



Credit Suisse AG, Nassau Branch
Series NNP 2011-068

**RUB 142,200,000 Russian Government RUB Bonds Credit Linked Notes
due June 2015 (the "Securities")**

Issue Price: 97.696 per cent of the Aggregate Nominal Amount

This document is a securities note (the "**Securities Note**"), prepared for the purposes of Article 5.3 of Directive 2003/71/EC (the "**Prospectus Directive**"). The Securities Note contains information relating to the above Notes (the "**Securities**"). The Securities Note shall be read in conjunction with the registration document (the "**Registration Document**") dated 23 December 2011 containing information in respect of Credit Suisse AG, acting through its Nassau Branch (the "**Issuer**"), as prepared for the purposes of Article 5.3 of the Prospectus Directive. Together, the Registration Document and the Securities Note comprise a "prospectus" (the "**Prospectus**") for the Securities, prepared for the purposes of Article 5.1 of the Prospectus Directive.

The Securities Note sets out the specific terms and conditions of the Securities and certain information relating thereto, the Product Terms of Credit Linked Securities (as set out in Schedule 1) (the "**Product Terms**") and the base terms and conditions of the Securities which are supplemented by the issue specific terms (as set out at page 17 hereof) (the "**Issue Specific Terms**").

8 February 2012

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

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

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

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

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

In connection with the issue and sale of the Securities, no person is authorised to give any information or to make any representation not contained in the Registration Document or this 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 this 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 this 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**”). Subject to certain exemptions, the Securities may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons. A further description of the restrictions on offers and sales of the Securities in the United States or to U.S. persons is set forth below under “Selling Restrictions”.

The language of the Prospectus is English.

There are no expenses or taxes specifically charged to the subscriber or purchaser of the Securities.

The Securities have not been rated. The credit ratings included or referred to in the Securities Note may be issued by Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("**S&P**"), Moody's Investors Service, Inc. ("**Moody's**") or Fitch Ratings Limited ("**Fitch Ratings**"). Neither of S&P or Moody's are established in the European Union or registered under Regulation (EC) No. 1060/2009, as amended by Regulation (EU) No. 513/2011 (the "**CRA Regulation**"). Fitch Ratings is established in the European Union and is registered under the CRA Regulation. Certain of the credit ratings included in or referred to in the Securities Note may or may not be issued by a credit rating agency which is registered under the CRA Regulation, as set out in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority.

DOCUMENTS INCORPORATED BY REFERENCE

The Prospectus should be read and construed in conjunction with the Base Prospectus dated 1 July 2011, as supplemented from time to time, relating to the Credit Suisse AG and Credit Suisse International Structured Products Programme for the issuance of Notes, Certificates and Warrants that has been approved by the UK Listing Authority (the "**Base Prospectus**") (except the documents incorporated by reference therein and as provided below) which shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in the Base Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes a statement contained in the Base Prospectus (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The table below sets out the relevant page references for the information incorporated into this Prospectus by reference. For the avoidance of doubt, any information not listed below but included in the documents incorporated by reference is not relevant for the investor in respect of the Securities and is given for information purposes only.

Information Incorporated By Reference from the Base Prospectus	Page Reference
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Investors who have not previously reviewed the information contained in the Base Prospectus should do so in connection with their evaluation of the Securities.

Terms defined in the General Conditions or the Product Terms have the same meaning herein unless otherwise defined in the Issue Specific Terms.

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

RISK FACTORS

The risk factors set out below should be read in addition to the risk factors set out on pages 12 to 18 (inclusive) of the Base Prospectus. Such risk factors are risk factors that are material to the Securities in order to assess the market risk associated with them or which may affect the Issuer's ability to fulfil its obligations under them.

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 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

Credit Linked Securities are securities which are credit-linked to the performance of one or more Reference Entities and the obligations of such Reference Entity/ies. Investors should note that Credit Linked Securities differ from ordinary debt securities issued by the Issuer in that the amount of principal and interest (if any) payable by the Issuer is dependent on whether a Credit Event has occurred in respect of the relevant Reference Entity/ies. 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 Credit Linked Securities are linked to the creditworthiness of the relevant Reference Entity/ies. The likelihood of a Credit Event occurring in respect of any Reference Entity will generally fluctuate with, amongst 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/ies and conduct their own investigation and analysis with respect to the creditworthiness of each Reference Entity and the likelihood of the occurrence of a Credit Event with respect to each Reference Entity.

Any quotations used in the calculation of the Cash Settlement Amount may be affected by factors other than the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between Valuation Dates (if Multiple Valuation Dates apply). The obligations selected, even absent a Credit Event may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of a Credit Event, thereby adversely affecting any determination of the value of such obligation which in turn will impact on the amount by which the Credit Event Redemption Amount of the Securities may be reduced. The Calculation Agent is entitled to select the obligation which has the lowest value in the market at the relevant time – providing such obligation satisfies certain specifications and limits for qualification as a Reference Obligation or a Valuation Obligation, as the case may be – for the purposes of calculating the amount by which the Credit Event Redemption Amount is reduced following a Credit Event .

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, amongst other things, the underlying liquidity of the loan and bond markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the relevant

Reference Entity/ies. 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 Issuer's obligations in respect of the Securities are irrespective of the existence or amount of the Issuer's and/or any Affiliates' credit exposure to a Reference Entity and the Issuer 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.

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.

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 Issuer'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, could 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.

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:

- 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 or incorporated by reference in the Prospectus;
- 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;
- 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;
- understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant securities, assets and/or financial markets; and

- 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.

The 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 such securities will perform under changing conditions, the resulting effects on the value of such securities and the impact this investment will have on the potential investor's overall investment portfolio.

No Representation or Warranty; Provision of Information

In relation to the Securities, none of the Issuer, CSi and any other Affiliate makes any representation or warranty as to the credit quality of any Reference Entity. Prospective Securityholders should obtain and evaluate the same information concerning the Reference Entities as they would if they were investing directly in the securities issued by the Reference Entities.

The Issuer, CSi 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, CSi and/or any other Affiliate, is under any obligation to make such information, whether or not confidential, available to Securityholders. Past performance of such Reference Entities cannot be considered to be a guarantee of, or guide to, future performance.

Business relationships

The Issuer, CSi 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, CSi 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).

Potential Conflicts of Interest

The Issuer, CSi 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 Issuer, CSi 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 Issuer, CSi 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.

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 Issuer's control, for example disruption on relevant clearing systems. The Issuer 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.

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, CSi 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. Investors should consult with their own legal advisors in determining whether, and to what extent, the Securities will constitute legal investments for them, and the consequences of such an Investment.

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 Product Terms 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, CSi 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, CSi 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, CSi 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, CSi 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, the Product Terms and the Programme Memorandum and that the 2003 ISDA Credit Derivative Definitions are not incorporated by reference herein.

Stub Amount Risk

In relation to any issue of Securities which have a denomination consisting of the lowest Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Securities may be traded in amounts in excess of RUB 3,200,000 (or its equivalent) that are not integral multiples of RUB 3,200,000 (or its equivalent). In such a case a holder of a Security who, as a result of trading such amounts, holds a principal amount of less than the lowest Specified Denomination may not receive a definitive Security in respect of such holding (should definitive Securities be printed) and would need to purchase a principal amount of Securities such that its holding amounts to a Specified Denomination.

Before making any investment decision with respect to the Securities, any prospective investors should consult their own financial, tax or other advisers as they consider necessary and carefully review and consider such an investment decision in the light of the foregoing and their personal circumstances.

ISSUE SPECIFIC TERMS

The Securities will be subject to the General Terms and Conditions of Notes (the "**General Conditions**") and Product Terms of Credit Linked Securities (the "**Product Terms**") set out in Schedule 1 herein and also to the following provisions (the "**Issue Specific Terms**"). References in such General Conditions to "Final Terms", and references in such Product Terms to "Pricing Supplement" shall be deemed to be deleted and replaced by the "Issue Specific Terms". In the case of a discrepancy or conflict with such General Conditions or Product Terms, the Issue Specific Terms shall prevail.

1	Issuer:	Credit Suisse AG
	Branch:	Nassau Branch
2	Series Number:	NNP 2011-068
3	Tranche Number:	Not Applicable
4	Applicable General Terms and Conditions:	Notes
5	Specified Currency or Currencies:	RUB
6	Aggregate Nominal Amount:	
	(i) Series:	RUB 142,200,000
	(ii) Tranche:	Not Applicable
7	Issue Price:	97.696 per cent. of the Aggregate Nominal Amount
8	Specified Denominations:	RUB 3,200,000 and integral multiples of RUB 1000 in excess thereof up to and including RUB 6,399,000.
		No Securities in definitive form will be issued with a denomination above RUB 6,399,000.
9	Issue Date/Payment Date:	12 December 2011
10	Maturity Date:	3 June 2015, subject to Product Terms 2(b), 2(e), 2(f) and 2(h)
11	Interest Basis:	As per Additional Provision (x)
12	Premium Basis:	Not Applicable
13	Redemption/Payment Basis:	As per paragraph 18 below, subject to the Additional Provisions
14	Put/Call Options:	Not Applicable

PROVISIONS RELATING TO INTEREST AND PREMIUM

15	Fixed Rate Provisions	Not Applicable
16	Floating Rate Provisions	Not Applicable
17	Premium Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

18 Redemption Amount: An amount (the **"Final Redemption Amount"**) (pro rated in respect of each Security) in USD, payable within two Business Days following the receipt by holders of the Reference Obligations of the RUB redemption proceeds of the Reference Obligations, equal to the RUB 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 **"RUB Redemption Amount"**) divided by the Reference Foreign Exchange Rate on the date of payment of the RUB redemption proceeds of the Reference Obligations (the **"USD Redemption Amount"**), subject to Product Terms 2(b), 2(h)(i), 2(h)(ii) and 3;

Where:

"Reference Foreign Exchange Rate" means, on any date, the USDRUB foreign exchange rate (expressed as the number of RUB per 1 USD) for settlement on the date which falls on two Business Days after that date, which shall be the lowest of offer quotations obtained by the Calculation Agent on such date, at or around 11:00 a.m. Moscow time from three major RUB foreign exchange dealers as the Calculation Agent shall select, acting in good faith and in a commercially reasonable manner provided that if the Calculation Agent is not able to obtain any offer quotations on such date, the Calculation Agent shall determine such rate in good faith and in a commercially reasonable manner; and

"RUB" means the lawful currency of the Russian Federation.

19 Settlement Currency USD

(Currency in which payments will be made)

20 Details relating to Instalment Securities: Not Applicable

21 Call Option: Not Applicable

22 Put Option: Not Applicable

UNDERLYING ASSETS

23 List of Underlying Assets Weighting

	[1] RUB denominated bonds issued by the Reference Entity due 3 June 2015, ISIN RU000A0JRHZ1, and any Substitute Reference Obligations with an aggregate principal amount equal to the principal amount.	100 per cent
24	Equity-linked Securities	Not Applicable
25	Equity Index-linked Securities	Not Applicable
26	Commodity-linked Securities	Not Applicable
27	Commodity Index-linked Securities	Not Applicable
28	ETF-linked Securities	Not Applicable
29	Fund-linked Securities	Not Applicable
30	FX-linked Securities	Not Applicable
31	FX Index-linked Securities	Not Applicable
32	Inflation Index-linked Securities	Not Applicable
33	Interest Rate Index-linked Securities	Not Applicable
34	Cash Index-linked Securities	Not Applicable
35	Adjustments Convention:	Not Applicable
GENERAL PROVISIONS		
36	(i) Form of Securities:	Bearer Securities
	(ii) Global Certificate:	Permanent Global Security
	(iii) Held under the NSS:	Not Applicable
37	Financial Centre(s):	New York, Moscow and London
38	Minimum Transferable Number of Securities:	Not Applicable
39	Listing and Admission to Trading:	
	(i) Stock Exchange(s) to which application will initially be made to list the Securities: <i>(Application may subsequently be made to other stock exchange(s))</i>	Irish Stock Exchange
	(ii) Admission to trading:	Application will be made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. No assurance can be given that such application will be approved.
40	Entities (other than stock exchanges) to which application for listing and/or approval of the Securities will be made:	Not Applicable
41	Security Codes and Ticker Symbols:	

	ISIN Code:	XS0716237770
	Common Code:	071623777
	Swiss Security Number:	Not Applicable
	Telekurs Ticker:	Not Applicable
	WKN number:	Not Applicable
42	Clearing and Trading:	
	Clearing System(s) and any relevant identification number(s):	Euroclear Bank S.A./N.V. and Clearstream Banking, SA, Luxembourg
	Delivery of Securities:	Delivery against payment
	Minimum Trading Lot:	Not Applicable
43	Agents:	
	Calculation Agent:	Credit Suisse International One Cabot Square London E14 4QJ
	Fiscal Agent:	The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL
	Paying Agents:	The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL
	Additional Agents:	Not Applicable
44	Dealer(s):	Credit Suisse International
45	Additional steps that may only be taken following approval by Extraordinary Resolution:	Not Applicable
46	Specified newspaper for the purposes of notices to Securityholders:	Not Applicable
47	Additional Provisions:	
(i)	Final Redemption Amount	
	First/ <i>nth</i> to Default:	Not Applicable
	Credit Event(s):	The occurrence of any of the events specified below, in respect of any Reference Entity, shall constitute a Credit Event: Failure to Pay Holding Termination Event Obligation Acceleration Repudiation/Moratorium Restructuring
	Obligations:	Each Reference Obligation
	Obligation Characteristics:	Not Applicable
	Reference Entity:	The Russian Federation, and any direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether

	such successor assumes any of the obligations of such Reference Entity.
Reference Obligation(s):	RUB denominated bonds issued by the Reference Entity due 3 June 2015, ISIN RU000A0JRHZ1, and any Substitute Reference Obligations with an aggregate principal amount equal to the principal amount.
Excluded Obligations:	Not Applicable
Cash Settlement:	Not Applicable
Physical Settlement:	Applicable
Deliverable Obligations	Each Reference Obligation
Deliverable Obligation Characteristics:	Not Applicable
Excluded Deliverable Obligations:	Not Applicable
Accreting Obligations:	Not Applicable
Optional Physical Settlement in lieu of Cash Settlement (Product Term 2(b)(iii)):	Not Applicable
Optional Physical Settlement in case of Alternative Settlement (Product Term 2(f)):	Applicable

(ii) The definition of "Holding Termination Event" in Product Term 1 shall be deleted in its entirety and replaced by the following:

"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), RUB or the Reference Obligations, when compared to the position on the Trade Date."

(iii) The definition of "Portfolio" in Product Term 1 shall be deleted in its entirety and replaced by the following:

"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)(i). For the purposes of the foregoing, if applicable, the "outstanding principal balance" (i) with respect to any Accreting Obligation, means the Accreted Amount thereof, (ii) with respect to any Exchangeable Obligation that is not an Accreting Obligation, shall exclude 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;"

(iv) The definition of "Reference Entity" in Product Term 1 shall be amended by the insertion of the words "by way of Succession Event," after the words "any direct or indirect successor to such Reference Entity".

(v) The definition of "Settlement Disruption Event" in Product Term 1 shall be deleted in its entirety and replaced by the following:

"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, RUB cannot be cleared or transferred through the relevant clearance system or by the relevant settlement procedure for such Deliverable Obligations or RUB."

(vi) The definition of "Succession Event" in Product Term 1 shall be deleted in its entirety and replaced by the following:

"Succession Event" means (i) with respect to a Reference Entity that is not a Sovereign, 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 or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. 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;"

(vii) Product Term 2(b)(B) shall be amended by adding the words "acting in good faith and in a commercially reasonable manner" immediately after the words "in its sole and absolute discretion".

(viii) Product Term 2(f) shall be amended by adding immediately after each reference to "amounts received" the words "in RUB".

(ix) Product Term 2(h)(ii) shall be amended by adding the words "any Interest Payment Date or" immediately before the words "the Maturity Date" therein.

(x) The Securities shall bear interest from and including the Issue Date to but excluding the Maturity Date in amounts (pro rated in respect of each Security) in USD equal to any RUB interest payments that the Issuer would have received had it held the Reference Obligations during the term of the Securities equal to the Aggregate Nominal Amount, divided by the Reference Foreign Exchange Rate on such date, subject to Product Terms 2(b), 2(h)(i), 2(h)(ii) and 3.

Interest shall be paid within two Business Days following the receipt by holders of the Reference Obligations of such interest payments in respect of the Reference Obligations (each an **"Interest Payment Date"**) provided that if the Issuer has given a notice to the Securityholders of the occurrence of a Credit Event pursuant to Product Term 2(b), then 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 (as provided in Product Term 2(b)(vi)).

(xi) References in the Product Terms:

(a) to "Bank" shall be construed as references to Issuer;

(b) to the Programme Memorandum dated 2 August 2006 relating to the Unlisted Debt Issuance Programme of Credit Suisse shall be construed as references to the Base Prospectus;

(c) to "Programme Memorandum" shall be construed as references to the Base Prospectus;

(d) to "Pricing Supplement" shall be construed as references to "Issue Specific Terms";

(e) to "Asset Delivery Notice" shall be to an Asset Delivery Notice the form of which is set out at Schedule 1 hereto;

(f) to General Conditions shall be construed as references to the General Conditions as set out in the Base Prospectus;

(g) to General Condition 7 shall be construed as references to General Condition 11; and

(h) to General Condition 10 shall be construed as references to General Condition 9.

(xii) The Trade Date shall be 28 November 2011.

(xiii) The Issuer may at any time, without the consent of the Noteholders or Fiscal Agent, make any modification to the Conditions of the Notes, these Issue Specific Terms or any other terms of the Notes which may be required in relation to or in connection with the listing of the Notes on the Irish Stock Exchange.

Annex 1

PRO FORMA ASSET DELIVERY NOTICE (for Physical Settlement)

CREDIT SUISSE, NASSAU BRANCH

**RUB 142,200,000 RUSSIAN GOVERNMENT RUB BONDS CREDIT LINKED NOTES DUE
JUNE 2015, SERIES NNP 2011-068**

(THE "SECURITIES")

**ISSUED UNDER THE STRUCTURED PRODUCTS PROGRAMME OF CREDIT SUISSE,
ACTING THROUGH ITS NASSAU BRANCH**

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, acting through its London Branch

ONE CANADA SQUARE

LONDON E14 5AL

Facsimile No: 0207 964 2532

Attention: Julie Willemet

Email: CSQ@bnymellon.com

Cc: CREDIT SUISSE INTERNATIONAL

ONE CABOT SQUARE

LONDON E14 4QJ

Facsimile No: [●]

Attention: [●]

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 Product Terms (as defined in the Issue Specific Terms relating to the Securities), as amended by the Issue Specific Terms relating to the Securities, 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, acting through its Nassau branch (the "Issuer") 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 Product Terms.

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

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

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

TAXATION

These additional taxation provisions add information to the taxation provisions set forth in the section entitled "Taxation" of the Base Prospectus, which is incorporated by reference into this document. In the event of any inconsistency between these additional taxation provisions and the taxation provisions in the Base Prospectus, these additional taxation provisions will prevail.

Material United States Tax Consequences for Non-U.S. Investors

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

Legislation Affecting Dividend Equivalent Payments

The United States Hiring Incentives to Restore Employment Act (the "Act") treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the Act, unless reduced by an applicable tax treaty with the United States, such payments generally will be subject to U.S. withholding tax. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii). In the case of payments made after March 18, 2012, a dividend equivalent payment includes a payment made pursuant to any notional principal contract unless otherwise exempted by the IRS. Where the securities reference an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the securities reference an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, absent guidance from the IRS, it is uncertain whether the IRS would determine that payments under the securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless reduced by an applicable tax treaty.

Legislation Affecting Securities Held Through Foreign Accounts

Under the Act, a 30% withholding tax is imposed on "withholdable payments" and certain "passthru payments" made to foreign financial institutions (and their more than 50% affiliates) unless the payee foreign financial institution agrees, among other things, to disclose the identity of any U.S. individual with an account at the institution (or the institution's affiliates) and to annually report certain information about such account. "Withholdable payments" include payments of interest (including original issue

discount), dividends, and other items of fixed or determinable annual or periodical gains, profits, and income ("**FDAP**"), in each case, from sources within the United States, as well as gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the United States. "Passthru payments" generally are certain payments attributable to withholdable payments. The Act also requires withholding agents making withholdable payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or certify that they do not have any substantial United States owners) to withhold tax at a rate of 30%. We will treat payments on the securities as withholdable payments for these purposes.

Withholding under the Act will apply to all withholdable payments and certain passthru payments without regard to whether the beneficial owner of the payment is a U.S. person, or would otherwise be entitled to an exemption from the imposition of withholding tax pursuant to an applicable tax treaty with the United States or pursuant to U.S. domestic law. Unless a foreign financial institution is the beneficial owner of a payment, it will be subject to refund or credit in accordance with the same procedures and limitations applicable to other taxes withheld on FDAP payments provided that the beneficial owner of the payment furnishes such information as the IRS determines is necessary to determine whether such beneficial owner is a United States owned foreign entity and the identity of any substantial United States owners of such entity. Generally, the Act's withholding regime will apply to withholdable payments made after December 31, 2013, and to passthru payments made after December 31, 2014. Thus, if you hold your securities through a foreign financial institution or foreign corporation or trust, a portion of any of your payments made after December 31, 2013 may be subject to 30% withholding.

GENERAL INFORMATION

1. The issue of the Securities is made in accordance with the Organisational Guidelines and Regulations of Credit Suisse AG dated 8 December 2010. No specific resolutions of the Board of Directors of the Issuer was 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 addition copies of the following will be available free of charge at the principal office of the Paying Agent and at the registered office of the Issuer, during usual business hours on any weekday (Saturdays and public holidays excepted):
 - (a) the Registration Document;
 - (b) the Securities Note;
 - (c) the Base Prospectus; and
 - (d) the Agency Agreement and any supplement thereto.
3. The appointed Irish listing agent in respect of the Securities is A&L Listing Limited.
4. Information on the past and future performance and volatility of the Underlying Asset can be found on Bloomberg (www.bloomberg.com).
5. Any website mentioned in this Prospectus does not form part of this Prospectus or the terms and conditions of the Securities.

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 relevant Issue Specific Terms, will apply to Credit Linked Securities.*

References in the Product Terms:

- (a) to “Bank” shall be construed as references to Issuer;*
- (b) to “Programme Memorandum” shall be construed as references to the Base Prospectus;*
- (c) to “Pricing Supplement” shall be construed as references to “Issue Specific Terms”;*
- (d) to “Asset Delivery Notice” shall be to an Asset Delivery Notice the form of which is set out at Annex 1 to the Issue Specific Terms;*
- (e) to General Conditions shall be construed as references to the General Conditions as set out in the Base Prospectus;*
- (f) to General Condition 7 shall be construed as references to General Condition 11; and*
- (g) to General Condition 10 shall be construed as references to General Condition 9.*

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 relevant Pricing Supplement, 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 relevant Pricing Supplement;

“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 on page 17 of 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 or 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 relevant Pricing Supplement;

“**Business Day Convention**” has the meaning as specified in the relevant Pricing Supplement;

“**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 relevant Pricing Supplement, the date that is the number of Business Days specified in the relevant Pricing Supplement following the calculation of the Final Price and (b) if the Cash Settlement Amount is specified in the relevant Pricing Supplement, the date that is the number of Business Days specified in the relevant Pricing Supplement 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 relevant Pricing Supplement, 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 relevant Pricing Supplement. If no Dealers are specified in the relevant Pricing Supplement, 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 relevant Pricing Supplement having each of the Deliverable Obligation Characteristics specified, if any, in the relevant Pricing Supplement;

“Deliverable Obligation Characteristics” means, as at the Delivery Commencement Date, the Deliverable Obligation Characteristics which are set out in the relevant Pricing Supplement;

“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 relevant Pricing Supplement;

“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;

- (1) 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 relevant Pricing Supplement 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

- (2) 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 relevant Pricing Supplement, 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 relevant Pricing Supplement;

“Excluded Obligation” means any obligation of a Reference Entity specified as such or of a type described in the relevant Pricing Supplement;

“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 relevant Pricing Supplement;

“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, a condition that has the effect of prohibiting or restricting the ability of the Bank or its Affiliates to acquire, hold (or if the Bank and/or its Affiliates holds the Reference Obligations, to continue to hold) or to freely transfer (otherwise than as provided in the terms of the Reference Obligations), the Reference Obligations or any amount received in respect of the Reference Obligations, when compared to the position on the Trade Date.

“Interest Payment Date” means the dates as set out in the relevant Pricing Supplement;

“Issue Date” is as set out in the relevant Pricing Supplement;

“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 relevant Pricing Supplement;

“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 relevant Pricing Supplement (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, in the opinion of the Calculation Agent, in its sole and absolute discretion, a condition created by or resulting from any action of or failure to act by any Governmental Authority, or a local market condition that has the effect of prohibiting, restricting or materially delaying the exchange of the currency in which the Reference Obligation is denominated for the Specified Currency, or the free and unconditional transferability of the resulting Specified Currency, or the free and unconditional transfer of the currency in which the Reference Obligation is denominated 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 relevant Pricing Supplement, 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 relevant Pricing Supplement) having each of the Obligation Characteristics specified in the relevant Pricing Supplement, 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 relevant Pricing Supplement;

“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 relevant Pricing Supplement;

“Payment Requirement” means USD 1,000,000 or its equivalent in any currency or currencies, unless otherwise specified in the relevant Pricing Supplement;

“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 or Valuation Obligations, as the case may be, of the relevant Reference Entity as are selected in its sole and absolute discretion by the Calculation Agent, acting on behalf of the Bank with an outstanding principal balance as at the Delivery Commencement Date or the Specified Valuation Date, as the case may be in an aggregate amount (in the Specified Currency as set out in the relevant Pricing Supplement or its equivalent in other currencies) not less than the aggregate principal amount of the relevant Tranche of Securities then outstanding subject to Product Term 2(h). For the purposes of the foregoing, if applicable, the “outstanding principal balance” (i) with respect to any Accreting Obligation, means the Accreted Amount thereof, (ii) with respect to any Exchangeable Obligation that is not an Accreting Obligation, shall exclude 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;

“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 relevant Pricing Supplement in respect of Quotations, such Quotations shall include accrued but unpaid interest; (ii) if “Exclude Accrued Interest” is specified in the relevant Pricing Supplement 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 relevant Pricing Supplement 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 relevant Pricing Supplement (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 relevant Pricing Supplement by reference to one of the following terms:

- (a) “**Bid**” means that only bid quotations shall be requested from Dealers;
- (b) “**Offer**” means that only offer quotations shall be requested from Dealers; or
- (c) “**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 relevant Pricing Supplement, Bid shall apply;

“**Reference Entity**” shall be each entity as specified in any relevant Pricing Supplement 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 Obligations**” means the obligations, if any, specified in any relevant Pricing Supplement and, if there are obligations specified therein, any Substitute Reference Obligation(s);

“**Reference Price**” means the percentage specified as such in the relevant Pricing Supplement 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 relevant Pricing Supplement, Multiple Holder Obligation) causing the Subordination of such Obligation (or, if applicable in any relevant Pricing Supplement, 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 relevant Pricing Supplement, 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 relevant Pricing Supplement, 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) cannot be cleared or transferred through the relevant clearance system or by the relevant settlement procedure for such Deliverable Obligations;

“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 relevant Pricing Supplement, 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 relevant Pricing Supplement. Notwithstanding the provisions of this definition, the Bank may specify a single Specified Currency in any relevant Pricing Supplement;

“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 relevant Pricing Supplement, 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 relevant Pricing Supplement, 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 relevant Pricing Supplement;

"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 Pricing Supplement or as specified in Product Term 2(c)(iii), as the case may be;

- (a) if "Single Valuation Date" is specified in the relevant Pricing Supplement, the date that is the number of Business Days specified in the relevant Pricing Supplement 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 relevant Pricing Supplement, each of the following dates:
 - (i) the date that is the number of Business Days specified in the relevant Pricing Supplement 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 relevant Pricing Supplement (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 relevant Pricing Supplement (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 relevant Pricing Supplement, Single Valuation Date shall apply;

"Valuation Method" means the Valuation Method specified in the relevant Pricing Supplement;

"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 relevant Pricing Supplement 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 relevant Pricing Supplement, 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 relevant Pricing Supplement, 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 (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 Pricing Supplement.

then:

- (i) ***if Physical Settlement is applicable in the relevant Pricing Supplement:***
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 relevant Pricing Supplement:***
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 relevant Pricing Supplement:** 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 relevant Pricing Supplement, the Cash Settlement Amount will be such specified amount.
- (ii) If “Final Price” is specified in the relevant Pricing Supplement, 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 relevant Pricing Supplement, 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 to 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 relevant Pricing Supplement (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 Securities Note (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 relevant Pricing Supplement 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.

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 Terms 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.

- (v) 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 relevant Pricing Supplement, 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 relevant Pricing Supplement, 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 Notes and 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, 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.
- (ii) If the Calculation Agent, in its sole and absolute discretion, determines on the Maturity Date 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 Maturity Date 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 relevant Pricing Supplement, 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

(l) **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 relevant Pricing Supplement, 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 relevant Pricing Supplement, 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 relevant Pricing Supplement, 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 relevant Pricing Supplement, 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 relevant Pricing Supplement, 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 relevant Pricing Supplement, the Pricing Supplement 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 relevant Pricing Supplement);
- (b) If (i) either of the Deliverable Obligation Characteristics "Listed" or "Not Bearer" is specified in the relevant Pricing Supplement, the Pricing Supplement 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 relevant Pricing Supplement); (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the relevant Pricing Supplement, the Pricing Supplement 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 relevant Pricing Supplement)); or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in a Pricing Supplement, the Pricing Supplement 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 relevant Pricing Supplement);

- (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 relevant Pricing Supplement) 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 related Pricing Supplement from the following list: Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the related Pricing Supplement, (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 related Pricing Supplement.
 - (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 related Pricing Supplement 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.