder and the Securities of the Affected Securityholder will be partially redeemed in respect of the relevant Tranche(s) or, where all outstanding Tranches of Securities are affected, the Securities will be cancelled.

- (ii) For the purposes of determining the Affected Securityholder Cash Redemption Amount, the Calculation Agent shall determine the value (“**Value**”) of the aggregate nominal amount of each type of Undeliverable Obligation (in respect of determining the Affected Securityholder Cash Redemption Amount) by requesting each of five dealers in the relevant market to provide its all-in bid price, in the Specified Currency as set out in the Issue Specific Terms, to purchase on the Undeliverable Obligation Valuation Date the aggregate nominal amount of each type of Undeliverable Obligation. For the purpose of making such requests, the Calculation Agent may, in its sole and absolute discretion (but, for the avoidance of doubt, shall never be obliged to): (i) request all-in bid prices from a dealer from which the Calculation Agent and/or its affiliates has requested or will contemporaneously request prices in connection with other notes, transactions or proprietary holdings unrelated to these Securities or otherwise; (ii) request all-in bid prices from dealers either orally, by electronic messaging (including, without limitation, E-mail, Bloomberg or Reuters), by facsimile, courier or post; (iii) request all-in bid prices for a type of Undeliverable Obligation in a nominal amount which is equal to or less than, but not less than 5% of, the aggregate nominal amount of such type of Undeliverable Obligation; and (iv) rather than making separate requests for all-in bid prices for the purposes of this provision, rely on a request or requests which were made in connection with other securities, transactions or proprietary holdings or otherwise unrelated to these Securities (with each such request constituting a request hereunder for the purposes of the Securities). In the event that the Calculation Agent receives an all-in bid price for an amount of the Undeliverable Obligation that differs from the relevant actual nominal amount of that type of Undeliverable Obligation it shall determine the all-in bid price for the nominal amount of each relevant Undeliverable Obligation as a pro rata amount of the price obtained. Each all-in bid price provided and/or determined in accordance with this paragraph shall be a “**Quotation**”.

If, following the Calculation Agent’s request, four or more Quotations are provided or determined (as the case may be), the Calculation Agent shall disregard the highest and lowest Quotations and the respective Value shall be the arithmetic mean of the remaining Quotations. If three Quotations only are provided or determined (as the case may be), the Calculation Agent shall disregard the highest and lowest Quotations and the respective Value shall be the remaining Quotation. If more than one Quotation has the same highest or lowest value, then the Calculation Agent shall disregard one such Quotation. If two or fewer than two Quotations are provided or determined (as the case may be), the respective Value shall be determined by the Calculation Agent in its sole and absolute discretion.

- (iii) The “**Affected Securityholder Cash Redemption Amount**” for an Affected Securityholder shall be the sum of each Affected Securityholder Value for each type of Undeliverable Obligation the delivery of which to such Securityholder is affected by circumstances described in (A), (B) and/or (C) of Product Term 2(e)(i). The “**Affected Securityholder Value**” for an Affected Securityholder in respect of an Undeliverable Obligation or amount of Undeliverable Obligations of the same type, shall be the product of the respective Affected Securityholder Proportion and the Value for such Undeliverable Obligation or amount of Undeliverable Obligations of the same type. “**Affected Securityholder**

**Proportion**” for an Affected Securityholder in respect of an Undeliverable Obligation or amount of Undeliverable Obligations of the same type, shall be the proportion which the aggregate nominal amount of such Undeliverable Obligation(s) of such Affected Securityholder bears to the aggregate nominal amount of Undeliverable Obligations of such type in the Portfolio.

*The Affected Securityholder Cash Redemption Amount or the relevant portion of the Portfolio, as the case may be, may be substantially less in value than the nominal amount of a Security and may in certain circumstances, in the case of the Affected Securityholder Cash Redemption Amount, be zero. In the event that the Affected Securityholder Cash Redemption Amount or relevant portion of the Portfolio, as the case may be, is less in value than the nominal amount of a Security the Bank shall have no liability in respect of the shortfall.*

*The Bank shall have full discretion as to whether or not, and the extent to which, it may determine to enter into arrangements intended to hedge all or part of its exposure in respect of the Securities, including purchasing Obligations. In the event that the Bank does enter into any such hedging arrangements, in no circumstances shall any Securityholder have any beneficial, participation or other interests or rights whatsoever in any such hedging arrangements.*

**(f) Optional Physical Settlement in case of an Alternative Settlement**

If specified as applicable in the Issue Specific Terms, the Securityholder(s) shall have the option, as an alternative to receiving the Affected Securityholder Cash Redemption Amount in accordance with Product Term 2(e), to request on the Business Day following the Delivery Cut-Off Date, that the Bank or the Designated Affiliate shall, from time to time, deliver to the Securityholder(s) any amounts received by it in respect of such Undeliverable Obligations during the period commencing on the Credit Event Notice Date and expiring on the Business Day which is 5 years after the Delivery Commencement Date (the “**Alternative Settlement End Date**”), provided that such amounts received are able to be transferred to the Securityholder(s). On the Alternative Settlement End Date the Calculation Agent shall designate a Business Day (the “**5 Year Valuation Date**”) within five Business Days following the Alternative Settlement End Date and the Bank will pay to the Securityholder(s) the Affected Securityholder Cash Redemption Amount (provided that for the purposes of calculating the Affected Securityholder Cash Redemption Amount, Undeliverable Obligation Valuation Date shall mean the 5 Year Valuation Date), on the fifth Business Day following the 5 Year Valuation Date, determined by means of requesting quotes from dealers as more particularly set out in the Product Terms and after taking account of any deliveries or payments made by the Bank or its Designated Affiliates prior to the Alternative Settlement End Date pursuant to this Product Term 2(f), provided that if the Bank or its Designated Affiliate, at any time before the Alternative Settlement End Date, is able to make delivery of some or all of the Undeliverable Obligations and any amounts received in respect thereof the Bank or its Designated Affiliate, may, or if it is requested by the Affected Securityholder(s), shall use reasonable endeavours to deliver such Undeliverable Obligation(s) and any amounts received in respect thereof to the Affected Securityholder(s).

**(g) Alternative Settlement for Certain Loans in respect of Physical Settlement**

- (i) if the Bank is unable to deliver by way of assignment or novation certain Loan(s) comprising the Portfolio ("**Undeliverable Loan Obligation(s)**") due to the non-receipt of any requisite consents and such consents are not obtained or deemed given by the 30th day following the Delivery Commencement Date, the Bank shall be released from any obligation to deliver such Undeliverable Loan Obligation and the Bank shall, from time to time, deliver to each Securityholder any amounts received by it in respect of the Undeliverable Loan Obligation(s) during the period commencing on the Credit Event Notice Date and expiring on the Business Day which is 1 year after the Delivery Commencement Date ("**End Date**"), provided that such amounts received are able to be transferred to the Securityholder(s) and on the End Date the Bank shall be released from its requirement to perform any outstanding or future (contingent or otherwise) obligation with respect to the Securities shall be cancelled forthwith on the End Date;
  - (ii) If the Bank or its Designated Affiliate, at any time before the End Date, obtains or is deemed to be given consent to assign or novate any outstanding Undeliverable Loan Obligation(s) the Bank or its Designated Affiliate may, or if it is requested by the Securityholder, shall use reasonable endeavours to, assign or novate such Undeliverable Obligation(s) to the Securityholder(s), after which the Security shall be cancelled forthwith and all obligations (outstanding or otherwise) of the Bank with respect to the Security shall be immediately discharged thereafter.
- (h) **Adjustment following a Regulatory Change Event and Non-Convertibility Condition**
  - (i) If the Calculation Agent, in its sole and absolute discretion, acting in good faith and on a commercially reasonable manner, determines on or at any time prior to the expiration of the Evaluation Period that a Regulatory Change Event has occurred then any interim or final payments due, the Credit Event Redemption Amount, or the Deliverable Obligations to be delivered, as the case may be, shall be reduced by an amount equal in value to the allocable proportion of any Regulatory Change Costs, as determined by the Calculation Agent, in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner.(ii)If the Calculation Agent, in its sole and absolute discretion, acting in good faith and in a commercially reasonable manner, determines on any Interest Payment Date or the Maturity Date, as the case may be, that a Non-Convertibility Condition exists (the "**Non-Convertibility Condition Determination Date**") then the Bank shall satisfy its payment obligations by paying to the Securityholders (pro-rata according to the nominal amount of Securities held by each Security holder), on the Interest Payment Date or the Maturity Date, as the case may be, an amount in the currency in which the Reference Obligation is denominated equal to any payment a holder of the Reference Obligations in an amount equal to the Aggregate Nominal Amount of the Securities, may receive on or around such date, including any interest, fees or principal repayments that the Bank may receive by virtue of holding the Reference Obligations, less any Regulatory Change Costs (if any); provided that if, prior to the delivery of such Reference Obligation relevant amount, an event beyond the control of the Bank exists as a result of which the Bank cannot make delivery of such amount in a commercially reasonable manner, then delivery

shall be postponed until such event ceases to exist. If such condition still exists on the Business Day which is 5 years after the Non-Convertibility Condition Determination Date, then the Bank's outstanding obligations to deliver such amount in the currency in which the Reference Obligation is denominated will be discharged in full.

**(i) Determination of Credit Event**

- (i) When determining the existence of a Credit Event, the determination shall be made without regard to (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however, described, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described. If the Calculation Agent determines that an occurrence constitutes a Credit Event such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon, the circumstances described in Product Term 2(i)(i) (a), (b), (c) and/or (d) above.
- (ii) In determining whether a payment failure has (or may have) occurred, the Calculation Agent may rely on evidence of non-receipt of funds.

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

**(j) Currency Conversion**

The Bank or the Calculation Agent, as the case may be, will, when determining the Specified Currency equivalent of amounts denominated or payable in currencies other than the Specified Currency as set out in the Issue Specific Terms, do so by reference to the relevant central bank in relation to such Specified Currency at or around the 10.00 a.m. mid spot rate as displayed on the relevant Reuters Page on the relevant date, or in such other commercially reasonable manner as the Bank or the Calculation Agent, as the case may be, will determine in its sole and absolute discretion.

**(k) Cancellation and Partial Redemption**

Upon redemption of any Note, including satisfaction of the Bank's obligations under Product Terms 2 and/or, as the case may be, 3, such Security will be cancelled by the Paying Agent forthwith save that the Securities shall be partially redeemed only where a Credit Event has occurred with respect to one or more, but not all, Tranches of Securities

**(I) Performance of Bank Obligations**

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

**3 POTENTIAL CREDIT EVENT PERIOD**

- (a) If during the Evaluation Period the Calculation Agent determines, in its sole and absolute discretion, that a Potential Failure to Pay may exist, no payment whatsoever shall be made under the Securities from and including the date of such determination until three Business Days following the last day of the Grace Period (a **"Potential Failure to Pay Period"**).
- (b) If the Calculation Agent determines, in its sole and absolute discretion, that a Potential Repudiation/Moratorium has occurred, no payment whatsoever shall be made under the Securities from and including the date of such determination until three Business Days following the Repudiation/Moratorium Evaluation Date (a **"Potential Repudiation/Moratorium Period"**).
- (c) If on the Maturity Date the Calculation Agent determines, in its sole and absolute discretion, a Credit Event may exist, no payment whatsoever shall be made under the Securities from and including the date of such determination until the Business Day following the fourteenth calendar day following the Maturity Date (a **"Potential Notice Delivery Period"**).

Each of a "Potential Failure to Pay Period", a "Potential Repudiation/Moratorium Period" and a "Potential Notice Delivery Period" shall hereinafter be referred to as a **"Potential Credit Event Period"**.

The Calculation Agent, acting on behalf of the Bank, will, within ten Business Days of the commencement of a Potential Credit Event Period, use reasonable endeavours to give notice to the Securityholders (which notice will be given in accordance with General Condition 13) of the Potential Credit Event Period briefly describing the facts or events which may amount to, become or create a Potential Failure to Pay, (or, if Repudiation/Moratorium is specified as applicable in the Issue Specific Terms, Potential Repudiation/Moratorium) and/or a Credit Event.

At any time during a Potential Credit Event Period, the Calculation Agent may determine that a Credit Event, (or, if Repudiation/Moratorium is specified as applicable in the Issue Specific Terms, Potential Repudiation/Moratorium) or Potential Failure to Pay has occurred and, for the avoidance of doubt, such Credit Event, (or, if Repudiation/Moratorium is specified as applicable in the Issue Specific Terms, Potential Repudiation/Moratorium) or Potential Failure to Pay (i) may be different from any Credit Event, (or, if Repudiation/Moratorium is specified as applicable in the Issue Specific Terms, Potential Repudiation/Moratorium) or Potential Failure to Pay specified, referred to or described in the notice of the Potential Credit Event Period to the Securityholders and/or (ii) may result from facts or events other than those specified, referred to or described in the notice of the Potential Credit Event Period to the Securityholders.



If, at any time during a Potential Credit Event Period, the Calculation Agent determines that a Credit Event has occurred (i) in the case of (a) or (b) above, during the Potential Credit Event Period; and (ii) in the case of (c) above, during the Evaluation Period, the provisions of Product Term 2(b) shall apply. If the Calculation Agent has not determined that a Credit Event has occurred on or prior to the expiry of the final Business Day of a Potential Credit Event Period, then, on the second Business Day thereafter, the Bank shall, subject as provided above in this Product Term 3, pay to the Securityholders an amount equal to any scheduled payment that was due in respect of the Securities plus an additional amount representing interest that has accrued on such scheduled payment during the Potential Credit Event Period at the relevant overnight rate for deposits in the Specified Currency.

#### **4 ADDITIONAL PROVISIONS UPON THE OCCURRENCE OF A SUCCESSION EVENT**

Where a Succession Event has occurred and a Successor or Successors has been determined, each Successor shall be a Reference Entity provided that:

- (a) where more than one Successor is determined the Securities shall be deemed to be split into a number of **"Tranches"** equal to the number of Successors whereby each Tranche shall include one of the Successors together with the other Reference Entities not subject to the relevant Succession Event and each Tranche shall have a principal amount equal to the Aggregate Nominal Amount, as stated in the Issue Specific Terms, divided by the number of Successors;
- (b) where a Succession Event has already occurred with respect to a Reference Entity and Tranches of Securities exist pursuant to (a) above, upon a subsequent Succession Event occurring with respect to any Reference Entity the relevant Tranche of Securities (the **"Original Tranche"**) shall be deemed to be split into a number of new Tranches equal to the number of Successors whereby each new Tranche shall include one of the Successors together with the Reference Entities not subject to the relevant Succession Event and each new Tranche shall have a principal amount equal to the Aggregate Nominal Amount of the Original Tranche divided by the number of Successors;
- (c) where the effect of the Successor provisions would be to specify a Reference Entity more than once with respect to a single Tranche, that Reference Entity shall be deemed to be specified once only for the purposes of that Tranche and, a new Reference Entity shall be selected by the Calculation Agent, in its sole and absolute discretion, within 20 Business Days after the date when the Calculation Agent has determined that the relevant Succession Event has occurred (the **"Selection Period"**), provided that such entity satisfies the requirements set out in the definition of "Eligible Reference Entity" for the purposes of that Tranche provided further that where no such selection has been made within the Selection Period such Tranche shall continue without any new Reference Entities; and
- (d) where (i) a Reference Obligation has been specified with respect to a Reference Entity; (ii) one or more Successors to that Reference Entity have been identified; and (iii) any one or more Successors have not assumed the Reference Obligation, a Substitute Obligation will be determined in accordance with the provisions of the definition of "Substitute Reference Obligation" with respect to each such Successor.

#### **5 INTERPRETATION**

- (a) If the Obligation Characteristic "Listed" is specified in the Issue Specific Terms, the Issue Specific Terms shall be construed as though Listed had been specified as an Obligation

Characteristic only with respect to Bonds and shall only be relevant if the relevant obligation constitutes or, in the case of a Qualifying Affiliate Guarantee or Qualifying Guarantee, as the case may be, is in respect of, Bonds (as set out in the Issue Specific Terms);

- (b) If (i) either of the Deliverable Obligation Characteristics "Listed" or "Not Bearer" is specified in the Issue Specific Terms, the Issue Specific Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if the relevant Obligation constitutes or, in the case of a Qualifying Affiliate Guarantee or Qualifying Guarantee, as the case may be, is in respect of, Bonds (as set out in the Issue Specific Terms); (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the Issue Specific Terms, the Issue Specific Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that the relevant obligation constitutes or, in the case of a Qualifying Affiliate Guarantee or Qualifying Guarantee, as the case may be, is in respect of, obligations other than Loans (as set out in the Issue Specific Terms)); or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the Issue Specific Terms, the Issue Specific Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if the relevant Obligation constitutes or, in the case of a Qualifying Affiliate Guarantee or Qualifying Guarantee, as the case may be, is in respect of, Loans (as set out in the Issue Specific Terms);
- (c) If the relevant Obligation constitutes or, in the case of a Qualifying Affiliate Guarantee or Qualifying Guarantee, as the case may be, is in respect of, any of Borrowed Money, Loan or Bond or Loan Loans (as set out in the Issue Specific Terms) and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics; and
- (d) In the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:
  - (i) For purposes of determining whether such obligation is Borrowed Money, Bond or Loan, the Qualifying Guarantee shall be deemed to satisfy the relevant definitions as those that describe the Underlying Obligation.
  - (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Issue Specific Terms from the following list: Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the Issue Specific Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.

- (iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Deliverable Obligation Characteristic of Not Subordinated, if specified in the Issue Specific Terms.
- (iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Issue Specific Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (v) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (vi) The terms "outstanding principal balance" and "Due and Payable Amount", when used in connection with Qualifying Guarantees are to be interpreted to be the then "outstanding principal balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

## **6 NO REQUIREMENT FOR LOSS**

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

## **7 TAXATION AND DELIVERY EXPENSES**

Notwithstanding the provisions of General Condition 7, the Bank shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Security and all payments made by the Bank shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. For the avoidance of doubt the Bank shall have no obligation to 'gross up' payments hereunder and shall be entitled to reduce any amount payable by it by, or reduce the amount of Deliverable Obligations deliverable by it by an amount of any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. All expenses including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, and/or other taxes or duties arising from the holding, delivery and/or transfer of Obligations or any other assets in connection with the issue or performance of the Securities shall be for the account of the Securityholders (the "**Delivery Expenses**").

## **8 MODIFICATION AND WAIVER**

Notwithstanding the provisions of General Condition 10, the Bank may, without the consent of the Securityholders, make any modification to any of the General Conditions or any of the provisions of the Agency Agreement which is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction of incorporation of the Bank.

Any modification shall be binding on the Securityholders and any modification shall be notified by the Bank to the Securityholders as soon as practical thereafter in accordance with General Condition 13 of the Programme Memorandum.

## **9 CALCULATION AGENT**

The Bank reserves the right at any time to vary or terminate the appointment of the Calculation Agent provided that it shall at all times maintain a Calculation Agent. Notice of any such termination or appointment will promptly be given to the Securityholders in accordance with General Condition 13.

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

In acting under the Agency Agreement in respect of the Securities, the Calculation Agent is acting solely as agent of the Bank and does not assume any obligation or duty to, or any relationship of agency or trust for or with, any Securityholder, and any determination and/or calculation by the Calculation Agent shall, in the absence of manifest error, be final and binding on the Bank and the Securityholders.

## **10 SET-OFF**

The Bank may, without prior notice to any person, set off any obligation (whether or not matured and whether or not contingent) owed by any Securityholder to the Bank or any of its Affiliates (for which purpose the Bank is acting as agent for its Affiliates) against any matured obligation owed by the Bank to the relevant Securityholder in respect of a Note, regardless of the place of payment or booking office or currency of either obligation. If the obligations are in different currencies, the Bank may convert either obligation at a rate of exchange in accordance with the provisions of Product Term 2(j), mutatis mutandis, for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Bank may set off in an amount estimated by the Calculation Agent in good faith to be the amount of that obligation. Any payment or delivery obligation in respect of a Security may, at the option of the Bank, be reduced by the amount of any obligation owed by the holder of such Security to the Bank or any of its Affiliates accordingly.

This right of set-off is in addition to and not in limitation of any other right or remedy (including any right to set-off, counterclaim or otherwise withhold payment) under applicable law. Nothing in this Product Term will be deemed to create a charge or other security interest.

**PRO FORMA ASSET DELIVERY NOTICE  
(for Physical Settlement)**

**Credit Suisse AG, Nassau Branch  
Series NNP 2010-014  
LBP 7,500,000,000 Interest Bearing Lebanon Credit Linked Notes due April 2013  
Issue Price: 103.20 per cent.**

When completed, this Notice should be delivered in writing to the Fiscal Agent, with the definitive Securities (if the relevant Securities are so represented) to which this Notice relates, to the address specified below. A copy of this Notice should also be delivered to the Calculation Agent at its office specified below.

**To: The Bank of New York Mellon**

One Canada Square

London E14 5AL

Facsimile No: +44 (0) 207 964 2536

Attention: Manager, Corporate Trust Administration

**Cc: Credit Suisse International**

One Cabot Square

London E14 4QJ

Facsimile No: +44 (0) 207 888 2000

Attention: General Counsel Europe, Legal and Compliance

Failure properly to complete and deliver this Notice and deliver the relevant definitive Securities (in the determination of the Calculation Agent) may result in this Notice being treated as null and void.

Expressions defined in the Securities Note (the “**Securities Note**”) shall bear the same meanings herein.

I/We\*, the Securityholder(s) specified in 1 below, being the Securityholder(s) of the Securities [in the nominal amount of [ ] enclosed with this Notice]\* acknowledge that the Securities have become redeemable in accordance with Product Term 2(b) and hereby irrevocably authorise Credit Suisse AG, acting through its Nassau branch (the “**Bank**”) to redeem such Securities and to deliver the Deliverable Obligations to which I am/we are\* entitled in relation to such Securities, all in accordance with the Securities Note. **Name and address of Securityholder(s)** (and the name of the officer from whom the Bank may obtain details for the delivery of the Deliverable Obligations).

**1 Authorisation of production in proceedings**

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\* Delete as appropriate

I/We\* hereby authorise the production of this Notice in any administrative or legal proceedings instituted in connection with the Securities to which this Notice relates.

**2 Account details for cash payment (if any)**

[•]

DESPATCH BY POST OR COURIER WILL BE MADE AT THE RISK AND EXPENSE OF THE SECURITYHOLDER.

Date.....

Copies: 1 to be retained by Securityholder

## **CLEARING ARRANGEMENTS**

Transfers of Securities may only be effected within Euroclear or Clearstream, Luxembourg, and will be effected in accordance with the rules and procedures of the relevant clearing system.

## **TAXATION**

*The following is a summary of the withholding tax position in Ireland, the United Kingdom and The Bahamas in respect of the Securities. It does not relate to any other tax consequences. Each investor should consult a tax adviser as to the tax consequences relating to its particular circumstances resulting from holding the Securities.*

All payments in respect of the Securities by or on behalf of the Issuer will be subject to any applicable withholding taxes. However, as at the date hereof, no such taxes would be applicable in Ireland, the United Kingdom or The Bahamas.

## SUBSCRIPTION AND SALE

Credit Suisse International, in its capacity as the Dealer will subscribe for the Securities upon their issuance and will comply with the selling restrictions set out below.

Except as set out in this Securities Note, no action has been or will be taken by the Issuer or the Dealer that would permit a public offering of the Securities or possession or distribution of any offering material in relation to the Securities in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of the Securities, or distribution of any offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer.

### 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

### United Kingdom

The Dealer has represented and agreed that:

- (a) it has only communicated or caused 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; and
- (b) it has complied and will 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.



**The Bahamas**

This Prospectus has not been registered with the Securities Commission of The Bahamas, nor have any applications been made to exempt such offer from the filing of a prospectus with the Securities Commission of The Bahamas under the Securities Industries Act, 1999, and in the circumstances, no offer or sale of the Securities can occur in The Bahamas.

The Issuer and the Dealer associated with the offer agrees that it has not, and will not, offer or sell any of the Securities in The Bahamas except in compliance with applicable Bahamian laws or pursuant to an exemption therefrom.

## **GENERAL INFORMATION**

- 1 The issue of the Securities is made in accordance with the Organisational Guidelines and Regulations of Credit Suisse AG dated 1 January 2007. No specific resolutions of the Board of Directors of the Issuer were required.
- 2 Copies of the Agency Agreement 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 Dublin. In addition copies of the following will be physically available free of charge at the principal office of the Paying Agent in Dublin and at the registered office of the Issuer, during usual business hours on any weekday (Saturdays and public holidays excepted):
  - (a) the Registration Document;
  - (b) the Securities Note; and
  - (c) the Agency Agreement and any supplement thereto.
- 3 The Reference Obligation is listed on the Moscow Interbank Currency Exchange (MICEX) and information on its past and future performance and its volatility can be found at <http://www.micex.com>.
- 4 A&L Listing Limited acted as listing agent for the listing of the Securities on the Irish Stock Exchange.

## GENERAL CONDITIONS

*The following is the text of the general terms and conditions that, subject to the provisions of the Issue Specific Terms, shall be applicable to the Securities in definitive form (if any) issued in exchange for the Global Security(ies) representing each Series.*

The Securities (which expression shall include any Securities issued pursuant to General Condition 12) are issued by Credit Suisse AG (the “**Bank**”), acting through its London branch (the “**London Branch**”) or its Nassau branch (the “**Nassau Branch**”) as specified in the Issue Specific Terms (the “**Relevant Branch**”) pursuant to an Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 2 August 2006 between the Bank, acting through its London Branch and its Nassau Branch, The Bank of New York Mellon (previously JPMorgan Chase Bank, N.A.) as fiscal agent and the other agents named in it and with the benefit of a Deed of Covenant (as amended or supplemented as at the Issue Date, the “**Deed of Covenant**”) dated 2 August 2006 executed by the Bank, acting through its London Branch and its Nassau Branch. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Registrar**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**” and together the “**Agents**”). The Securityholders (as defined in General Condition 1), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Securities in bearer form and, where applicable in the case of such Securities, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Securities in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

The Securities of any series (a “**Series**”) and of any tranche (a “**Tranche**”) comprising, together with another Tranche or other Tranches, a Series, are subject to these General Conditions, as modified and/or supplemented by the terms of the relevant product supplement (each a “**Product Supplement**”) relating to the relevant Securities (the “**Product Terms**”) and the terms of the issue specific terms relating to the Securities (the “**Issue Specific Terms**” and together with the Product Terms, the “**Terms**”).

Expressions used herein and not defined shall have the meaning given to them in the relevant Terms. In the event of any inconsistency between the General Conditions and the Product Terms, the Product Terms will prevail. In the event of any inconsistency between the Issue Specific Terms, and the General Conditions and the Product Terms, the Issue Specific Terms will prevail. Reference to “**Conditions**” are to the General Conditions as supplemented or amended by the Product Terms and the Issue Specific Terms.

### 1 Form, Denomination and Title

The Securities are issued in bearer form (“**Bearer Securities**”, which expression includes Securities that are specified to be Exchangeable Bearer Securities), in registered form (“**Registered Securities**”) or in bearer form exchangeable for Registered Securities (“**Exchangeable Bearer Securities**”) in each case in the Specified Denomination(s) provided that in the case of any Securities which are to be offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under

the Prospectus Directive, the minimum Specified Denomination shall be €50,000 (or its equivalent in any other currency as at the date of issue of the relevant Securities).

All Registered Securities shall have the same Specified Denomination. Where Exchangeable Bearer Securities are issued, the Registered Securities for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Securities.

So long as the Notes are represented by a temporary Global Note, permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided hereon and integral multiples of the Tradeable Amount provided hereon.

The Securities are Fixed Rate Securities, Floating Rate Securities, Zero Coupon Securities, Instalment Securities or Partly Paid Securities, a combination of any of the foregoing or any other kind of Securities, depending upon the Interest and Redemption/Payment Basis.

Bearer Securities are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Securities in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Securities are issued with one or more Receipts attached.

Registered Securities are represented by registered certificates ("**Certificates**") and, save as provided in General Condition 2(c), each Certificate shall represent the entire holding of Registered Securities by the same holder.

Title to the Bearer Securities and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Securities shall pass by registration in the register that the Bank, acting through the Relevant Branch, shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Security, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

"**Securityholder**" means the bearer of any Bearer Security and the Receipts relating to it or the person in whose name a Registered Security is registered (as the case may be), "**holder**" (in relation to a Security, Receipt, Coupon or Talon) means the bearer of any Bearer Security, Receipt, Coupon or Talon or the person in whose name a Registered Security is registered (as the case may be).

## **2 Exchanges of Exchangeable Bearer Securities and Transfers of Registered Securities**

- (a) **Exchange of Exchangeable Bearer Securities:** Subject as provided in General Condition 2(f), Exchangeable Bearer Securities may be exchanged for the same nominal amount of Registered Securities at the request in writing of the relevant Securityholder and upon surrender of each Exchangeable Bearer Security to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Security is

surrendered for exchange after the Record Date (as defined in General Condition 6(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Securities may not be exchanged for Bearer Securities. Bearer Securities of one Specified Denomination may not be exchanged for Bearer Securities of another Specified Denomination. Bearer Securities that are not Exchangeable Bearer Securities may not be exchanged for Registered Securities.

- (b) **Transfer of Registered Securities:** One or more Registered Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Securities to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Bank, acting through the Branch), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Securities:** In the case of an exercise of the Bank's or Securityholders' option in respect of, or a partial redemption of, a holding of Registered Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Securities to a person who is already a holder of Registered Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to General Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in General Condition 5(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this General Condition 2(d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for general business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (e) **Exchange Free of Charge:** Exchange and transfer of Securities and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Bank, the Registrar or the Transfer Agents, but upon payment

of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

- (f) **Closed Periods:** No Securityholder may require the transfer of a Registered Security to be registered or an Exchangeable Bearer Security to be exchanged for one or more Registered Security(ies) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Security, (ii) during the period of 15 days before any date on which Securities may be called for redemption by the Bank, acting through the Branch, at its option pursuant to General Condition 5(d), (iii) after any such Security has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Security called for redemption may, however, be exchanged for one or more Registered Security(ies) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.
- (g) **Regulations:** All transfers of Registered Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Securities scheduled to the Agency Agreement. The regulations may be changed by the Bank, with the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any holder of a Registered Security upon request.

### 3 Status

The Securities are unsubordinated and unsecured obligations of the Bank and will rank *pari passu* and rateably without any preference among themselves and equally with all other unsubordinated and unsecured obligations of the Bank from time to time outstanding (other than obligations preferred by mandatory operation of law).

### 4 Interest and other Calculations

- (a) **Interest on Fixed Rate Securities:** Each Fixed Rate Security bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Terms.

- (b) **Interest on Floating Rate Securities:**
  - (i) *Interest Payment Dates:* Each Floating Rate Security bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either Specified Interest Payment Dates or, if there is no Specified Interest Payment Date, Interest Payment Date shall mean each date which falls the number of months or other period specified in the relevant Terms as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

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

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

- (a) the Floating Rate Option is as specified in the relevant Terms;
- (b) the Designated Maturity is a period specified in the relevant Terms; and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period.

For the purposes of this sub-paragraph (iii), “**Floating Rate**”, “**Calculation Agent**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(c) **Interest on Variable Rate Securities:** Each Variable Rate Security bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) in respect of each Interest Period equal to the Rate of Interest in respect of such Interest Period, such interest being payable in arrear on each Interest Payment Date.

The Rate of Interest and the Interest Amount payable shall be calculated by the Calculation Agent on the Interest Determination Date in accordance with General Condition 4(i).

If any date for payment in respect of any Variable Rate Security is not a business day (as defined in General Condition 6(h)), there shall be no adjustment to the duration of the relevant Interest Period and the holder of the relevant Security, Receipt or Coupon shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment

(d) **Zero Coupon Securities:** Where a Security the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such

Security. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Security shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in General Condition 5(b)(i)).

- (e) **Partly Paid Securities:** In the case of Partly Paid Securities (other than Partly Paid Securities which are Zero Coupon Securities), interest will accrue as aforesaid on the paid-up nominal amount of such Securities and otherwise as specified in the relevant Terms.
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Security on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgement) at the Rate of Interest in the manner provided in this General Condition 4 to the Relevant Date (as defined in General Condition 7).
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:**
  - (i) If any Margin or Rate Multiplier is specified in the relevant Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
  - (ii) If any Maximum or Minimum Rate of Interest, or Instalment Amount or Final Redemption Amount is specified in the relevant Terms, then any Rate of Interest, or Instalment Amount, or Final Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest transferable amount of such currency.
- (h) **Calculations:** The amount of interest payable in respect of any Security for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Security by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Security for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** On such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or



calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Securities for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Relevant Branch (if the Bank, acting through the Relevant Branch, is not the Calculation Agent) each of the Paying Agents, the Securityholders, any other Calculation Agent appointed in respect of the Securities that is to make a further calculation upon receipt of such information. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to General Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Securities become due and payable under General Condition 9, the accrued interest and the Rate of Interest payable in respect of the Securities shall nevertheless continue to be calculated as previously in accordance with this General Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made.

- (j) **Definitions:** Unless the context otherwise requires, the following terms shall have the meanings set out below:

**“Business Day”** means:

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

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

- (i) if **“Actual/365”** or **“Actual/Actual - ISDA”** is specified in the relevant Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **“Actual/365 (Fixed)”** is specified in the relevant Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if **“Actual/360”** is specified in the relevant Terms, the actual number of days in the Calculation Period divided by 360;

- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and
- (vi) if “**Actual/Actual-ICMA**” is specified in the relevant Terms:
  - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date specified as such in the relevant Terms or, if none is so specified, the Interest Payment Date;

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“**Interest Amount**” means the amount of interest payable, and in the case of Fixed Rate Securities, means the Fixed Coupon Amount or Broken Amount, as the case may be;

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified in the relevant Terms;

**“Interest Period”** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified in the relevant Terms;

**“ISDA Definitions”** means the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.;

**“Rate of Interest”** means the rate of interest payable from time to time in respect of the Securities; and

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

## **5 Redemption, Purchase and Options**

### **(a) Redemption by Instalments and Final Redemption:**

- (i) Unless previously redeemed, purchased and cancelled as provided in this General Condition 5 or the relevant Instalment Date is extended pursuant to any Bank’s or Securityholder’s option in accordance with General Condition 5(d) or 5(e), each Security that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Security shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Security, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Bank’s or Securityholder’s option in accordance with General Condition 5(d) or 5(e), each Security shall be finally redeemed on the Maturity Date at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Security falling within paragraph (i) above, its final Instalment Amount.

### **(b) Early Redemption:**

- (i) *Zero Coupon Securities:*
- (A) The Early Redemption Amount payable in respect of any Zero Coupon Security, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Security pursuant to General Condition 5(c) or upon it becoming due and payable as provided in General Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Security unless otherwise specified in the relevant Terms.

- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Security shall be the scheduled Final Redemption Amount of such Security on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Securities if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Security upon its redemption pursuant to General Condition 5(c) or upon it becoming due and payable as provided in General Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Security shall be the Amortised Face Amount of such Security as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Security becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Security on the Maturity Date together with any interest that may accrue in accordance with General Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction.

- (ii) *Other Securities:* The Early Redemption Amount payable in respect of any Security (other than Securities described in (i) above), upon redemption of such Security pursuant to General Condition 5(c) or upon it becoming due and payable as provided in General Condition 9, shall, unless otherwise specified in the relevant Terms, be the amount determined by the Calculation Agent that, in the case of redemption pursuant to General Condition 5(c) on the fifth Business Day in London prior to the due date for redemption or, in the case of redemption pursuant to General Condition 9, on the due date for redemption of such Security has the effect of preserving for the holder of such Security the economic equivalent of the obligation of the Bank, acting through the Branch, to make payments of principal and interest in respect of such Security that would, but for such redemption, have fallen due after such date.

(c) **Redemption for Taxation or Illegality Reasons:**

The Securities may be redeemed at the option of the Bank, acting through the Relevant Branch, in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with General Condition 13, the Securityholders (which notice shall be irrevocable), if:

- (i) on the occasion of the payment of principal of, or interest on, the Securities, the Bank or the Relevant Branch will be or is expected to become obliged to pay additional amounts as provided or referred to in General Condition 7 as a result of any change in, or amendment to, the laws or regulations of Switzerland or the United Kingdom (in the case where the Relevant Branch is the London Branch) or the Bahamas (in the case where the Relevant Branch is the Nassau Branch) or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such

laws or regulations, which change or amendment becomes effective on or after the Issue Date;

- (ii) such obligation cannot be avoided by the Bank or the Relevant Branch, as the case may be, taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Bank or the Relevant Branch, as the case may be, would be obliged to pay such additional amounts were a payment of principal on the Securities then due. Prior to the publication of any notice of redemption pursuant to this General Condition 5(c), the Bank or the Relevant Branch, as the case may be, shall deliver to the Fiscal Agent a certificate signed by an officer of the Bank or the Relevant Branch, as the case may be, stating that the obligation referred to in (i) above cannot be avoided by the Bank or the Relevant Branch, as the case may be, taking reasonable measures available to it and the Fiscal Agent shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in this paragraph (ii) in which event it shall be conclusive and binding on the Securityholders; and
- (iii) the Bank shall have determined in good faith that the performance of any of its obligations under the Securities or that any arrangements made to hedge its position under the Securities shall have or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule regulation, judgment, order or directive of any government, administrative, legislative or judicial authority or power, or any change in the interpretation thereof.

Each Security redeemed pursuant to this General Condition 5(c) will be redeemed at its Early Redemption Amount.

- (d) **Redemption at the Option of the Bank and Exercise of Bank's Options:** If Call Option is specified in the relevant Terms, the Bank, acting through the Relevant Branch may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Securityholders (or such other notice period as may be specified in the relevant Terms) redeem, or exercise the Bank's option (as may be described in the relevant Terms) in relation to, all or, if so provided, some, of the Securities on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Securities shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Securities of a nominal amount at least equal to the minimum nominal amount to be redeemed specified hereon and no greater than the maximum nominal amount to be redeemed specified hereon.

All Securities in respect of which any such notice is given shall be redeemed, or the Bank's option shall be exercised, on the date specified in such notice in accordance with this General Condition.

In the case of a partial redemption or a partial exercise of the Bank's option, the notice to Securityholders shall also contain the certificate numbers of the Securities to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws or relevant authority requirements.

- (e) **Redemption at the Option of Securityholders and Exercise of Securityholders' Options:** If Put Option is specified in the relevant Terms, the Bank, acting through the Relevant Branch, shall, at the option of the holder of any such Security, upon the holder of such Security giving not less than 15 nor more than 30 days' notice to the Relevant Branch (or such other notice period as may be specified hereon) redeem such Security on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Securityholders' option that may be set out in the Terms (which must be exercised on an Option Exercise Date) the holder must deposit (in the case of Bearer Securities) such Security (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Securities) the Certificate representing such Security(ies) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Security or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Bank.

- (f) **Partly Paid Securities:** Partly Paid Securities will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this General Condition and the provisions specified hereon.
- (g) **Purchases:** The Bank, any Subsidiary and/or any Affiliate of the Bank may at any time purchase Securities (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price and may hold or recall them or surrender them as provided below for cancellation. References to "Affiliate" include any entity controlled, directly or indirectly, by the Bank, any entity that controls, directly or indirectly, the Bank and any entity under common control with the Bank. References to "Subsidiary" mean a subsidiary as defined in Section 736 of the Companies Act 1985, as amended by Section 144 of the Companies Act 1989. As used herein, "control" means ownership of a majority of the voting power of the entity or, as the case may be, the Bank and "controlled by" and "controls" shall be construed accordingly.
- (h) **Cancellation:** Securities purchased by or on behalf of the Bank or any of its Subsidiaries or Affiliates may be surrendered for cancellation, in the case of Bearer Securities, by surrendering each such Security together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Securities, by surrendering the Certificate representing such Securities to the Registrar and, in each case, if so surrendered, shall, together with all Securities redeemed by the Bank, acting through the Relevant Branch, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Bank and the Relevant Branch, in respect of any such Securities shall be discharged.
- (i) **Reference to Principal:** References to principal shall be deemed to include, wherever the context so admits, any amounts payable under the Securities other than by way of interest.

## 6 Payments and Talons

- (a) **Bearer Securities:** Payments of principal and interest in respect of Bearer Securities shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Security), Securities (in the case of all other payments of principal and, in the case of interest, as specified in General Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in General Condition 6(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the Settlement Currency drawn on, or, at the option of the holder, by transfer to an account denominated in the Settlement Currency with, a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Securities:**
- (i) Payments of principal (which for the purposes of this General Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Securities shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below, subject to Condition 6(b)(iii).
  - (ii) Interest (which for the purpose of this General Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Securities shall be paid to the person shown on the Register at the close of business on the fifteenth day or (in the case of Registered Notes registered in the name of, or in the name of a nominee for, The Depository Trust Company (“DTC”)), the fifteenth DTC business day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Security shall be made, subject to Condition 6(b)(iii), in the Settlement Currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the Settlement Currency specified by the payee with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System. For the purposes of this Condition 6(b), “DTC business day” means any day on which DTC is open for business.
  - (iii) Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, The Depository Trust Company (“DTC”) and denominated in U.S. dollars will be made in accordance with Conditions 6(b)(i) and (ii). Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. dollars will be made or procured to be made by the Fiscal Agent in the relevant Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Fiscal Agent or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Bank by the Fiscal Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified

Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payment, on or prior to the third DTC business day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC business days prior to the relevant payment date, to receive that payment in such Specified Currency. The Fiscal Agent, after the Exchange Agent has converted amounts in such Specified Currency into U.S. dollars, will deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made.

- (c) **Payments in the United States:** Notwithstanding the foregoing, payments in respect of Bearer Securities of which the Settlement Currency is U.S. dollars may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Bank, acting through the Relevant Branch, shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Securities in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Bank, any adverse tax consequence to the Bank or the Relevant Branch.
- (d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of General Condition 7. No commission or expenses shall be charged to the Securityholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Bank, acting through the Relevant Branch, and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Bank and do not assume any obligation or relationship of agency or trust for or with any Securityholder or Couponholder. The Bank, acting through the Relevant Branch, reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Bank, acting through the Relevant Branch, shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Securities, (iii) a Transfer Agent in relation to Registered Securities and (iv) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Bank, acting through the Relevant Branch, shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Securities of which the Settlement Currency is U.S. dollars in the circumstances described in paragraph (c) above.

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



(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Unless the Securities provide that the relative Coupons are to become void upon the due date for redemption of those Securities, Bearer Securities should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to General Condition 8).
  - (ii) If the Securities so provide, upon the due date for redemption of any Bearer Security, unmatured Coupons relating to such Security (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (iii) Upon the due date for redemption of any Bearer Security, any unexchanged Talon relating to such Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
  - (iv) Upon the due date for redemption of any Bearer Security that is redeemable in instalments, all Receipts relating to such Security having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (v) Where any Bearer Security that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Securities is presented for redemption without all unmatured Coupons, and where any Bearer Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Bank, acting through the Relevant Branch, may require.
  - (vi) If the due date for redemption of any Security is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Security or Certificate representing it, as the case may be. Interest accrued on a Security that only bears interest after its Maturity Date shall be payable on redemption of such Security against presentation of the relevant Security or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to General Condition 8).
- (h) **Non-Business Days:** If any date for payment in respect of any Security, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a

Sunday) on which banks and foreign exchange markets are open for general business in the relevant place of presentation, in such jurisdictions as shall be specified as “Additional Financial Centres” and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## **7 Taxation**

All payments of principal and interest by or on behalf of the Bank, acting through the Relevant Branch, in respect of the Securities, the Receipts and the Coupons shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Switzerland or (in the case where the Relevant Branch is the London Branch) the United Kingdom, or (in the case where the Relevant Branch is the Nassau Branch), the Bahamas or, in each case, any political subdivision therein or thereof or any authority in or of Switzerland or (in the case where the Relevant Branch is the London Branch) the United Kingdom, or (in the case where the Relevant Branch is the Nassau Branch), the Bahamas having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the Bank, acting through the Relevant Branch, shall pay such additional amounts as will result in receipt by Securityholders and Couponholders of such amounts as would have been received by them in the absence of such withholding or deduction; except that no such additional amount shall be payable with respect to any Security, Receipt or Coupon:

- (i) to or to a third party on behalf of a holder who is subject to such taxes or duties by reason of his being connected with Switzerland or (in the case where the Relevant Branch is the London Branch) the United Kingdom, or (in the case where the Relevant Branch is the Nassau Branch), the Bahamas or, in each case, any political subdivision therein or thereof or any authority in or of Switzerland or (in the case where the Relevant Branch is the London Branch) the United Kingdom, or (in the case where the Relevant Branch is the Nassau Branch), the Bahamas having power to tax otherwise than by reason only of the holding of any Security or Coupon or the receipt of principal or interest in respect thereof;
- (ii) to or to a third party or on behalf of a person who is able to avoid such withholding or deduction by making a declaration of non-residence or similar claim for exemption to the relevant tax authorities (which declaration or claim does not require disclosure of the identity of the relevant holders);
- (iii) presented for payment in the United Kingdom;
- (iv) presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment at the close of such 30-day period;
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Council Directive 2005/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (vi) (except in the case of Registered Securities) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Security, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

For the purpose of the Conditions, “**Relevant Date**” means, in respect of any payment, (i) the date on which such payment first becomes due and payable or (ii) if the full amount of moneys payable has not been received by the Fiscal Agent on or prior to such date, the date on which, the full amount of such moneys having been so received, notice to that effect is given to the Securityholders in accordance with General Condition 13.

Any reference in the General Conditions or the Terms to principal or interest shall be deemed to refer also to any additional amounts which may be payable under this General Condition.

## 8 Prescription

Claims against the Bank or the Relevant Branch for payment in respect of the Securities, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 9 Events of Default

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

- (i) default is made in the payment on the date of any interest or principal in respect of any of the Securities, and such default continues for a period of 30 days; or
- (ii) the Bank declares itself or becomes insolvent or enters into a general assignment or composition with or for the benefit of its creditors, or is wound up or dissolved save for a reorganisation involving the assumption by any corporation of all the Bank’s liabilities under the Securities.

then the holder of any Security may by notice in writing given to the Fiscal Agent at its specified office, declare such Security immediately due and payable as of the date on which such notice is received by the Fiscal Agent and such Security shall become redeemable at its Early Redemption Amount unless prior to the time that the Fiscal Agent receives such notice, the Bank, acting through the Relevant Branch, shall have cured or otherwise made good all relevant Events of Default in respect of the Securities.

## 10 Meeting of Securityholders and Modifications

- (i) **Meetings of Securityholders:** The Agency Agreement contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Securityholders holding not less than one tenth in nominal amount of the Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Securityholders whatever the nominal amount of the Securities held or

represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Securities, any Instalment Date or any date for payment of interest or Interest Amounts on the Securities, (ii) to reduce or cancel the nominal amount of, or any other amount payable or deliverable on redemption of, the Securities, (iii) to reduce the rate or rates of interest in respect of the Securities or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Securities, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Final Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or any other amount payable on the Securities or deliverable in respect of the Securities, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Securities, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (viii) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

- (ii) **Modification of Agency Agreement:** The Bank, acting through the Relevant Branch, shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement if to do so could not reasonably be expected to be prejudicial to the interests of the Securityholders.

## 11 Replacement of Securities, Certificates, Receipts, Coupons and Talons

If a Security, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Securities, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Bank, acting through the Relevant Branch, for the purpose and notice of whose designation is given to Securityholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Security, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Bank, acting through the Relevant Branch, on demand the amount payable by the Bank, acting through the Relevant Branch, in respect of such Securities, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Bank, acting through the Relevant Branch, may require. Mutilated or defaced Securities, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## 12 Further Issues

The Bank, acting through the Relevant Branch, may from time to time without the consent of the Securityholders or Couponholders create and issue further Securities having the same terms and conditions as the Securities (so that, for the avoidance of doubt, references in the conditions of such Securities to “Issue Date” shall be to the first issue date of the Securities) and so that the same shall be consolidated and form a single series with such Securities, and references in these Conditions to “Securities” shall be construed accordingly.

## 13 Notices

Notices to the holders of Registered Securities shall be published in accordance with the procedure set out in this General Condition for Bearer Securities and shall also be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Securities shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Securities in accordance with this General Condition.

## 14 Calculations and Determinations

Neither the Bank, acting through the Relevant Branch, nor the Calculation Agent shall have any responsibility for good faith errors or omissions in their calculations and determinations as provided in the Conditions, whether caused by negligence or otherwise. The calculations and determinations of the Bank, acting through the Relevant Branch, or Calculation Agent shall be made in accordance with the Conditions having regard in each case to the criteria stipulated herein and (where relevant) on the basis of information provided to or obtained by employees or officers of the Bank or Calculation Agent responsible for making the relevant calculation or determination and shall, in the absence of manifest error, be final, conclusive and binding on Securityholders and Couponholders.

## 15 Substitution and Merger of the Bank

### (a) *Substitution of Branch*

The Bank may at any time, without the consent of the Securityholders, substitute for the Relevant Branch, or for any previous Substitute Branch (as defined below), any other branch of the Bank as the branch through which it is acting in relation to the Securities (the “**Substitute Branch**”), provided that no payment in respect of the Securities is overdue, and provided that no such substitution would thereupon give rise to a redemption for taxation reasons under General Condition 5(c) including a redemption for taxation reasons as a result of the application of the laws of the Substitute Branch’s country of domicile or residence for taxation purposes. In the event that the Relevant Branch, or the then Substitute Branch, should cease to exist, such a substitution shall be effected prior to the

cessation of operations by the Relevant Branch or such Substitute Branch, as the case may be. Such substitution shall be permitted only if:

- (i) the Substitute Branch shall agree to indemnify each Securityholder whose Security was issued by the related predecessor Branch against (A) any taxes, duties, assessments or governmental charges of whatever nature which are imposed on such holder with respect to such Security, and which would not have been so imposed had such substitution not been made, (B) any taxes, duties, assessments or governmental charges of whatever nature imposed on or relating to the act of substitution and (C) any costs or expenses of the act of substitution;
- (ii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities issued by the related predecessor Branch represent valid, legally binding and enforceable obligations of the Bank, acting through such Substitute Branch, shall have been taken, fulfilled and done; and
- (iii) the Substitute Branch and the Bank shall have obtained legal opinions from independent legal advisers of recognised standing in the Substitute Branch's country of domicile or residence for taxation purposes, Switzerland and England (in the case where the Relevant Branch is the London Branch) or the Bahamas (in the case where the Relevant Branch is the Nassau Branch) that the substitution is legal, valid and binding and that all action, conditions and things as aforesaid have been taken, fulfilled and done.

Not more than 30 nor less than 15 days prior to the effective date of such substitution, the Bank shall procure the notification to the Securityholders whose Securities were issued by the related predecessor Branch, in accordance with General Condition 13, of such substitution, stating that copies, or pending execution thereof final drafts, of all relevant documents relating to such substitution and of the legal opinions are available for inspection by such Securityholders at the specified offices of the Paying Agents. The originals of all relevant documents relating to such substitution will be delivered to the Fiscal Agent to hold until there are no claims outstanding in respect of such Securities.

Upon such substitution becoming effective, references in the relevant Terms to the United Kingdom (in the case where the Relevant Branch is the London Branch) or the Bahamas (in the case where the Relevant Branch is the Nassau Branch) shall be deemed to be replaced by references to the Substitute Branch's country of domicile and, if different, the Substitute Branch's country of residence for taxation purposes.

*(b) Substitution in Place of the Bank*

The Bank may at any time substitute, without the consent of the Securityholders provided that no payment in respect of the Securities is overdue, an Affiliate of the Bank to assume liability for the due and punctual payment of all payments on all the Securities then outstanding and the performance of all the Bank's other obligations under all Securities then outstanding. Upon any such assumption, the assuming company shall succeed to the rights and obligations of the Bank (or any previous assuming company) under the Securities and the Bank (or any previous assuming company) shall be released from its liability on the Securities. Such assumption shall be permitted only if, in addition to assuming the obligations of the Bank (or of any previous assuming company) under the Securities:

- (i) the assuming company and the Bank shall, by means of a deed poll in the form set out in the Agency Agreement (the “**Deed Poll**”), agree to indemnify each Securityholder against (A) any taxes, duties, fees, assessments or governmental charges of whatever nature which are imposed on such holder with respect to such Security, and which would not have been so imposed had such assumption not been made, (B) any taxes, duties, fees, assessments or governmental charges of whatever nature imposed on or relating to such substitution and (C) any costs or expenses of the act of such substitution;
- (ii) the Bank shall in the Deed Poll unconditionally guarantee all payments in respect of the Securities;
- (iii) the assuming company and the Bank shall warrant, by means of the Deed Poll, that all necessary governmental approvals and consents for the assumption by the assuming company of its obligations and the giving and implementation of the Bank’s guarantee have been obtained and are in full force and the obligations of the assuming company under the Securities and of the Bank under its guarantee to guarantee payments in respect of the Securities are legal, valid, binding and enforceable in accordance with their terms; and
- (iv) the assuming company and the Bank shall have obtained legal opinions from independent legal advisers of recognised standing in the country of incorporation of the assuming company, Switzerland and England (in the case where the Relevant Branch is the London Branch), or the Bahamas (in the case where the Relevant Branch is the Nassau Branch) that the obligations of the assuming company and of the Bank in respect of the Securities and the Deed Poll are legal, valid and binding and that all consents and approvals as aforesaid have been obtained.

Not more than 30 nor less than 15 days prior to the effective date of the assumption by the assuming company, the Bank shall procure the notification to Securityholders, in accordance with General Condition 13, of the assumption, stating that copies, or pending execution thereof final drafts, of the Deed Poll and other relevant documents and of the legal opinions are available for inspection by Securityholders at the specified offices of the Paying Agents. The originals of the Deed Poll and other documents will be delivered to the Fiscal Agent to hold until there are no claims outstanding in respect of the Securities. The assuming company and the Bank shall in such documents acknowledge the right of every Securityholder to the production of such documents for the enforcement thereof or of the Securities.

Upon the assumption becoming effective, references in the relevant Terms to Switzerland shall be deemed to be replaced by references to the country of incorporation and, if different, the country of tax residence of the assuming company.

(c) *Merger of the Bank*

The Bank may, without the consent of the Securityholders, consolidate with or merge into or sell, lease, transfer or convey all or substantially all of its property to another corporation, entity or person provided that the successor corporation, entity or person assumes all obligations of the Bank under the Securities.

## **16 Third Parties**

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

## **17 Miscellaneous Definitions**

Reference to “**AUD**” are to Australian dollars, references to “**CAN**” and “**CAD**” are to Canadian dollars, references to “**DKr**” are to Danish Krone, references to “**EUR**” and “**€**” are to euro, references to “**GBP**” and “**£**” are to pounds sterling, references to “**HK\$**” and “**HKD**” are to Hong Kong dollars, references to “**JPY**” and “**¥**” are to Japanese yen, references to “**Nkr**” and “**NOK**” are to Norwegian Kroner, references to “**SKr**” and “**SEK**” are to Swedish Kronor, references to “**CHF**” and “**Sfr**” are to Swiss Francs and references to “**USD**” and “**U.S.\$**” are to United States dollars.

## **18 Governing Law and Jurisdiction**

The Agency Agreement and the Securities are governed by, and shall be construed in accordance with, English law.

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

The Bank, acting through the Relevant Branch, irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Bank and the Relevant Branch and may be enforced in the courts of any other jurisdiction. Nothing in this General Condition 18 shall limit any right to take Proceedings against the Bank or the Relevant Branch in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

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