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ELM B.V.

(a private company with limited liability under the law of the Netherlands and having its corporate seat (zetel) in Amsterdam, the Netherlands)

EUR 500,000,000
Fixed to Floating Rate Notes due 2047
issued under the Secured Note Programme

secured by

EUR 500,000,000
Guaranteed Dated Subordinated Fixed to Floating Rate Loan Notes due 2047

of

HELVETIA SCHWEIZERISCHE VERSICHERUNGSGESELLSCHAFT AG
guaranteed on a subordinated basis by

HELVETIA HOLDING AG

Issue Price: 99.244 per cent.

ELM B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated in the Netherlands, with its corporate seat (*zetel*) in Amsterdam, the Netherlands (the "**Issuer**") is offering its EUR 500,000,000 Fixed to Floating Rate Notes due 2047 (the "**Notes**") secured by the EUR 500,000,000 Guaranteed Dated Subordinated Fixed to Floating Rate Loan Notes due 2047 of Helvetia Schweizerische Versicherungsgesellschaft AG guaranteed on a subordinated basis by Helvetia Holding AG (the "**Original Charged Assets**", the "**Charged Assets Obligor**" and the "**Charged Assets Guarantor**", respectively). The Notes will bear interest from (and including) 11 April 2017 (the "**Interest Commencement Date**"), payable in arrear on each Interest Payment Date (as defined in the "Conditions of the Notes"). From (and including) the Interest Commencement Date to (but excluding) 29 September 2027, the Notes will bear interest at a rate of 3.375 per cent. per annum, and thereafter, the Notes will bear interest at a rate of interest, reset quarterly, of the euro interbank offered rate administered by the European Money Markets Institute for three-month euro deposits plus 2.65 per cent. plus one per cent. per annum, provided that such interest amounts will only be payable to the extent that corresponding interest amounts are received by the Issuer under the Original Charged Assets (which may be subject to deferral pursuant to the terms and conditions of the Original Charged Assets), all as more particularly described in "Conditions of the Notes – 6. Interest".

The Notes are scheduled to mature on the Interest Payment Date falling in September 2047, subject to early redemption in the circumstances described in this series memorandum (the "**Series Memorandum**").

The Notes are secured, limited recourse obligations of the Issuer.

The Notes are expected to be rated BBB+ by Standard & Poor's Credit Market Services Europe Limited. Standard & Poor's Credit Market Services Europe Limited is established in the European Union and is registered under the EU Regulation on credit rating agencies (Regulation (EC) No. 1060/2009), as amended.

The Issuer has established its Secured Note Programme (the "**Programme**") under which the Issuer may from time to time issue notes. Holders of the Notes will not have access to the assets of the Issuer held in connection with any other notes issued pursuant to the Programme and, similarly, holders of any other notes issued pursuant to the Programme will not have access to the assets held in connection with the Notes described in this Series Memorandum.

This document is a Series Memorandum, prepared for the purposes of Article 5(1) of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EC, the "**Prospectus Directive**"). This Series Memorandum contains information relating to the Notes issued by the Issuer. The Series Memorandum should be read in conjunction with the programme memorandum dated 12 September 2016 relating to the Programme of the Issuer which has been approved by the Central Bank (as defined below) (the "**Programme Memorandum**"). Unless defined herein, terms defined in the Programme Memorandum have the same meanings in this Series Memorandum.

This Series Memorandum constitutes a "prospectus" for the purposes of the Prospectus Directive.

This Series Memorandum 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 Series Memorandum as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its Main Securities Market. There can be no assurance that any such listing will be obtained, or if obtained, will be maintained.

References in this Series Memorandum to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Main Securities Market of the Irish Stock Exchange and have been admitted to the Official List (the "**Official List**"). The Main Securities Market of the Irish Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Sole Structuring Adviser

UBS Investment Bank

Joint Lead Managers

BNP PARIBAS

Credit Suisse

Deutsche Bank

UBS Investment Bank

Co-Lead Manager

Raiffeisen Switzerland Cooperative

The date of this Series Memorandum is 6 April 2017

This Series Memorandum is supplemental to, and should be read in conjunction with, the Programme Memorandum (see the section entitled “Documents Incorporated by Reference” below). This Series Memorandum includes particulars for the purpose of giving information with regard to the issue by the Issuer of the Notes.

The Issuer accepts responsibility for the information contained in this Series Memorandum (which, for the purpose of this section of the Series Memorandum, will include the sections of the Programme Memorandum incorporated by reference herein). To the best of the Issuer’s knowledge (having taken all reasonable care to ensure that such is the case) the information contained in this Series Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in the section of the Series Memorandum entitled “Information Concerning the Charged Assets Obligor and the Charged Assets Guarantor” and in the Appendix to this Series Memorandum (the “**Third Party Information**”) has been obtained directly from the Charged Assets Obligor. The Issuer confirms that the Third Party Information has been accurately reproduced as received and that, so far as it is aware and is able to ascertain from the Third Party Information published, no facts have been omitted which would render the reproduced Third Party Information inaccurate or misleading.

The Issuer has not conducted extensive due diligence on the Third Party Information, or made any enquiries as to its own possession of non-publicly available information. The Issuer has only made very limited enquiries in relation to the Third Party Information, and none of the Issuer, UBS Limited (“**UBS**”), BNP Paribas (“**BNP Paribas**”), Credit Suisse Securities (Europe) Limited (“**Credit Suisse**”) and Deutsche Bank AG, London Branch (“**Deutsche Bank**”) (UBS, BNP Paribas, Credit Suisse and Deutsche Bank together being the “**Joint Lead Managers**”), Raiffeisen Switzerland Cooperative (the “**Co-Lead Manager**”, and together with the Joint Lead Managers, the “**Managers**”) or The Law Debenture Trust Corporation p.l.c. (the “**Trustee**” and the “**Managers’ Trustee**”) makes any representation or warranty, express or implied, as to the accuracy or completeness of the Third Party Information and prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of the same.

Subject to the above the Issuer, having made all reasonable enquiries, confirms that this Series Memorandum contains all information with respect to the Issuer and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuer are in every material respect true and accurate and not misleading, the opinions and intentions expressed in this Series Memorandum with regard to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Series Memorandum misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

No person has been authorised to give any information or to make any representation other than those contained in this Series Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any Manager. Neither the Issuer nor any Manager is making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted. Neither the delivery of this Series Memorandum nor any sale of Notes made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Charged Assets Obligor or the Charged Assets Guarantor since the date of this Series Memorandum or the date upon which this Series Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Charged Assets Obligor or the Charged Assets Guarantor since the date of this Series Memorandum or the date upon which this Series Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

This document is based on information provided by the Issuer, except for the Third Party Information which has been provided to the Issuer. None of the Managers, the Trustee, the Managers’ Trustee and the Issuer in respect of the Third Party Information, is making any representation or warranty that this information is accurate or complete and none of the Managers, the Trustee or the Managers’ Trustee are responsible for this information. This Series Memorandum summarises certain documents and other information in a manner the Issuer believes to be accurate, but investors should refer to the actual documents for a more complete understanding of the matters discussed in this Series Memorandum. In making an investment decision, investors must rely on their own examination of the terms of this offering and the Notes, including the merits and risks involved. This offering is being made on the basis of this Series Memorandum. Any decision to purchase the Notes in this offering must be based solely on the information contained in this Series Memorandum.

None of the Issuer, the Managers, the Trustee and the Managers’ Trustee are making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by it under any legal investment or similar laws or regulations. Investors should not consider any information in this document to be legal, business or tax advice. Investors should consult their own lawyers, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Notes.

The Issuer reserves the right to withdraw the offering of the Notes at any time. The Issuer and the Managers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason and to allot to any prospective investor less than the full amount of Notes sought by it.

In connection with the issue of the Notes, the Managers may, in accordance with all laws and regulations, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Managers will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Managers in accordance with all applicable laws and rules.

The distribution of this Series Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Series Memorandum comes are required by the Issuer and the Managers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and are issued in registered form that are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to U.S. persons at any time. For a description of certain restrictions on offers and sales of Notes and on distribution of this Series Memorandum, see “Subscription and Sale” below.

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank or any other deposit protection scheme. The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Notes or entering into any other transaction.

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland. Neither this Series Memorandum nor any other offering or marketing material relating to the Notes constitutes (i) an Offering Memorandum as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, (ii) a listing Offering Memorandum within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or (iii) a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Series Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Series Memorandum nor any other offering and marketing material relating to the offering, the Issuer or the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, including the Swiss Financial Markets Supervisory Authority FINMA (“**FINMA**”), and investors in the Notes will not benefit from protection or supervision by such authority.

This Series Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer or any Manager to subscribe for, or purchase, any Notes or to enter into any other transactions.

None of the Managers, the Trustee or the Managers’ Trustee have separately verified the information contained in this Series Memorandum. None of the Managers makes any representation, express or implied, or, to the fullest extent permitted by law, accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Series Memorandum or for any other statement made or purported to be made by a Manager or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Series Memorandum or any such statement.

Prospective purchasers of Notes should have regard to the factors described under the section headed “Risk Factors” in this Series Memorandum. This Series Memorandum does not describe all of the risks of an investment in the Notes. Neither this Series Memorandum nor any financial statements referred to herein are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Managers, the Trustee or the Managers’ Trustee that any recipient of this Series Memorandum or any such other financial statements should purchase the Notes.

Prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, the security arrangements, the Original Charged Assets, the Charged Assets Obligor, the Charged Assets Guarantor and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Prospective purchasers of the Notes should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in, or incorporated by reference into, this Series Memorandum and the merits and risks of investing in the Notes in the context of their financial position and circumstances. None of the Managers, the Trustee or the Managers’ Trustee undertakes to review the financial condition or affairs of the Issuer, the Original Charged Assets, the Charged Assets Obligor or the Charged Assets Guarantor during the life of the arrangements contemplated by this Series Memorandum or the term of any Notes issued nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Managers, the Trustee or the Managers’ Trustee. The risk factors identified in this Series Memorandum are provided as general information only and the Managers disclaim any responsibility to advise purchasers of the Notes of the risks and investment considerations associated therewith as they may exist at the date hereof or as they may from time to time alter.

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

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RISK FACTORS

The risk factors set out below are risk factors that are material to the Notes in order to assess the market risk associated with them or which may affect the Issuer's ability to fulfil its obligations under them. Neither the Issuer, any Manager, the Trustee nor the Managers' Trustee is in a position to express a view on the likelihood of any contingency highlighted by a risk factor occurring.

For the purposes hereof, capitalised terms used but not otherwise defined herein will have the meaning given to them in the Conditions of the Notes.

Risks Related to the Notes

Limitations on claims against the Issuer

The Notes are solely obligations of the Issuer and neither the Charged Assets Obligor nor the Charged Assets Guarantor (each as defined herein) has any obligation to the Noteholders for payment of any amount due in respect of the Notes. The Issuer is a special purpose vehicle established, *inter alia*, for the purpose of issuing the Notes. The Notes are limited in recourse to the Mortgaged Property which includes, *inter alia*, the Issuer's rights in respect of the Charged Assets. Other than the Mortgaged Property, there are no other assets of the Issuer available to meet any outstanding claims of the Secured Creditors, including the Noteholders.

Priority of claims

During the term of the Notes, on an enforcement of the Security, the rights of the Noteholders to be paid amounts or delivered assets due under the Notes will be subordinated to (i) the fees, costs, charges, expenses and liabilities due and payable to the Trustee including costs incurred in the enforcement of the Security (which may include, for example, the fees of any receiver appointed by the Trustee in the case of an enforcement of the Security and, in all instances, the Trustee's remuneration) and (ii) the fees, costs, charges, expenses and liabilities due and payable to the Enforcement Agent including costs incurred in the enforcement of the Security (which may include, for example, the Enforcement Agent's remuneration), amounts owing to the Agents in respect of reimbursement for sums paid by them in advance of receipt by them of the funds to make such payment and the fees, costs, charges, expenses and liabilities due and payable to the Agents.

There is no assurance that the proceeds and/or assets available following payment of any such priority claims will be sufficient to pay in full the amounts that the relevant Noteholders would expect to receive or that such Noteholders will receive back the amount, or assets with a value equal to the amount, they originally invested.

Final Redemption of the Notes

Provided that no Charged Assets Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred, the Notes will be redeemed on the Maturity Date at their Final Redemption Amount. The Maturity Date will be the second Business Day immediately following the Charged Assets Maturity Date, which is expected to be on or around the Charged Assets Scheduled Maturity Date. If however, on or prior to the Charged Assets Scheduled Maturity Date, a Solvency Event (as defined in the Charged Assets Conditions) has occurred and such Solvency Event is continuing on the Charged Assets Scheduled Maturity Date (as evidenced by the absence of any public statement by the Charged Assets Obligor that the Solvency Event has been cured), the Charged Assets Maturity Date will be postponed to the Charged Assets Interest Payment Date which is immediately following the day on which the Solvency Event has lapsed, provided that FINMA or a Successor Authority (as defined in the Charged Assets Conditions) has given its consent to the final redemption of the Charged Assets. If FINMA or a Successor Authority has not given its consent to the final redemption of the Charged Assets on the Charged Assets Scheduled Maturity Date, if required at that time under applicable capital or solvency regulations, the Charged Assets Maturity Date will be postponed to the Charged Assets Interest Payment Date which is immediately following the day on which FINMA or a Successor Authority has given its consent to the final redemption of the Charged Assets.

The Final Redemption Amount in respect of each Note is expected to be equal to its outstanding nominal amount and will be funded by the Charged Assets Final Redemption Amount receivable by the Issuer as holder of the Charged Assets. However, there is no guarantee that the Issuer will receive from the Charged Assets Obligor the Charged Assets Final Redemption Amount in full in order to fund the Final Redemption Amount on the Notes. Noteholders must therefore be able and willing to accept a return, even on final redemption, that is less than their original investment.

Original Charged Assets subordination and potential deferral of interest payments

The Charged Assets in respect of the Notes comprise EUR 500,000,000 Guaranteed Dated Subordinated Fixed to Floating Rate Loan Notes due 2047 issued by the Charged Assets Obligor and guaranteed by the Charged Assets Guarantor. The ability of the Issuer to meet its obligations under the Notes will be dependent on the timely payment of interest and principal due on the Charged Assets. The payments on the Charged Assets are the only source of payment on the Notes.

The obligations of the Charged Assets Obligor and the Charged Assets Guarantor under the Original Charged Assets are subordinated and will rank junior in priority of payment to the claims of Senior Creditors and Senior Creditors of the Guarantor (each as defined in the Charged Assets Conditions). Furthermore, the Charged Assets Obligor has the option to defer payments of interest on the Original Charged Assets when such interest has accrued in respect of an interest period which ends on an Optional Interest Payment Date (as defined in the Charged Assets Conditions) and may be required to defer all or part of any payment of interest on the Original Charged Assets if a Solvency Event (as defined in the Charged Assets Conditions) has occurred or would, as at the date of payment, occur if the Charged Assets Obligor were to make the relevant interest payment. Certain Deferred Interest (as defined in the Charged Assets Conditions) may only be payable on the Original Charged Assets following the prior written approval of FINMA or any successor authority.

Any event that causes the Charged Assets Obligor and/or the Charged Assets Guarantor not to make all or part of any payments on the Original Charged Assets will result in corresponding reductions and delays in respect of interest and principal (if any) payable in respect of the Notes. In addition, any event that causes the Charged Assets Obligor and/or the Charged Assets Guarantor not to make all or part of any payments on the Original Charged Assets, or if there is a perception in the market that any such event may occur, the occurrence of such event, or the perception that any such event may occur, may have an adverse effect on the market value of the Notes.

There is a real risk that the Noteholders may lose all or some of their investment should the Charged Assets Obligor and/or the Charged Assets Guarantor become insolvent.

Early redemption of the Notes

The Notes may be redeemed on the occurrence of any of a Charged Assets Call, a Charged Assets Event (a Charged Assets Call and a Charged Assets Event being events relating to the Original Charged Assets and/or the Charged Assets Obligor), a Tax Event, an Illegality Event or an Event of Default (a Tax Event, an Illegality Event and an Event of Default being events relating to the Notes and/or the Issuer and/or amounts receivable by the Issuer in respect of the Original Charged Assets).

Following the occurrence of any such event, the Security may be enforced (refer to Condition 12(b) (*Enforcement of Security*) for a description of when the Security may become enforceable) in order to fund the payment of the Early Redemption Amount on redemption of the Notes.

If the Notes are redeemed upon the occurrence of a Charged Assets Call, a Charged Assets Event, a Tax Event, an Illegality Event or an Event of Default, the amount actually received by an investor in the Notes in respect of such redemption may be less than the amount invested by such investor. In addition, following the occurrence of any such event (including without limitation a Charged Assets Call), or if there is a perception in the market that such an event may occur, such occurrence, or perception that any such event may occur, may have an adverse effect on the market value of the Notes.

Refer to Condition 7 (*Redemption and Purchase*) and the risk factor contained in the Charged Assets Documentation entitled **"The Issuer may redeem the Loan Notes under certain circumstances"** for more details.

See **"The Notes are linked to the creditworthiness of the Charged Assets Obligor and the Charged Assets"** and **"Charged Assets"** below for a description of the risks associated with any early redemption of the Notes.

The Notes are linked to the creditworthiness of the Charged Assets Obligor, Charged Assets Guarantor and the Charged Assets

Investors should note that the Notes differ from ordinary debt securities in that the amount of interest and principal (if any) payable by the Issuer in respect of the Notes is dependent on, amongst other things, whether a Charged Assets Event or a Charged Assets Call has occurred in respect of the Charged Assets. Where a Charged Assets Event or a Charged Assets Call has occurred, the Notes may be redeemed, at which point they will cease to bear interest and the amount paid to Noteholders on redemption may be less than their original investment in the Notes or may be zero. The likelihood of a Charged Assets Event or a Charged Assets Call occurring in respect of the Charged Assets will generally fluctuate with, among other things, the financial condition and other characteristics of the Charged Assets Obligor, general economic conditions, the condition of certain financial markets, political events, developments or

trends in any particular industry and changes in prevailing interest rates. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of investing in such Notes as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation.

Investors should further note that the Charged Assets Obligor and the Charged Assets Guarantor's businesses are subject to detailed, comprehensive laws and regulations as well as close supervision in all the countries in which they operate. Changes in existing laws and regulations and their interpretation may affect the way in which the Charged Assets Obligor and the Charged Assets Guarantor conduct their businesses and the products they may offer. Changes in regulations relating to pensions and employment, social security, financial services including reinsurance business, taxation, securities products and transactions may necessitate the restructuring of its activities, impose increased costs and thereby, or otherwise, could have material adverse effects on the Charged Assets Obligor or the Charged Assets Guarantor's insurance and asset management business.

Refer to the risk factor contained in the Charged Assets Documentation entitled "**Risks due to regulatory or legal changes**" for more details.

The Issuer may be substituted in order to avoid certain adverse tax or legal consequences

On the occurrence of a Tax Event or an Illegality Event, the Issuer may be substituted in order to avoid the occurrence of certain adverse tax or legal consequences. Such substitution must be approved beforehand in writing by the Trustee and no such substitution may occur where it results in any rating assigned to the Notes being adversely affected. Refer to Condition 7(d) (*Redemption for Taxation Reasons*) and Condition 7(e) (*Redemption Following an Illegality Event*) for further details.

In connection with any such substitution of the Issuer, the Trustee need not have regard to the consequences of such substitution for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. Any such substitution could result in a Noteholder becoming subject to certain taxes, levies or other charges as may be required by the law of the relevant territory (including, but not limited to, where such substitution is considered to result in a disposal of the previously issued Notes).

Payment of additional amounts for Swiss withholding taxes may be null and void

The Charged Assets Conditions provide that, subject to certain exemptions, the Charged Assets Obligor and the Charged Assets Guarantor shall make all payments of principal and interest on the Charged Assets, free of any withholding or deduction for or on account of any taxes, levies, imposts, duties or charges in Switzerland unless such withholding or deduction is required by law. The Issuer and the Managers have received a legal opinion from Swiss counsel of the Charged Assets Obligor and the Charged Assets Guarantor that the Charged Assets Obligor and the Charged Assets Guarantor are not at the date of issue of the Original Charged Assets required by law to make such deduction or withholding. The Charged Assets Obligor and the Charged Assets Guarantor have obtained a tax ruling from the relevant Swiss authority that no Swiss tax withholding or deduction will be required to be made by the Charged Assets Obligor or the Charged Assets Guarantor in respect of payments due to be made by the Charged Assets Obligor or the Charged Assets Guarantor to the Issuer under the Charged Assets. However, there can be no assurance as to the future impact of any possible administrative or judicial decision or change to any relevant Swiss law and/or administrative practice after the date of issue of the Charged Assets.

Although the terms of the Charged Assets provide that, in the event of any withholding or deduction on account of Swiss tax being required by Swiss law, the Charged Assets Obligor or the Charged Assets Guarantor, as the case may be, shall, subject to certain exceptions, pay additional amounts so that the net amount received by the holders of the Charged Assets shall equal the amount which would have been received by such holder in the absence of such withholding or deduction, such an obligation may contravene Swiss legislation and be null and void. Although the terms of the Charged Assets provide in such circumstance for the rate of interest on the Charged Assets to be adjusted to take into account such withholding or deduction, such adjustment may also contravene Swiss legislation. In that event the amount received by the Issuer, as the holder of the Charged Assets, and the corresponding amounts payable by the Issuer to the holders of the Notes would be reduced by any such withholding or deduction.

If the Charged Assets Obligor or the Charged Assets Guarantor becomes obliged to pay additional amounts in respect of the Charged Assets following the imposition of any withholding or deduction in respect of payments of principal and interest under the Charged Assets as a result of a change in, or amendment to, the laws and regulations of Switzerland, the Charged Assets Obligor may, provided that FINMA or any domestic or foreign successor to FINMA or otherwise that has primary supervisory authority over the Charged Assets Obligor and/or the Charged Assets Guarantor's group has given (and has not subsequently withdrawn) its consent to the redemption if such consent is required, redeem all of the Charged Assets, which will result in the redemption of all of the Notes in accordance with Condition 7(b) (*Redemption Following a Charged Assets Call*).

Withholding on, or other taxes or tax reporting requirements with respect to, the Notes and/or the Original Charged Assets

The Issuer expects that payments of interest and principal (if any) on the Notes will ordinarily not be subject to withholding tax or any other taxes, duties or charges in the Netherlands or any other jurisdiction. In the event that (i) any tax, duty or charge must be withheld, accounted for or deducted from payments of principal or interest in respect of the Notes (other than a withholding or deduction in respect of FATCA), (ii) any tax, duty or charge must be withheld, accounted for or deducted from any income of the Issuer such that it would be unable to make any payment in respect of the Notes in full when due, (iii) the Issuer is or will be unable to receive any payment due in respect of the Charged Assets in full without a deduction for or on account of any withholding tax, back-up withholding or other tax, duty or charge in any jurisdiction (including a withholding in respect of FATCA), (iv) the Issuer is or will be required to pay any tax, duty or charge in any jurisdiction in respect of any payment received in respect of the Charged Assets, (v) the Issuer is or will be required to comply with any tax reporting requirement (other than in respect of FATCA and the Common Reporting Standard) in the Netherlands or Switzerland in respect of any payment received in respect of the Charged Assets or (vi) any other Tax Event has occurred in accordance with Condition 7(d) (*Redemption for Taxation Reasons*), the Issuer shall use all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction as the principal debtor or to change its residence for taxation purposes to another jurisdiction and, if it is not able to arrange such substitution or change, it shall redeem the Notes (subject to certain exceptions and all as more fully set out in, and subject to, Condition 7(d) (*Redemption for Taxation Reasons*)).

In the event that any withholding tax or deduction for tax is imposed on payments of interest on the Notes, the Noteholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax nor be reimbursed for the amount of any shortfall and no Event of Default shall occur as a result of any such withholding or deduction; however, as set out above, the Notes shall be redeemed pursuant to Condition 7(d) (*Redemption for Taxation Reasons*).

Taxation

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges, that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to the Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or by the Registrar, although such requirement will give rise to an obligation to redeem the Notes early in the circumstances described in the terms of the Notes.

Modification, waivers and substitution

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all the Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes and the Trust Deed also provide that the Trustee shall, in certain circumstances and without the consent of Noteholders, agree to (i) any modification of any of the Conditions or any of the provisions of the Transaction Documents that in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or (ii) any modification of any of the provisions of the Trust Deed, or any other documentation in connection with the issue of the Notes, if the Charged Assets Obligor has exercised its rights pursuant to (A) Charged Assets Condition 17 (*Amendment*) to vary the terms of the Original Charged Assets or (B) Charged Assets Condition 18 (*Substitution*) to substitute itself as obligor of the Original Charged Assets. The Trustee may also agree, without the consent of the Noteholders, to (i) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the Conditions or any provisions of the Transaction Documents that in the opinion of the Trustee is not materially prejudicial to the interest of the Noteholders or (ii) the substitution of another company as principal debtor under any Notes in place of the Issuer.

Managers' Security

The proceeds of the Managers' Security will, in the event that the Managers' Security becomes enforceable, be held by the Managers' Trustee on behalf of itself and the Managers and applied in respect of any Manager's Claims. Noteholders have no direct or indirect interest in the Managers' Security and will not be entitled to the proceeds of enforcement of the Managers' Security. To the extent that the Security and the Managers' Security become enforceable at the same time, the Trustee shall, to the extent relevant, take into account the interests of the Managers in priority to the interests of the Noteholders.

Credit Ratings

The Notes and the Original Charged Assets are rated securities. Prospective investors should ensure they understand what any rating associated with the Notes means and what it addresses and what it does not address. The assignment

of a rating to the Notes should not be treated by a prospective investor as meaning that such investor does not need to make its own investigations into, and determinations of, the risks and merits of an investment in the Notes.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. Neither the Managers nor the Issuer in any way represent that a rating is an accurate reflection of the risks involved in an investment in the Notes, that the relevant rating agency is an appropriate rating agency or the models used by such rating agency are appropriate for the Notes. The fact that UBS and the other Managers request a rating should not be treated by a prospective investor as meaning that UBS or the other Managers accept any responsibility for the rating or the work of the relevant rating agency or that UBS or the other Managers share the views of such rating agency, and each investor needs to make its own investigations into, and determinations of, the risks and merits of an investment in the Notes. Further, the terms on which a rating is provided by a rating agency may include a disclaimer or an exclusion by such rating agency of any liability to any person in respect of such rating.

During its holding of a Note, a Noteholder should take such steps as it considers necessary to evaluate the ongoing risks and merits of a continued investment in such Note. Such steps should not rely solely on ratings. In particular, prospective investors should not rely solely on downgrades of ratings as indicators of deteriorating credit and conversely, upgrades of ratings as indicators of improving credit. Market indicators (such as rising credit default spreads and yield spreads with respect to the relevant entity) often indicate significant credit issues prior to any downgrade. No assurance can be given that the Notes will have the same credit rating as the Original Charged Assets subsequent to any reduction in the credit rating of an Agent or otherwise.

During the global financial crisis, rating agencies have been the subject of criticism from a number of global governmental bodies that they did not downgrade entities on a sufficiently quick basis.

Prospective investors who place too much reliance on ratings, or who do not understand what the rating addresses, may be subject to unexpected losses as a result.

Independent Review and Advice

Each prospective Noteholder must determine, based on its own independent review and such legal, business and tax advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines, authorisations and restrictions (including as to its capacity) applicable to it, (iii) has been duly approved in accordance with all applicable laws and procedures and (iv) is a fit, proper and suitable investment for it, undertaken for a proper purpose.

Legality of Purchase

None of the Issuer, the Trustee, the Managers' Trustee, the Managers or the Agents or any affiliate of any of them or other person on their behalf has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, 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.

No Reliance

The Issuer, the Trustee, the Managers' Trustee, the Managers and the Agents and all affiliates of any of them disclaim any responsibility to advise purchasers of the Notes of the risks and investment considerations associated with the purchase of the Notes as they may exist at the date hereof or from time to time hereafter. Noteholders may not at any time rely on any of the Issuer, the Trustee or the Managers or any affiliate of any of them or any person on their behalf to monitor whether or not a default or an event or circumstances which, with the giving of notice, the passage of time or making of any determination, could constitute a default has occurred under the Charged Assets.

Risks Related to the Market

Limited liquidity of the Notes

Although application will be made to admit the Notes to the Official List of the Irish Stock Exchange and admit them to trading on the Main Securities Market of the Irish Stock Exchange, there is currently no secondary market for the Notes. There can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary market does develop, that it will provide the Noteholders with liquidity or that it will continue for the life of the Notes. Consequently, any investor of the Notes must be prepared to hold such Notes for an indefinite period of time or until redemption of the Notes. If the Managers begin making a market for the Notes, they are under no obligation to continue to do so and may stop making a market at any time.

Risks Related to the Charged Assets

Risk factors relating to the Original Charged Assets are provided in the sub-section titled “**Risk Factors**” of the Charged Assets Documentation attached at the Appendix hereto.

Limited Access to Information

None of the Issuer, the Trustee or the Noteholders or any other person will have any right to receive any information regarding the Charged Assets Obligor, the Charged Assets Guarantor or the Original Charged Assets (save to the extent that the Issuer is entitled to receive information relating to the Charged Assets Obligor or the Charged Assets Guarantor by virtue of its holding of Original Charged Assets).

Provision of information

None of the Issuer, the Trustee, the Managers' Trustee, the Managers or any affiliate of such persons (i) has provided (beyond what is included in this Series Memorandum) or will provide prospective purchasers of Notes with any information or advice with respect to the Charged Assets, the Charged Assets Obligor, the Charged Assets Guarantor or the Custodian, or (ii) makes any representation as to the credit quality of the Charged Assets, the Charged Assets Obligor, the Charged Assets Guarantor or the Custodian. The Issuer, the Trustee, the Managers' Trustee, the Managers or any affiliate of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Charged Assets, the Charged Assets Obligor or the Charged Assets Guarantor which will not be disclosed to Noteholders. The timing and limited scope of the information provided to Noteholders regarding the Charged Assets, the Charged Assets Obligor, the Charged Assets Guarantor and the occurrence of a Charged Assets Event or a Charged Assets Call may affect the liquidity of the Notes and the ability of Noteholders to value the Notes accordingly. None of the Issuer, the Trustee, the Managers' Trustee, the Managers or any affiliate of such persons is under any obligation to make such information, whether or not confidential, available to Noteholders.

No investigations

No investigations, searches or other enquiries have been made by or on behalf of the Issuer, the Managers, the Trustee, the Managers' Trustee or the Agents in respect of the Charged Assets, the Charged Assets Obligor or the Charged Assets Guarantor. None of the Issuer, the Managers, the Trustee or the Managers' Trustee makes any representation or warranty, express or implied, in respect of the Charged Assets, the Charged Assets Obligor or the Charged Assets Guarantor or in respect of any information contained in any documents prepared, provided or filed by or on behalf of the Charged Assets Obligor or in respect of such Charged Assets with any exchange, governmental, supervisory or self-regulatory authority or any other person.

Limitations on enforcement against the Charged Assets Obligor and the Charged Assets Guarantor

In no circumstances shall the Trustee or, as the case may be, the Managers' Trustee be permitted when acting in its capacity as trustee for the Noteholders or the Managers, nor shall the Noteholders or the Managers (when acting in their respective capacities) be permitted, to take any action against the Charged Assets Obligor or the Charged Assets Guarantor or enforce any claim that the Issuer may have against the Charged Assets Obligor or the Charged Assets Guarantor under the Charged Assets or otherwise whether before, upon, or after any security created by or pursuant to the Trust Deed becoming enforceable. Any such action shall be brought by an Enforcement Agent appointed by the Issuer (following consultation with the Trustee) for such purpose, acting as agent for the Issuer and not as trustee for the Noteholders and no Noteholder shall be entitled to give directions to either the Trustee or the Enforcement Agent (as the case may be) in relation to the manner in which any enforcement action is pursued against the Charged Assets Obligor or the Charged Assets Guarantor. In no circumstances will any Charged Assets be delivered to a Noteholder.

If the Trustee or the Enforcement Agent (as the case may be) fails to take enforcement action within a reasonable period of time, investors in the Notes will have no right to take possession of the Charged Assets or to take any action

against the Charged Assets Obligor or the Charged Assets Guarantor. However, the Noteholders have the power, exercisable by Extraordinary Resolution, to remove the Trustee provided that a successor is appointed.

No assurance can be given as to the Issuer's ability to appoint a suitable Enforcement Agent on commercially reasonable terms in the event of security being enforceable, in which case the Issuer may not be able to take effective action against the Charged Assets Obligor or the Charged Assets Guarantor.

None of the Issuer, the Trustee or the Managers' Trustee will be liable if the Issuer is unable to find anyone willing to act as the Enforcement Agent and neither the Trustee nor the Managers' Trustee shall be liable if the Issuer is unwilling to appoint an Enforcement Agent. For the avoidance of doubt, neither the Trustee nor the Managers' Trustee is itself required to act as the Enforcement Agent or to find a party willing to act as Enforcement Agent where the Issuer is unable or unwilling to do so. Neither the Trustee nor the Managers' Trustee is responsible for monitoring or supervising the actions of any Enforcement Agent so appointed and they shall not be liable for any loss suffered or incurred by any person as a result of any default, fraud or negligence on the part of any such agent so appointed. Neither the Trustee nor the Managers' Trustee will be required to give any indemnity to the Enforcement Agent. The terms of the appointment of the Enforcement Agent shall provide that the Enforcement Agent will not be permitted to hold itself out to third parties as being entitled to incur liabilities on the part of the Trustee or the Managers' Trustee.

Charged Assets

Noteholders are exposed to the market price of the Charged Assets. The Issuer may have to fund its payments by the sale of some or all of the Charged Assets at a market value. The market price of the Charged Assets will generally fluctuate with, among other things, the liquidity and volatility of the financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the Charged Assets Obligor or the Charged Assets Guarantor.

In addition, any event that causes the Charged Assets Obligor or the Charged Assets Guarantor not to make all or part of any payments on the Charged Assets, will result in corresponding reductions and delays in respect of interest and principal (if any) payable in respect of the Notes.

Noteholders will be subject to whatever redemption triggers are applicable to the Charged Assets as set out in the terms and conditions thereof. A redemption of the Charged Assets will result in the redemption of the Notes. Consequently, if at any time the Charged Assets become redeemable or repayable for whatever reason, the Issuer shall redeem each Note on the Charged Assets Call Redemption Date or Early Redemption Date, as the case may be. The amount payable to a Noteholder in such circumstances will be such Note's *pro rata* share of the Charged Assets Redemption Amount (in the case of a Charged Assets Call) or each Note's *pro rata* share of the Available Proceeds on enforcement of the Security (in the case of a Charged Assets Event).

Although the terms and conditions of the Charged Assets provide for the possibility of the Charged Assets being redeemed at the option of the Charged Assets Obligor from 29 September 2027 onwards, the Charged Assets Obligor is then still under no obligation to exercise its option to redeem the Charged Assets. Accordingly, Noteholders should be aware that the Notes may not be redeemed despite a right to redeem the Charged Assets having arisen.

Purchase, Exchange or Retirement of Notes: Tender Offers and Exchange Offers

The terms of the Notes provide that in certain circumstances (as set out in Condition 7(g) (*Purchases*)), the Issuer may participate in a Charged Assets Obligor Tender Offer or a Charged Assets Obligor Exchange Offer (each as defined in Condition 7(g) (*Purchases*)) with respect to the Charged Assets. If, in such circumstances, the Charged Assets Obligor defaults in the performance of its payment obligations under the terms of any such Charged Assets Obligor Tender Offer or Charged Assets Obligor Exchange Offer, then the Issuer will not be able to satisfy its corresponding payment obligations to Noteholders in respect of any corresponding Issuer Tender Offer or Issuer Exchange Offer (each as defined in Condition 7(g) (*Purchases*)). Any failure by the Issuer to make a payment due in connection with any Issuer Tender Offer or Issuer Exchange Offer shall constitute a default in payment in respect of the Notes for purposes of Condition 7(f) (*Redemption Following the Occurrence of an Event of Default*), leading to the Security for the Notes becoming enforceable. Accordingly, Noteholders must recognise that they will be exposed to the risk of default by the Charged Assets Obligor in respect of any Charged Assets Obligor Tender Offer or Charged Assets Obligor Exchange Offer, regardless of whether or not they participate in any corresponding Issuer Tender Offer or Issuer Exchange Offer.

Transfer restrictions in respect of the Charged Assets

The transfer of the Charged Assets is subject to certain restrictions, including but not limited to the restrictions set out in Charged Assets Condition 7 (*Transfer and Sub-Participation*) and Charged Assets Condition 8 (*Grants of Security*). In particular, the Original Charged Assets can only be transferred to certain Qualifying Banks or a Permitted Non-Qualifying Loan Noteholder (as set out more fully in the Charged Assets Documentation appended to this Series Memorandum). The Charged Assets are not listed or admitted to trading on any exchange and have not been accepted for clearance through any clearing system. As a result of the foregoing, there will be no established trading market in

the Charged Assets and the Charged Assets will be illiquid. The illiquidity of the Charged Assets may have a severely adverse effect on their market value meaning that on a realisation of the Charged Assets by the Trustee, the proceeds of sale received by the Trustee may be substantially lower than the aggregate nominal amount of the Notes. Therefore, following a realisation of the Charged Assets, Noteholders may receive significantly less than their initial investment in the Notes.

Risks Related to the Trustee and/or the Agents

Trustee and/or Enforcement Agent indemnity and remuneration

In certain circumstances, the Noteholders may be dependent on the Trustee and/or Enforcement Agent to take certain steps, actions or proceedings in respect of the Notes, in particular if the Security in respect of the Notes becomes enforceable under the Conditions. Prior to taking such steps, actions or proceedings the Trustee and/or Enforcement Agent may require to be indemnified and/or secured and/or prefunded to its satisfaction. If the Trustee and/or Enforcement Agent is not indemnified and/or secured and/or prefunded to its satisfaction, it may decide not to take such steps, actions or proceedings and such inaction will not constitute a breach by it of its obligations under the Trust Deed. Consequently, the Noteholders would have to either arrange for such indemnity and/or security and/or prefunding or accept the consequences of such inaction by the Trustee and/or Enforcement Agent. Noteholders should be prepared to bear the costs associated with any such indemnity and/or security and/or prefunding and/or the consequences of any such inaction by the Trustee and/or Enforcement Agent. Such inaction by the Trustee and/or Enforcement Agent will not entitle Noteholders to take action directly against the Issuer to pursue remedies for any breach by the Issuer of the Trust Deed or the Notes (although the events giving rise to the need for Trustee action might also permit the Noteholders to exercise certain rights directly under the Conditions).

So long as any Note is outstanding, the Issuer shall pay the Trustee and Agents remuneration for their services. Unless alternative arrangements are in place to finance such remuneration, such remuneration may reduce the amount payable to Noteholders.

Replacement of the Trustee or any Agent

If the Trustee or any Agent needs to be replaced, whether by reason of a Calculation Agent Bankruptcy Event (in the case of the Calculation Agent) or otherwise, such replacement may delay certain determinations and related payments and/or deliveries on the Notes and there is no guarantee that any replacement will be found. Any delay or failure to appoint such a replacement may have adverse consequences for the Noteholders.

Business relationships

There is no limitation or restriction on any Manager or any of its affiliates with regard to acting as adviser (or acting in any other similar role) to other parties or persons or entering into, performing or enforcing its rights in respect of a broad range of transactions in various capacities for its own account and for the account of other persons from time to time in relation to its business. This, and other future activities of it and/or its affiliates, may give rise to conflicts of interest. These interests may conflict with the interests of the Noteholders, and the Noteholders may suffer a loss as a result.

The Issuer and/or the Trustee and/or the Managers' Trustee and/or each Manager and/or any of the Agents may have existing or future business relationships with the Charged Assets Obligor or the Charged Assets Guarantor (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that it deems or they deem necessary or appropriate to protect their and/or its interests (in whatever capacity) arising therefrom (including, without limitation, any action which might constitute or give rise to a Charged Assets Call or Charged Assets Event) without regard to the consequences for a Noteholder.

The Issuer, the Trustee, the Managers' Trustee, each Manager and/or the Agents may deal in any derivatives linked to the obligations or shares of the Original Charged Assets and any other obligations of the Charged Assets Obligor or the Charged Assets Guarantor 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 the Charged Assets Obligor or the Charged Assets Guarantor and may act with respect to them in the same manner as it would have had the Notes not been in issue, regardless of whether any such action might have an adverse effect on the Charged Assets, the Charged Assets Obligor, the Charged Assets Guarantor or the position of a Noteholder or otherwise.

General Risks

Third Party Information

The Issuer has only made very limited enquiries with regards to, and none of the Managers, the Trustee or the Managers' Trustee has verified or accepts any responsibility for, the accuracy and completeness of the information in this Series Memorandum regarding the Third Party Information. Prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of, the accuracy and completeness of the Third Party Information.

Exchange rates and exchange controls

The Issuer will pay principal and interest on the Notes in EUR. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than EUR. These include the risk that exchange rates may significantly change (including changes due to a devaluation of EUR or a revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to EUR would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal and interest payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal and/or interest than expected, or no principal and/or interest at all.

DOCUMENTS INCORPORATED BY REFERENCE

This Series Memorandum should be read and construed in accordance with the Programme Memorandum which, except for the following sections, shall be deemed to be incorporated in, and form part of, this Series Memorandum:

- (i) Terms and Conditions of the Notes (pages 30 to 85 inclusive)
- (ii) the Charged Assets Sale Agreement (page 89);
- (iii) Description of the Charged Agreement (pages 91 to 92 inclusive); and
- (iv) Subscription and Sale (pages 96 to 99 inclusive).

The non-incorporated sections of the Programme Memorandum are either not relevant for investors in the Notes or are covered elsewhere in this Series Memorandum.

A copy of the Programme Memorandum is available for inspection by physical means at the registered office of the Issuer.

As at the Issue Date the Programme Memorandum is also available for viewing on the website of the Irish Stock Exchange at http://www.ise.ie/debt_documents/Base%20Prospectus_dc8ae7e5-627b-417e-b8c5-581583534461.PDF.

The audited financial statements of the Issuer for the financial year ending on 31 December 2015 are incorporated into and form part of this Series Memorandum and are available for viewing at: [http://www.elm-bv.nl/documenten/33286267/ELM%20B.V.%20-%20annual%20accounts%202015%20\(unsigned\).pdf](http://www.elm-bv.nl/documenten/33286267/ELM%20B.V.%20-%20annual%20accounts%202015%20(unsigned).pdf)

The audited financial statements of the Issuer for the financial year ending on 31 December 2014 are incorporated into and form part of this Series Memorandum and are available for viewing at: [http://www.elm-bv.nl/documenten/33286267/ELM%20B.V.%20-%20Annual%20Accounts%202014%20\(unsigned\).pdf](http://www.elm-bv.nl/documenten/33286267/ELM%20B.V.%20-%20Annual%20Accounts%202014%20(unsigned).pdf)

Any references to websites in this Series Memorandum are for information purposes only and such websites shall not form part of this document.

Any documents incorporated by reference into the Original Charged Assets Information Memorandum do not form part of this Series Memorandum.

CONDITIONS OF THE NOTES

The Notes designated as above (the “**Notes**”) shall have the following “**Conditions**” which shall replace in their entirety the Master Conditions as set out in the Issuer’s Programme Memorandum dated 12 September 2016 under the heading “Conditions of the Notes”. References to “**Conditions**” or “**Condition**” shall, unless otherwise provided, mean references to the Terms and Conditions of the Notes. Unless the context otherwise requires, expressions used herein and not otherwise defined herein shall have the meanings given to them in the terms and conditions of the Charged Assets.

The following is the text of the terms and conditions applicable to the Notes. The full text of these terms and conditions shall be incorporated by reference into each Global Registered Certificate and each Registered Certificate (if issued).

The Notes are constituted, governed and secured by the constituting instrument relating to the Notes dated the Issue Date entered into between the Issuer, the Custodian, the Issue Agent, the Calculation Agent, the Principal Paying Agent, the Registrar, the Trustee and the Managers’ Trustee (the “**Constituting Instrument**”).

The Constituting Instrument constitutes and secures the Notes by the creation of a trust deed (the “**Trust Deed**”) on the terms (as amended, modified and/or supplemented by the Constituting Instrument) set out in the master trust terms as specified in the Constituting Instrument (the “**Master Trust Terms**”).

These Conditions include summaries of, and are subject to, the detailed provisions of the Master Trust Terms, which includes the form of the Global Registered Certificate referred to below.

By executing the Constituting Instrument, the Issuer has entered into an agency agreement (the “**Agency Agreement**”) in relation to the Notes with the Principal Paying Agent, the Registrar, the Issue Agent, the Calculation Agent and the Trustee on the terms (save as amended, modified and/or supplemented by the Constituting Instrument) set out in the master agency terms as specified in the Constituting Instrument.

By executing the Constituting Instrument, the Issuer has entered into a custody agreement (the “**Custody Agreement**”) in relation to the Notes with the Custodian and the Trustee on the terms (save as amended, modified and/or supplemented by the Constituting Instrument) set out in the master custody terms as specified in the Constituting Instrument.

The Issuer and the Managers have entered into a syndication agreement dated 6 April 2017 with respect to the Notes (the “**Syndication Agreement**”).

The Issuer, the Charged Assets Obligor and the Charged Assets Guarantor have entered into a purchase agreement dated 6 April 2017 (the “**Purchase Agreement**”) in respect of the purchase by the Issuer of the EUR 500,000,000 Guaranteed Dated Subordinated Fixed to Floating Rate Loan Notes due 2047 of the Charged Assets Obligor (the “**Original Charged Assets**”) guaranteed on a subordinated basis by the Charged Assets Guarantor.

Copies of the Constituting Instrument and the relevant Series Documents as defined in and constituted by the Constituting Instrument, the Syndication Agreement, and the Purchase Agreement are available for inspection, so long as any of the Notes remain outstanding, during usual business hours at the registered office of the Issuer and the principal office of the Trustee and at the Specified Offices of the Principal Paying Agent and the Registrar.

The Noteholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Trust Terms (as amended, modified and/or supplemented by the Constituting Instrument) and are deemed to have notice of those provisions applicable to them in the Custody Agreement, the Agency Agreement and the Purchase Agreement.

As used in the Conditions, “**Tranche**” means Notes of the Series that are issued on the same date and that are identical in all respects.

1. Definitions

(a) **Definitions**

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Constituting Instrument and the Series Documents constituted thereby in addition, the following expressions have the following meanings:

“**Affiliate**” means, in relation to any person, any entity controlled, directly or indirectly, by that person, any entity that controls, directly or indirectly, that person or any entity, directly or indirectly, under

common control with that person. For this purpose “**control**” means ownership of a majority of the voting power of the entity or person.

“**Agents**” means the Principal Paying Agent, the Registrar, the Issue Agent, the Custodian, the Calculation Agent or any of them and shall include such further or other Agent or Agents as may be appointed from time to time under the Agency Agreement or the Custody Agreement, as the case may be.

“**Authorised Denomination**” has the meaning given to it in Condition 2 (*Form, Authorised Denomination and Title*).

“**Available Proceeds**” means, with respect to an Enforcement Event, as of a particular day:

- (i) any amounts realised by the Trustee (or by the Enforcement Agent and paid to the Trustee) or any receiver on enforcement of the Security and all other cash sums available to the Trustee derived from the Mortgaged Property; less
- (ii) any cash sums which have already been applied by the Trustee pursuant to Condition 14(a) (*Application of Available Proceeds of Enforcement of Security*) on any Trustee Application Date.

“**Bank**” has the meaning given to it in Condition 9(a) (*Payments of Principal and Interest*).

“**Bankruptcy Credit Event**” means the occurrence of a Credit Event as a result of Bankruptcy, and with each of “Credit Event” and “Bankruptcy” having the meaning given to them in the ISDA Credit Derivatives Definitions.

“**Business Day**” means a Reference Business Day.

“**Calculation Agent**” means The Bank of New York Mellon acting through its London Branch and any successor calculation agent appointed by the Issuer in accordance with the provisions of the Agency Agreement.

“**Calculation Agent Bankruptcy Event**” means (i) the Calculation Agent (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, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective; (D) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other 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 either 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 is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (E) has a resolution passed for its winding up 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 30 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 (i)(A) to (G) and/or (ii) a Credit Derivatives Determinations Committee has Resolved that a Bankruptcy Credit Event has occurred in respect of the Calculation Agent, or any analogous determination has been made by a committee or person under any definitions that replace the ISDA Credit Derivatives Definitions as the market standard terms for credit derivatives or under any amendment or supplement to the ISDA Credit Derivatives Definitions.

“**Charged Assets**” means the Issuer’s rights, title and/or interests in and to the Original Charged Assets (as defined above but excluding any Original Charged Assets that the Issuer may have sold or otherwise disposed of as permitted by these Conditions) and shall include the rights, title and/or interests in and to (i) any further Charged Assets acquired by the Issuer in connection with any further issue of notes that are to be consolidated and form a single series with the Notes and (ii) any asset or property (which may, for the avoidance of doubt, include the benefit of contractual rights) into which

any of the Charged Assets are converted or exchanged, or for which the Charged Assets are substituted, or that is issued to the Issuer (or any relevant person holding such Charged Assets for or on behalf of the Issuer) by virtue of its holding thereof.

“Charged Assets Call” means notice is given by the Charged Assets Obligor that the Charged Assets are called for redemption or repayment in whole in accordance with the provisions of Charged Assets Condition 3.2 (*Optional Redemption*), Charged Assets Condition 3.3 (*Redemption for Tax Reasons*), Charged Assets Condition 3.4 (*Redemption for Special Events*) or Charged Assets Condition 3.5 (*Clean-up Redemption*).

“Charged Assets Call Notification Date” has the meaning given to it in Condition 7(b)(i) (*Redemption Following a Charged Assets Call*).

“Charged Assets Call Redemption Amount” has the meaning given to it in Condition 7(b) (*Redemption Following a Charged Assets Call*).

“Charged Assets Call Redemption Date” has the meaning given to it in Condition 7(b) (*Redemption Following a Charged Assets Call*).

“Charged Assets Conditions” means, with respect to any Charged Assets, the terms and conditions of such Charged Assets as at the Charged Assets Issue Date. *See the Charged Assets Documentation that is appended to this Series Memorandum and which contains the Charged Assets Conditions for such Original Charged Assets.*

“Charged Assets Documentation” means the Information Memorandum dated 6 April 2017 in respect of the Original Charged Assets that was prepared by the Charged Assets Obligor and provided to the Issuer pursuant to the Purchase Agreement for the purpose of the Notes.

“Charged Assets Event” means if at any time any before the Charged Assets Maturity Date any Charged Assets become repayable for any reason other than a Charged Assets Call, including (without limitation) in accordance with the provisions of Charged Assets Condition 11 (*Events of Default*).

“Charged Assets Event Determination Date” has the meaning given to it in Condition 7(c)(i) (*Redemption Following a Charged Assets Event*).

“Charged Assets Final Redemption Amount” means any amounts receivable by, or on behalf of, the Issuer upon final redemption of the Original Charged Assets (but excluding any amount included in any Charged Assets Interest Amount) once the Original Charged Assets have become redeemable in accordance with the provisions of Condition 7(a) (*Redemption and Purchase – Redemption at Maturity*).

“Charged Assets Guarantor” means Helvetia Holding AG, or any successor thereto that has an obligation or duty to the Issuer (or any relevant person holding such Original Charged Assets for or on behalf of the Issuer) in respect of the Original Charged Assets in its capacity as guarantor pursuant to the terms of such Original Charged Assets.

“Charged Assets Interest Amount” means any interest amount receivable by, or on behalf of, the Issuer in respect of the Charged Assets in accordance with the Charged Assets Conditions, including but not limited to any interest amounts so receivable under Charged Assets Condition 2.1 (*Fixed Rate of Interest*), Charged Assets Condition 2.2 (*Floating Rate of Interest*) and Condition 3 (*Redemption*). For the avoidance of doubt, (i) any interest deferred pursuant to Charged Assets Condition 2.5a. (*Optional Deferral of Interest Payments*) or Charged Assets Condition 2.5b. (*Mandatory Deferral of Interest*) shall not constitute a Charged Assets Interest Amount until the scheduled day of payment of the relevant Deferred Interest (as defined in Charged Assets Condition 2.5d. (*Settlement of Deferred Interest*)) following such deferral; and (ii) the payment of any Deferred Interest in respect of the Charged Assets shall constitute a Charged Assets Interest Amount.

“Charged Assets Interest Payment Date” means any date on which a Charged Assets Interest Amount is received by, or on behalf of, the Issuer pursuant to the Charged Assets Conditions. For the avoidance of doubt, if interest is payable by the Charged Assets Obligor on any day under the Charged Assets Conditions but such interest is not received (whether because such interest is deferred pursuant to Charged Assets Condition 2.5a. (*Optional Deferral of Interest Payments*), Charged Assets Condition 2.5b. (*Mandatory Deferral of Interest*), or otherwise) by, or on behalf of, the Issuer, such day shall not constitute a Charged Assets Interest Payment Date.

"Charged Assets Issue Date" means, with respect to any Charged Assets, the "Issue Date" as such term is defined in the Charged Assets Conditions for such Charged Assets.

"Charged Assets Maturity Date" means:

- (i) if, on or prior to the Charged Assets Scheduled Maturity Date, none of the circumstances described in paragraph (ii) or (iii) below has occurred, the Charged Assets Scheduled Maturity Date; or
- (ii) if, on or prior to the Charged Assets Scheduled Maturity Date, a Solvency Event (as defined in the Charged Assets Conditions) has occurred and such Solvency Event is continuing on the Charged Assets Scheduled Maturity Date (as evidenced by the absence of any public statement by the Charged Assets Obligor that the Solvency Event has been cured), the Charged Assets Interest Payment Date which is immediately following the day on which the Solvency Event has lapsed, provided that FINMA or a Successor Authority (as defined in the Charged Assets Conditions) has given its consent to the final redemption of the Charged Assets; or
- (iii) if FINMA or a Successor Authority has not given its consent to the final redemption of the Charged Assets on the Charged Assets Scheduled Maturity Date, if required at that time under applicable capital or solvency regulations, the Charged Assets Interest Payment Date which is immediately following the day on which FINMA or a Successor Authority has given its consent to the final redemption of the Charged Assets.

"Charged Assets Obligor" means Helvetia Schweizerische Versicherungsgesellschaft AG, or any successor thereto that has an obligation or duty to the Issuer (or any relevant person holding such Original Charged Assets for or on behalf of the Issuer) in respect of the Original Charged Assets in its capacity as issuer pursuant to the terms of such Original Charged Assets.

"Charged Assets Obligor Exchange Offer" has the meaning given to it in Condition 7(g) (*Purchases*).

"Charged Assets Obligor Tender Offer" has the meaning given to it in Condition 7(g) (*Purchases*).

"Charged Assets Rate of Interest" means:

- (i) in respect of the Initial Interest Period, a fixed rate of 3.375 per cent. per annum being equivalent to the rate of interest as set out under Charged Assets Condition 2.1 (*Fixed Rate of Interest*); and
- (ii) thereafter, a floating rate of interest determined by the Calculation Agent in respect of each relevant Interest Accrual Period as of 11.00 a.m. (Brussels time) on the second TARGET Settlement Day prior to the commencement of the relevant Interest Accrual Period (each an **"Interest Determination Date"**) by reference to the euro interbank offered rate administered by the European Money Markets Institute (or any other entity which takes over the administration of that role) for three month euro deposits (**"3 months EURIBOR"**) and displayed on Reuters page EURIBOR 01 (or any replacement page on that service that displays that rate) (the **"Screen Rate"**), plus 2.65 per cent. plus one per cent. per annum, being equivalent to the floating rate of interest as determined pursuant to Charged Assets Condition 2.2 (*Floating Rate of Interest*),

provided that:

- (A) for the purpose of a floating rate of interest:
 - (I) if no Screen Rate is available on an Interest Determination Date for 3 months EURIBOR, the applicable 3 months EURIBOR shall be the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between (x) the applicable Screen Rate for the longest period (for which the Screen Rate is available) which is less than 3 months; and (y) the applicable Screen Rate for the shortest period (for which the Screen Rate is available) which exceeds 3 months, each as of the relevant Interest Determination Date;

- (II) if no Screen Rate is available for 3 months EURIBOR and it is not possible to calculate an interpolated Screen Rate in accordance with (I) above, the applicable rate for 3 months EURIBOR shall be determined by the Calculation Agent as the reference bank rate calculated in accordance with the Charged Assets Conditions for 3 months; and
 - (III) if no Screen Rate is available for 3 months EURIBOR and it is not possible to calculate an interpolated Screen Rate in accordance with (I) above and no or only one reference bank is available to provide the reference bank rate in accordance with the Charged Assets Conditions, the applicable rate shall be the most recent applicable Screen Rate; and
- (B) for the purpose of any Interest Amount, if a Tax Deduction is required by law to be made by the Charged Assets Obligor (in respect of any payment to the Issuer of interest in respect of the Charged Assets) or the Charged Assets Guarantor (in respect of any payment to the Issuer under the Guarantee) for Swiss Withholding Tax, and it would be unlawful for the Charged Assets Obligor or the Charged Assets Guarantor, as applicable, to (I) make such payment free and clear of such Swiss Withholding Tax, or (II) pay such additional amount where required to ensure that the Issuer as a holder of the Charged Assets would have received an amount equal to that which it would have received if no Tax Deduction had been required, such rate of interest will be adjusted by the Calculation Agent to reflect any adjustment made in accordance with Charged Assets Condition 2.3 (*Recalculation of Interest*) and the adjusted rate of interest will be the quotient of (x) the interest rate which would have applied to that interest payment affected by such Tax Deduction, and (y) one minus the rate at which such Tax Deduction is required to be made under Swiss domestic tax law and/or applicable double taxation treaties (such rate for these purposes to be expressed as a fraction of one). For the purposes hereof, "Guarantee", "Swiss Withholding Tax" and "Tax Deduction" shall have the meanings given to them in the Charged Assets Conditions.

"Charged Assets Redemption Amount" means any amount receivable upon redemption or repayment of the Charged Assets (but excluding any amount included in any Charged Assets Interest Amount) once the Charged Assets have become redeemable or repayable in accordance with the provisions of Charged Assets Condition 3.2 (*Optional Redemption*), Charged Assets Condition 3.3 (*Redemption for Tax Reasons*), Charged Assets Condition 3.4 (*Redemption for Special Events*) or Charged Assets Condition 3.5 (*Clean-up Redemption*).

"Charged Assets Scheduled Maturity Date" means 29 September 2047.

"Charged Assets Tax Event" has the meaning given to it in Condition 7(d)(i) (*Redemption for Taxation Reasons*).

"Clearstream, Luxembourg" means Clearstream Banking S.A., or any successor entity thereto.

"Common Reporting Standard" means any automatic exchange of information regime arising from or in connection with the OECD Common Reporting Standard, and any regulations made thereunder or associated therewith, and any interpretations or guidance thereof.

"Conditions" means, in respect of the Notes, these terms and conditions. References to a particularly numbered Condition shall be construed as a reference to the Condition so numbered in these terms and conditions.

"Credit Derivatives Determinations Committee" has the meaning given to it in the ISDA Credit Derivatives Definitions.

"Custodian" means The Bank of New York Mellon acting through its London Branch and any successor custodian appointed by the Issuer (with the prior approval of the Trustee) in accordance with the provisions of the Custody Agreement.

"Default Interest" has the meaning given to it in Condition 6(b) (*Accrual of Interest*).

"Early Redemption Amount" means, in respect of each Note outstanding on the relevant Early Redemption Date, an amount in EUR equal to such Note's *pro rata* share of the Available Proceeds.

"Early Redemption Commencement Date" has the meaning given to it in Condition 7 (*Redemption and Purchase*).

“Early Redemption Date” means the thirty-fifth Reference Business Day following the relevant Early Redemption Commencement Date.

“Early Redemption Notice” means an irrevocable notice from the Issuer to Noteholders in accordance with Condition 21 (*Notices*) (or, in the case of Condition 7(f) (*Redemption Following the Occurrence of an Event of Default*), from the Trustee to the Issuer) that specifies that the Notes are to be redeemed pursuant to one of Conditions 7(c) (*Redemption Following a Charged Assets Event*) to 7(f) (*Redemption Following the Occurrence of an Event of Default*). An Early Redemption Notice given pursuant to Condition 7 (*Redemption and Purchase*) must contain a description in reasonable detail of the facts relevant to the determination that the Notes are to be redeemed and, in the case of an Early Redemption Notice given by the Issuer, must specify which of Conditions 7(c) (*Redemption Following a Charged Assets Event*) to 7(f) (*Redemption Following the Occurrence of an Event of Default*), as the case may be, are applicable. A copy of any Early Redemption Notice shall also be sent by the Issuer, or the Trustee, as the case may be, to all Transaction Parties, save that any failure to deliver a copy shall not invalidate the relevant Early Redemption Notice.

“Enforcement Agent” means any entity appointed by the Issuer in accordance with the Trust Deed (following consultation with the Trustee and the Managers’ Trustee) to act as enforcement agent of the Issuer.

“Enforcement Event” means the occurrence of any of the events specified in Condition 12(b) (*Enforcement of Security*).

“Enforcement Notice” has the meaning given to it in Condition 12(a) (*Enforcement Notice*).

“Equivalent Obligations” means any Obligations that are issued in fungible form and that share common terms and conditions.

“Euroclear” means Euroclear Bank S.A./N.V., as operator of the Euroclear System, or any successor entity thereto.

“Event of Default” has the meaning given to it in Condition 7(f) (*Redemption Following the Occurrence of an Event of Default*).

“Extraordinary Resolution” has the meaning ascribed to it in the Master Trust Terms.

“FATCA” means (i) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986; (ii) any similar or successor legislation to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986; (iii) any agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986; (iv) any regulations or guidance pursuant to any of the foregoing; (v) any official interpretations of any of the foregoing; (vi) any intergovernmental agreement to facilitate the implementation of any of the foregoing (an **“IGA”**); or (vii) any law implementing an IGA.

“FATCA Withholding Tax” means any withholding imposed on any payments in respect of the Notes pursuant to FATCA.

“FINMA” means the Swiss Financial Market Supervisory Authority or any successor authority.

“Final Redemption Amount” means in respect of each Note, an amount in EUR equal to such Note’s *pro rata* share of the Charged Assets Final Redemption Amount actually received by or on behalf of the Issuer on the Charged Assets Maturity Date.

An **“Illegality Event”** shall occur if, due to the adoption of, or any change in, any applicable law after the Issue Date, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful for the Issuer (i) to perform any absolute or contingent obligation to make a payment or delivery in respect of the Notes or any agreement entered into in connection with the Notes, (ii) to hold any Charged Assets or to receive a payment or delivery in respect of any Charged Assets or (iii) to comply with any other material provision of any agreement entered into in connection with the Notes.

“Initial Interest Period” means the period from (and including) the Interest Commencement Date to (but excluding) the Interest Reset Date.

"interest", in the context of amounts payable in respect of the Notes, shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 6 (*Interest*).

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date PROVIDED THAT if the Charged Assets are redeemed pursuant to Charged Assets Condition 3.2 (*Optional Redemption*), Charged Assets Condition 3.3 (*Redemption for Tax Reasons*), Charged Assets Condition 3.4 (*Redemption for Special Events*) or Charged Assets Condition 3.5 (*Clean-up Redemption*), the final Interest Accrual Period shall end on (but exclude) the date fixed for redemption of the Charged Assets.

"Interest Amount" means, in respect of a Note and an Interest Payment Date, such Note's *pro rata* share of an amount equal to any Charged Assets Interest Amount actually received by, or on behalf of, the Issuer corresponding to the relevant Interest Accrual Period relating to such Interest Payment Date as determined by the Calculation Agent.

"Interest Commencement Date" means the Charged Assets Issue Date.

"Interest Payment Date" means the Business Day immediately following a Charged Assets Interest Payment Date.

"Interest Period Date" means:

- (i) in respect of the Initial Interest Period, 29 September in each year from, and including, 29 September 2017 to, and including, the Interest Reset Date, which for the avoidance of doubt shall not be subject to any adjustment in accordance with a business day convention; and
- (ii) following the Interest Reset Date, 29 December, 29 March, 29 June and 29 September in each year from, and including, 29 September 2027 to, and including, the Charged Assets Maturity Date subject to adjustment in accordance with the Modified Following Business Day Convention.

"Interest Reset Date" means the Charged Assets Interest Payment Date falling on or around 29 September 2027.

"ISDA" means the International Swaps and Derivatives Association, Inc.

"ISDA Credit Derivatives Definitions" means the 2014 ISDA Credit Derivatives Definitions, as published by ISDA.

"Issue Agent" means The Bank of New York Mellon, acting through its London Branch.

"Issue Date" means 11 April 2017.

"Issuer" means ELM B.V..

"Issuer Exchange Offer" has the meaning given to it in Condition 7(g) (*Purchases*).

"Issuer Tender Offer" has the meaning given to it in Condition 7(g) (*Purchases*).

"Manager" means each of UBS Limited, BNP Paribas, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, and Raiffeisen Switzerland Cooperative.

"Managers' Available Proceeds" means all monies received by the Managers' Trustee (or any receiver appointed by it) in connection with the realisation or enforcement of the Managers' Security.

"Manager's Claim" has the meaning given to it in Condition 4(b) (*Managers' Security*).

"Managers' Secured Parties" means the Managers, the Managers' Trustee and the Enforcement Agent (to the extent that it has taken any action in connection with the Managers' Security).

"Managers' Secured Property" means the assets and contractual rights in respect of the agreements comprising the property over which the Managers' Security are secured pursuant to the Trust Deed, as described in Condition 4(b) (*Managers' Security*).

"Managers' Security" means the security constituted by the Trust Deed in respect of the Notes as described in sub-paragraphs (i), (ii) and (iii) of Condition 4(b) (*Managers' Security*).

"Managers' Security Obligations" means any obligation of the Issuer to make payment to a Manager in respect of a Manager's Claim under the Syndication Agreement or to the Managers' Trustee or the Enforcement Agent pursuant to Condition 14(b) (*Application of Managers' Available Proceeds of Enforcement of Managers' Security*).

"Managers' Trustee" means The Law Debenture Corporation p.l.c. as trustee in respect of the Managers' Security.

"Managers' Trustee Application Date" means each date on which the Managers' Trustee determines to apply the Managers' Available Proceeds in accordance with these Conditions and the provisions of the Trust Deed.

"Maturity Date" means the second Business Day immediately following the Charged Assets Maturity Date.

"Mortgaged Property" means:

- (i) the Charged Assets and all property, assets and sums derived therefrom;
- (ii) all cash (if any) held by the Issuer in respect of the Notes;
- (iii) the rights and interest of the Issuer under the Purchase Agreement and the rights, title and interest of the Issuer in all property, assets and sums derived from the Purchase Agreement, but only to the extent such rights, title and interests relate to the Issuer's right to acquire the Original Charged Assets;
- (iv) the rights and interest of the Issuer under the Agency Agreement and the rights, title and interest of the Issuer in all property, assets and sums derived from the Agency Agreement;
- (v) the rights and interest of the Issuer under the Custody Agreement and the rights, title and interest of the Issuer in all property, assets and sums derived from the Custody Agreement; and
- (vi) the rights, title and interest of the Issuer in any other assets, property, income, rights and/or agreements of the Issuer (other than the Issuer's share capital) from time to time charged or assigned or otherwise made subject to the Security created by the Issuer in favour of the Trustee pursuant to the Trust Deed, as the case may be,

in each case securing the Secured Payment Obligations and includes, where the context permits, any part of that Mortgaged Property.

"Note Tax Event" has the meaning given to it in Condition 7(d)(i) (*Redemption for Taxation Reasons*).

"Noteholder" means the registered holder of a Note.

"Notes" means the secured notes issued in accordance with these Conditions.

"Obligation" means any derivative transactions (including, without limitation, currency exchange and currency hedging arrangements, swap transactions (including, without limitation, total return, default and funded default swaps) options or futures transactions buy-sell back transactions, sale and repurchase agreements)) or any obligation of the Issuer for the payment or repayment of borrowed money, which shall include, without limitation, any Note and any other obligation that is in the form of, or represented by, a bond, note, certificated debt security or other debt security and any obligation that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement.

"Original Charged Assets" has the meaning given to it in the recitals to these Conditions.

"principal" shall be deemed to include any premium payable in respect of the Notes, the Final Redemption Amount, any Early Redemption Amount and all other amounts in the nature of principal payable pursuant to Condition 7(a) (*Redemption at Maturity*) to Condition 7(f) (*Redemption Following the Occurrence of an Event of Default*).

"Principal Paying Agent" means The Bank of New York Mellon acting through its London Branch and any successor or other principal paying agent appointed by the Issuer (with the prior written approval of the Trustee) in accordance with the provisions of the Agency Agreement.

"Programme" means the Issuer's programme for the issuance of secured notes or alternative investments.

"Prospectus Directive" means Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU.

"Purchase Agreement" has the meaning given to it in the recitals to these Conditions.

"Reference Business Day" means a (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and Zurich and (ii) a TARGET Settlement Day.

"Registrar" means The Bank of New York Mellon SA/NV, Luxembourg (formerly The Bank of New York Mellon (Luxembourg) S.A.) and any successor or other registrar appointed by the Issuer (with the prior approval of the Trustee) in accordance with the provisions of the Agency Agreement.

"Residual Amount" means, with respect to an application of Available Proceeds or Managers' Available Proceeds, as applicable, all remaining proceeds (if any) after the application of the Available Proceeds or Managers' Available Proceeds, as applicable, to satisfy the payments set out in Condition 14(a)(i) to (iii) (*Application of Available Proceeds of Enforcement of Security*) or in Condition 14(b)(i) to (iii) (*Application of Managers' Available Proceeds of Enforcement of Managers' Security*), as applicable.

"Resolved" has the meaning given to it in the ISDA Credit Derivatives Definitions.

"Secured Creditor" means each person that is entitled to the benefit of Secured Payment Obligations.

"Secured Payment Obligations" means the payment obligations of the Issuer under the Trust Deed and each Note, together with any obligation of the Issuer to make payment to any Agent and any Enforcement Agent pursuant to Condition 14(a) (*Application of Available Proceeds of Enforcement of Security*), as the case may be.

"Security" means the security constituted by the Trust Deed in respect of the Notes described in Condition 4(a) (*Security*).

"Series Minimum Profit" means, in relation to the Notes, an amount which, together with any other amounts (if any) retained by the Issuer in respect of other series, is at least equal to the annual minimum taxable profit to be required to be retained by the Issuer pursuant to the letter dated 4 July 2005 by Simmons & Simmons issued on behalf of the Issuer to the Dutch tax authorities, Tax Office Amsterdam / Amsterdam office, signed by Mr. L.S. Qua for approval on 22 July 2005 (the **"Tax Agreement"**).

"Specified Currency" means EUR, being the currency in which the Notes are denominated.

"Specified Office" means, in relation to an Agent, the office identified with its name in these Conditions or any other office approved by the Trustee and notified to the Noteholders.

"Standard & Poor's" means Standard & Poor's Credit Market Services Europe Limited, established in the European Union and registered under Regulation (EC) 1060/2009 on credit rating agencies.

"Syndication Agreement" has the meaning given to it in the recitals to these Conditions.

"TARGET Settlement Day" means any day on which the TARGET System is open.

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system or any successor thereto.

"Tax Event" means a Note Tax Event and/or a Charged Assets Tax Event.

"Transaction Document" means, in respect of the Notes, each of the Constituting Instrument (including any agreement constituted or created by the Constituting Instrument), the Syndication Agreement and the Purchase Agreement.

"Transaction Party" means each party to a Transaction Document other than the Issuer.

"Trustee" means The Law Debenture Corporation p.l.c. as initial trustee, but which definition shall include all persons for the time being acting as the trustee or trustees under the Trust Deed.

"Trustee Application Date" means each date on which the Trustee determines to apply the Available Proceeds in accordance with these Conditions and the provisions of the Trust Deed.

(b) **Interpretation**

References to any Transaction Document are to those documents as they may be subsequently amended, supplemented or replaced in respect of the Notes as permitted by these Conditions and the Trust Deed with respect to the Notes.

2. **Form, Authorised Denomination and Title**

The Notes issued pursuant to these Conditions constitute a series ("**Series**") issued pursuant to the Programme.

The Notes are issued in registered form ("**Registered Notes**") and may have an authorised denomination of not less than EUR 100,000 or integral multiples of EUR 1,000 in excess thereof (the "**Authorised Denomination**"). The Registered Notes will be represented by a global registered certificate (the "**Global Registered Certificate**") which will be deposited with and registered in the name of a Common Depository (or its nominee) on behalf of Euroclear and Clearstream, Luxembourg. The principal amount of the Notes represented by the Global Registered Certificate will be specified on the face of the Global Registered Certificate. Subject to the procedures discussed below, title to the Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar (the "**Register**").

Payments of principal or interest (if any) in respect of the Global Registered Certificate will be made through Euroclear or Clearstream, Luxembourg against in the case of payments of principal only presentation or surrender, as the case may be, of the Global Registered Certificate. The Global Registered Certificate will be exchangeable in whole but not in part, for one or more definitive certificates (each a "**Registered Certificate**") at the option of the Trustee or of the holder (or all of the holders acting together, if more than one) (a) if the Notes become due and payable as the result of an Event of Default in accordance with Condition 7(f) and payment is not made on due presentation of the Global Registered Certificate for payment or, (b) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (otherwise than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or to cease to make its book-entry system available for settlement of beneficial interests in such Global Registered Certificate or does in fact do either of such things and no alternative clearing system satisfactory to the Trustee and the Registrar (after consultation with the Issuer) is available.

For so long as the Notes are represented by a Global Registered Certificate and the Global Registered Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, beneficial interests in Notes will only be transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg and each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than each such clearing system to the extent that it is an account holder with the other clearing system for the purpose of operating the "bridge" between the clearing systems) as the holder of a particular principal amount of the Notes (in which regard (a) any certificate or other document issued by Euroclear or Clearstream, Luxembourg or (b) a print-out generated by accessing the EUCLID or CreationOnline systems (or any successor systems), as to the principal amount of the Notes standing to the account of any person (an "**Accountholder**") shall be conclusive and binding for all purposes) shall be treated by the Issuer, the Trustee and the Agents as the holder of such principal amount of the Notes (and the expression "Noteholders" and references to "holding of Notes" and to "holder of the Notes" shall be construed accordingly) for all purposes other than the entitlement to receive payments of principal, interest or any amounts due on redemption in respect of the Global Registered Certificate.

Each Accountholder must look solely to its Clearing System for such Accountholder's share of each payment or distribution of any other entitlement made by the Issuer to the registered holder of the Registered Notes represented by the Global Registered Certificate and in relation to all other rights arising under the Global Registered Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Registered Certificate will be determined by the respective rules and procedures of their Clearing System. Accountholders shall have no claim directly against the Issuer, the Trustee or any other person (other than their Clearing System) in respect of payments or distributions of other entitlements due under the Global Registered Certificate which are made by the Issuer to the registered holder of the Registered Notes represented by the Global Registered Certificate and such obligations of the Issuer shall be discharged thereby.

Registered Notes represented by a Registered Certificate may be transferred in whole or in part in an Authorised Denomination upon the surrender of the Registered Certificate representing such Registered Notes, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. In the case of such a transfer, or a transfer of part only of a Registered Certificate, new Registered Certificates in the relevant amounts will be issued to the transferor and the transferee.

Each new Registered Certificate to be issued upon the transfer of Registered Notes will, within three business days (in the place of the specified office of the Registrar to whom the form of transfer shall have been delivered) of receipt of such form of transfer, be available for delivery at the specified office of the Registrar stipulated in the form of transfer, or be mailed at the risk of the holder entitled to the Registered Certificate to such address as may be specified in such form of transfer.

Exchange of Registered Certificates on transfer will be effected without charge by or on behalf of the Issuer or the Registrar but upon payment (or the giving of such indemnity as the Registrar may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

No Noteholder may require the transfer of a Registered Note to be registered during the period of 15 days ending on the due date for any payment of principal, interest or any amounts due upon redemption of such Note.

3. Constitution, Status and the Charged Assets

(a) Constitution and Status of Notes

The Notes are constituted and secured by the Trust Deed. The Notes are secured, limited recourse obligations of the Issuer, at all times ranking *pari passu* and without any preference among themselves, secured in the manner described in Condition 4 (*Security*) and recourse in respect of which is limited in the manner described in Conditions 14 (*Application of Available Proceeds or Managers' Available Proceeds*), 15 (*Enforcement of Rights or Security*) and 16(a) (*General Limited Recourse*).

(b) Original Charged Assets

In connection with the issue of the Notes, and pursuant to the Purchase Agreement, the Issuer will acquire rights, title and/or interest in and to the Original Charged Assets. Security will be granted by the Issuer over the Original Charged Assets in the manner set out in Condition 4 (*Security*). The Original Charged Assets will be held by or on behalf of the Issuer subject to the provisions of Charged Assets Condition 7 (*Transfer and Sub-Participation*) and Charged Assets Condition 8 (*Grants of Security*).

(c) Payments in respect of the Notes linked to the Original Charged Assets

Payments of principal and interest in respect of the Notes are linked to payments of principal and interest in respect of the Original Charged Assets. Any event that permits or requires the Charged Assets Obligor not to make all or part of any scheduled payment of interest or principal in respect of the Original Charged Assets, or to delay any such scheduled interest or principal payments, will result in corresponding reductions or delays to the interest and/or principal payable in respect of the Notes.

4. Security

(a) Security

The Secured Payment Obligations are secured in favour of the Trustee for the benefit of itself and the other Secured Creditors, pursuant to the Trust Deed, by:

- (i) a first fixed charge over the Charged Assets and all property, assets and sums derived therefrom (from time to time);
- (ii) an assignment by way of security of all the Issuer's rights, title and interest attaching or relating to the Charged Assets and all property, sums or assets derived therefrom;
- (iii) an assignment by way of security of the Issuer's rights, title and interest under the Purchase Agreement to acquire the Original Charged Assets;
- (iv) a first fixed charge over all proceeds of, income from, and sums arising from enforcement of any claim under the Purchase Agreement, but only to the extent such claim relates to the Issuer's right to acquire the Original Charged Assets;
- (v) an assignment by way of security of the Issuer's rights, title and interest against the Custodian, to the extent that they relate to the Charged Assets and/or the Notes;
- (vi) an assignment by way of security of the Issuer's rights, title and interest under the Agency Agreement, to the extent they relate to the Charged Assets and/or Notes;
- (vii) an assignment by way of security of the Issuer's rights, title and interest under the Custody Agreement, to the extent that they relate to any assets held by the Custodian in respect of the Notes;
- (viii) an assignment by way of security over the Issuer's rights, title and interest under the Trust Deed, to the extent they relate to the appointment of the Enforcement Agent as the Issuer's agent in connection with the rights and assets of the Issuer referred to in paragraphs (i) to (vii) above; and
- (ix) a first fixed charge over all sums held or received by the Principal Paying Agent, the Custodian and/or the Enforcement Agent to meet payments due in respect of any Secured Payment Obligation.

Certain of the assets being the subject of the Security shall be released automatically, without the need for any notice or other formalities, to the extent required for the Issuer to be able to duly make any payment or delivery in respect of the Notes and/or the other Transaction Documents which is due and payable or deliverable, or in connection with the purchase of Notes or as otherwise provided for under these Conditions or the relevant Transaction Documents.

(b) **Managers' Security**

Pursuant to the Trust Deed, the Managers' Security Obligations are secured in favour of the Managers' Trustee for the benefit of itself, the Managers and the Enforcement Agent by:

- (i) an assignment by way of security of the Issuer's rights, title and interest under the Purchase Agreement and all sums and assets derived therefrom, but excluding the Issuer's rights, title and interest under the Purchase Agreement to acquire the Original Charged Assets;
- (ii) a first fixed charge over the proceeds of, income from, and sums arising from, the enforcement of any claim under the Purchase Agreement, except for any claim of the Issuer in relation to its rights, title and interest to acquire the Original Charged Assets; and
- (iii) an assignment by way of security of the Issuer's rights, title and interest under the Trust Deed to the extent they relate to the appointment of the Enforcement Agent as the Issuer's agent in connection with the rights and assets referred to in paragraphs (i) and (ii) above.

The Managers' Security is granted as continuing security in respect of (i) any claim a Manager may have (a "**Manager's Claim**") against the Issuer under the Syndication Agreement arising from any representation, warranty, covenant or agreement given therein by the Issuer regarding the Charged Assets, the Charged Assets Obligor, the Charged Assets Guarantor and the Charged Assets Documentation prepared by the Charged Assets Obligor in respect of the Original Charged Assets and (ii) certain fees, costs, remuneration, charges, expenses and liabilities of the Managers' Trustee and the Enforcement Agent relating to their respective functions in connection with the Managers' Security.

No person other than the Managers' Secured Parties shall have any interest in the Managers' Security and the Managers' Security shall not form part of the Mortgaged Property. If the Managers' Security becomes enforceable, the Security for the Notes shall not consequently become enforceable and the Notes shall not be affected thereby and shall accordingly remain outstanding. Notwithstanding the foregoing, if in the sole discretion of the Trustee and the Managers' Trustee it is necessary (i) to enforce the Security so as to enforce the Managers' Security, then the Security shall become enforceable solely to the extent necessary to enforce the Managers' Security; and/or (ii) to enforce the Managers' Security so as to enforce the Security, then the Managers' Security shall become enforceable solely to the extent necessary to enforce the Security.

Each Managers' Secured Party (when acting in such capacity), in respect of the Managers' Security, is subject to limited recourse provisions as described in Condition 16 (*Limited Recourse and Non-Petition*) in respect of the Managers' Secured Property, in accordance with the provisions of the Syndication Agreement and the Trust Deed in relation to the Notes, as applicable.

Neither any Manager nor the Managers' Trustee (when acting in such capacity) is permitted to take any action against the Charged Assets Obligor or the Charged Assets Guarantor or to enforce any claim that the Issuer may have against the Charged Assets Obligor or the Charged Assets Guarantor in respect of the Charged Assets or the Purchase Agreement or otherwise whether before, upon or after the Managers' Security becoming enforceable. The Managers' Secured Parties must rely on similar (but not identical) rights to those of the Noteholders, including a right of consultation and agreement with the Issuer (or, where applicable, the Enforcement Agent acting as agent of the Issuer) in relation to any such action or enforcement of any such claim and/or a right to remove the Managers' Trustee, in each case in accordance with the provisions of the Trust Deed in relation to the Notes.

For the avoidance of doubt, the assignment by way of security in favour of the Trustee of the Issuer's rights, title and interest under the Purchase Agreement to acquire the Original Charged Assets, and the first fixed charge in favour of the Trustee of all proceeds from, income from, and sums arising from enforcement of any such claim under the Purchase Agreement, shall form part of the Mortgaged Property (but, in the case of the latter, only if and to the extent that such claim relates to the Issuer's right to acquire the Charged Assets) and not the Managers' Secured Property.

(c) Issuer's Rights as Beneficial Owner of Charged Assets

Prior to the Trustee effectively giving a valid Enforcement Notice to the Issuer (copied to the Custodian and the Enforcement Agent), the Issuer may, with the prior written consent of the Trustee or with the sanction of an Extraordinary Resolution or, where applicable, in accordance with Condition 7(g) (*Purchases*):

- (i) take such action in relation to the Mortgaged Property as it may think expedient (including to direct the Enforcement Agent to enforce the terms of the Charged Assets as contemplated thereby, or its rights, title and interest under the Purchase Agreement to acquire the Original Charged Assets); and
- (ii) exercise any rights incidental to the ownership of the Mortgaged Property and, in particular (but without limitation and without responsibility for their exercise), any voting rights in respect of such property and all rights to enforce any ownership interests in respect of such property.

The Issuer will not exercise any rights with respect to Mortgaged Property unless it has the consent or sanction referred to above, or is acting in accordance with Condition 7(g) (*Purchases*), and, if such consent or sanction is given, the Issuer will act only in accordance with such consent or sanction or, if it is acting in accordance with Condition 7(g) (*Purchases*), the Issuer will only act in accordance with the provisions of such Condition.

(d) Issuer's Rights as Party to the Purchase Agreement

The Issuer shall consult in good faith with the Managers to agree the manner in which the Issuer will exercise any of its rights under the Purchase Agreement (other than its rights, title and interest under the Purchase Agreement to acquire the Original Charged Assets) being the subject matter of the Managers' Security and shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) act in accordance with any such agreement.

5. Restrictions

So long as any Note remains outstanding, the Issuer shall not, without the prior consent in writing of the Trustee:

- (a) engage in any business other than the issuance or entry into of Obligations, the entry into of related agreements and transactions and the performing of acts incidental thereto or necessary in connection therewith (including enforcing its rights in relation thereto and entering into any agreement in order to facilitate compliance with the regulatory obligations of the Issuer and/or any other relevant party), and provided that:
 - (i) such Obligations are secured on specified assets of the Issuer (other than the Issuer's share capital and any account into which any amounts required to be retained by the Issuer as minimum profit by the Issuer under the Tax Agreement have been deposited (the "**Issuer Dutch Account**") and any assets securing any other Obligations (other than Equivalent Obligations)); and
 - (ii) such Obligations and any related agreements contain provisions that limit the recourse of any holder of, or counterparty to, such Obligations and of any party to any related agreement to assets other than those to which any other Obligations (other than Equivalent Obligations) have recourse;
- (b) sell, transfer or otherwise dispose of any of the Mortgaged Property or any right or interest therein or create any mortgage, charge or other security or right of recourse in respect thereof;
- (c) cause or permit the priority of the Security created by the Trust Deed to be amended, terminated or discharged;
- (d) release any party to the Trust Deed or the Constituting Instrument from any existing obligations thereunder;
- (e) have any subsidiaries;
- (f) consent to any variation of, or exercise any powers of consent or waiver pursuant to, the terms of these Conditions, the Trust Deed, the Constituting Instrument or any Transaction Document;
- (g) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any person;
- (h) have any employees;
- (i) issue any shares (other than such shares as are in issue at the Issue Date) or make any distribution to its shareholders (other than in relation to the above mentioned shares already in issue at the Issue Date);
- (j) open or have any interest in any account with a bank or financial institution unless (i) such account relates to the issuance or entry into of Obligations and such Obligations have the benefit of security over the Issuer's interest in such account or (ii) such account is opened in connection with the administration and management of the Issuer and only moneys necessary for that purpose are credited to it;
- (k) declare or pay any dividend or other distribution to its members, other than from the Issuer Dutch Account to the shareholder of the Issuer;
- (l) purchase, own, lease or otherwise acquire any real property (including office premises or like facilities);
- (m) guarantee, act as surety for or become obligated for the debts of any other entity or person or enter into any agreement with any other entity or person whereby it agrees to satisfy the obligations of such entity or person or any other entity or person;
- (n) acquire any securities or shareholdings whatsoever from its shareholders or enter into any agreements whereby it would be acquiring the obligations and/or liabilities of its shareholders;

- (o) except as required in connection with the issuance or entry into of Obligations, advance or lend any of its moneys or assets, including but not limited to the Mortgaged Property, to any other entity or person; or
- (p) approve, sanction or propose any amendment to its constitutional documents,

except as provided for or contemplated in these Conditions or any Transaction Document.

6. Interest

(a) Interest on the Notes

Each Note bears interest on its outstanding nominal amount at the relevant Charged Assets Rate of Interest in respect of the relevant Interest Accrual Period from (and including) the Interest Commencement Date to (but excluding) the Charged Assets Maturity Date. The Charged Assets Rate of Interest in respect of the Initial Interest Period is a fixed rate of interest and, thereafter, is a floating rate of interest.

Interest shall be payable on the Notes in arrear on each Interest Payment Date in respect of the relevant Interest Accrual Period. Subject to Condition 8 (*Calculations, Rounding and Business Day Convention*), for each Interest Payment Date on which a Note is outstanding, the relevant Interest Amount shall be due and payable in respect of the relevant Note on such Interest Payment Date.

For the avoidance of doubt, the Issuer will only be obliged to pay an Interest Amount on the Notes if it actually receives a corresponding Charged Assets Interest Amount under the Charged Assets and in no event shall Noteholders at any time be entitled to any Interest Amounts in excess of their *pro rata* share of the amount of interest that is payable on the Charged Assets pursuant to the Charged Assets Conditions and assuming that no Swiss Withholding Tax (as defined in the Charged Assets Conditions) is deducted.

(b) Accrual of Interest

Interest shall cease to accrue on each Note from the end of the day preceding the date on which the final Interest Accrual Period is stated to end save that if, upon due presentation, payment of the full amount of principal and/or interest due on such due date for redemption is improperly withheld or refused, interest shall continue to accrue daily on the unpaid amount of principal (after as well as before judgment) from and including the due date for redemption to but excluding the day preceding the day of the actual redemption of the Original Charged Assets at the most recently prevailing Charged Assets Rate of Interest and, thereafter, at the overnight rate for deposits in EUR as determined by the Custodian in a commercially reasonable manner and notified to the Issuer and the Calculation Agent. Such overnight rate of interest (the "**Default Interest**") shall compound daily with respect to the overdue sum at the above rate, and the parties acknowledge and agree that in the event that the interest rate in respect of certain currencies is a negative value, the application thereof may cause the Default Interest to be negative.

7. Redemption and Purchase

(a) Redemption at Maturity

Provided that no Charged Assets Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition in respect of the Notes, each Note shall become due and payable on the Maturity Date at its Final Redemption Amount.

(b) Redemption Following a Charged Assets Call

- (i) Provided that no Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition in respect of a Note (which, for the avoidance of doubt, may have occurred separately pursuant to one or more Conditions), if a Charged Assets Call occurs with respect to the Charged Assets (the date on which the Issuer receives notice of such Charged Assets Call pursuant to Charged Assets Condition 3.2 (*Optional Redemption*), Charged Assets Condition 3.3 (*Redemption for Tax Reasons*), Charged Assets Condition 3.4 (*Redemption for Special Events*) or Charged Assets Condition 3.5 (*Clean-up Redemption*) being the "**Charged Assets Call Notification Date**"), then:

- (A) as soon as reasonably practicable, and in any event within the period of five Reference Business Days commencing on (and including) the Charged Assets Call Notification Date, the Issuer (or the Principal Paying Agent on its behalf, having been supplied by the Issuer with the relevant notice) will give a notice to the Noteholders (copied to the Registrar, the Principal Paying Agent, the Calculation Agent and the Trustee, as applicable) of the occurrence of the Charged Assets Call, including a description in reasonable detail of the facts relevant to such event; and
 - (B) each Note shall become due and payable at an amount (the “**Charged Assets Call Redemption Amount**”) equal to such Note’s *pro rata* share of the related Charged Assets Redemption Amount on the second Reference Business Day immediately following the later of (I) the date upon which the Charged Assets have become redeemable or repayable in whole following the occurrence of a Charged Assets Call and (II) the date on which the Issuer (or the Custodian on its behalf) has provided the Calculation Agent with all information required in respect of the Charged Assets Redemption Amount in order to enable the Calculation Agent to determine the related amounts payable in respect of each Note (the “**Charged Assets Call Redemption Date**”), irrespective of whether the relevant Charged Assets Call is continuing.
 - (ii) Notwithstanding any provision to the contrary, if at any time following a Charged Assets Call Notification Date, but prior to the consequential redemption of the Notes pursuant to this Condition 7(b), a Charged Assets Event occurs, then the Issuer shall give notice of an Early Redemption Date pursuant to Condition 7(c) (*Redemption Following a Charged Assets Event*), the Notes shall be redeemed pursuant to the provisions of Condition 7(c) (*Redemption Following a Charged Assets Event*) and any notice of redemption given pursuant to this Condition 7(b) shall be deemed to be void.
 - (iii) For the avoidance of doubt, none of the Issuer, the Trustee or the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Charged Assets Call has occurred. Neither the Trustee nor the Calculation Agent shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer effectively gives a notice to the Trustee of the occurrence of a Charged Assets Call, the Trustee shall be entitled to rely conclusively on such notice without further investigation.
- (c) **Redemption Following a Charged Assets Event**
- (i) If a Charged Assets Event occurs with respect to the Charged Assets, the Issuer shall as soon as is practicable after becoming aware of the occurrence of the Charged Assets Event (or, in any case within two Reference Business Days thereof), give notice of the occurrence of the Charged Assets Event to the Registrar, the Calculation Agent, the Principal Paying Agent and the Trustee (the date of such notice being the “**Charged Assets Event Determination Date**”), then:
 - (A) as soon as reasonably practicable, and in any event within the period of five Reference Business Days commencing on (and including) the Charged Assets Event Determination Date, the Issuer (or the Principal Paying Agent on its behalf, having been supplied by the Issuer with the relevant Early Redemption Notice) will give an Early Redemption Notice to the Noteholders of the occurrence of the Charged Assets Event (the date of such notice to the Noteholders being the “**Early Redemption Commencement Date**”); and
 - (B) each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (which shall be the only amount payable and there will be no separate payment of any unpaid accrued interest thereon), irrespective of whether the relevant Charged Assets Event is continuing.
 - (ii) Notwithstanding any provision to the contrary, if at any time prior to the redemption of the Notes pursuant to any of Condition 7(b) (*Redemption Following a Charged Assets Call*), 7(d) (*Redemption for Taxation Reasons*) or 7(e) (*Redemption Following an Illegality Event*), (A) a Charged Assets Event occurs; and (B) neither the Trustee nor the Enforcement Agent has enforced the Security, then, in each case, the Issuer shall give notice of an Early Redemption Date pursuant to this Condition 7(c), the Notes shall be redeemed pursuant to the provisions of this Condition 7(c) and any notice of redemption given pursuant to Condition 7(b) (*Redemption Following a Charged Assets Call*), 7(d) (*Redemption for Taxation Reasons*) or 7(e) (*Redemption Following an Illegality Event*) shall be deemed to be void.

- (iii) For the avoidance of doubt, none of the Issuer, the Trustee or the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Charged Assets Event has occurred. Neither the Trustee nor the Calculation Agent shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer effectively gives a notice to the Trustee of the occurrence of a Charged Assets Event, the Trustee shall be entitled to rely conclusively on such notice without further investigation.

(d) **Redemption for Taxation Reasons**

- (i) Subject to Condition 7(d)(ii) and provided that no Charged Assets Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition in respect of all Notes then outstanding (which, for the avoidance of doubt, may have occurred separately pursuant to one or more Conditions), the Issuer shall, as soon as is practicable after becoming aware of the occurrence of a Tax Event (or, in any case, within two Reference Business Days thereof), inform the Trustee, and shall use all reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved beforehand in writing by the Trustee (provided that such substitution will not, at the time of substitution, result in any rating assigned to the Notes being adversely affected, as confirmed in writing by Standard & Poor's) as the principal obligor or to change (to the satisfaction of the Trustee and provided that such change will not, at the time of such change, result in any rating assigned to the Notes being adversely affected, as confirmed in writing by Standard & Poor's) its residence for taxation purposes to another jurisdiction approved beforehand in writing by the Trustee, and if it is unable to arrange such substitution or change in residence before the next payment is due in respect of the Notes, then the Issuer shall give an Early Redemption Notice to the Noteholders and each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (which shall be the only amount payable and there will be no separate payment of any unpaid accrued interest thereon). The date on which such Early Redemption Notice is deemed to have been given shall be an **"Early Redemption Commencement Date"** and the Security will become enforceable in accordance with Condition 12(b) (*Enforcement of Security*) and the Trustee shall so enforce the Security to the extent it is permitted to do so under the Trust Deed (subject to it being secured and/or indemnified and/or prefunded to its satisfaction and subject to it receiving an Extraordinary Resolution) and in accordance with Condition 12 (*Enforcement of Security*), and, for the avoidance of doubt, in doing so the Trustee shall be entitled to undertake all such actions that the Issuer was entitled to undertake if it were to have arranged such a substitution.

A **"Note Tax Event"** will occur if:

- (I) on the due date for any payment in respect of the Notes, the Issuer will be required by any applicable law to withhold, deduct or account for an amount for any present or future taxes, duties or charges of whatsoever nature other than a withholding or deduction in respect of FATCA or would suffer the same in respect of its income so that it would be unable to make in full the payment in respect of the Notes in respect of such due date; or
- (II) on the due date for any payment in respect of the Notes, such a withholding, deduction or account is actually made in respect of any payment in respect of the Notes,

other than where such event constitutes a Charged Assets Tax Event.

A **"Charged Assets Tax Event"** will occur if the Issuer:

- (I) is or will be unable to receive any payment due in respect of any Charged Assets in full on the due date therefor without a deduction for or on account of any withholding tax, back-up withholding or other tax, duties or charges of whatsoever nature imposed by any authority of any jurisdiction;
- (II) is or will be required to pay any tax, duty or charge of whatsoever nature imposed by any authority of any jurisdiction in respect of any payment received in respect of any Charged Assets; and/or
- (III) is or will be required to comply with any tax reporting requirement (other than in respect of FATCA and the Common Reporting Standard) of any authority of the Netherlands or Switzerland in respect of any payment received in respect of any Charged Assets,

provided that the Issuer, using reasonable efforts prior to the due date for the relevant payment, is (or would be) unable to avoid such deduction(s) and/or payment(s) and/or comply with such reporting requirements described in sub-paragraphs (I) to (III) of this definition by filing a valid declaration that it is not a resident of such jurisdiction and/or by executing any certificate, form or other document in order to make a claim under a double taxation treaty or other exemption available to it or otherwise to comply with such reporting requirements. If the action that the Issuer would be required to undertake so as to avoid any such deduction(s), payment(s) and/or comply with such reporting requirements would involve any material expense or is, in the sole opinion of the Issuer (acting in good faith), unduly onerous the Issuer shall not be required to take any such action. Without prejudice to the generality of the foregoing, a withholding imposed on payments in respect of any Charged Assets as a result of FATCA shall constitute a Charged Assets Tax Event. For the purposes of this definition, if on the date falling 60 days prior to the earliest date on which FATCA Withholding Tax could apply to payments under, or in respect of sales proceeds of, the relevant Charged Assets (such 60th day prior being the “**FATCA Test Date**”), the Issuer is a “nonparticipating foreign financial institution” (as such term is used under section 1471 of the U.S. Internal Revenue Code or in any regulations or guidance thereunder), the Issuer will be deemed on the FATCA Test Date to be unable to receive a payment due in respect of such Charged Assets in full on the due date therefor without deduction for or on account of any withholding tax and, therefore, a Charged Assets Tax Event will have occurred on the FATCA Test Date.

(ii) Notwithstanding the foregoing, if the requirement to withhold, deduct or account for any present or future taxes, duties or charges of whatsoever nature referred to in paragraph (i) above arises solely as a result of:

- (A) any Noteholder’s connection with the jurisdiction of incorporation of the Issuer otherwise than by reason only of the holding of any Note or receiving or being entitled to any payment in respect thereof; or
- (B) any taxes required to be withheld or deducted from a payment pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 17 December 2014 (*Zahlstellensteuer*), in particular the principle to have a person other than the issuer or the guarantor withhold or deduct tax; or
- (C) where such withholding or deduction is required to be made pursuant to any agreements between Switzerland and other countries on final withholding taxes levied by Swiss paying agents (being any agents receiving payments) in respect of persons resident in the other country on income of such person on any Note booked or deposited with a Swiss paying agent (*Abgeltungssteuer*) and any law or other governmental regulation implementing or complying with, or introduced in order to conform to, such agreements,

then, to the extent possible, the Issuer shall deduct such taxes, duties or charges, as applicable, from the amount(s) payable to such Noteholder and provided that payments to other Noteholders would not be impaired, the Issuer shall not give an Early Redemption Notice pursuant to Condition 7(d)(i) (*Redemption for Taxation Reasons*). Any such deduction shall not constitute an Event of Default under Condition 7(f) (*Redemption Following the Occurrence of an Event of Default*) or an Enforcement Event under Condition 12 (*Enforcement of Security*).

(iii) In respect of this Condition 7(d), if a tax deduction or withholding (collectively, a “**Charged Assets Tax Deduction**”) is required by law to be made by the Charged Assets Obligor in respect of any payment of principal or interest in respect of the Charged Assets for any taxes, duties, assessments or governmental charges of whatever nature imposed by or on behalf of Switzerland, such Charged Assets Tax Deduction shall not constitute a Charged Assets Tax Event if:

- (A) there is an actual payment by the Charged Assets Obligor of a corresponding payment of additional amounts pursuant to Charged Assets Condition 5 (*Taxation*); or
- (B) no such additional amounts pursuant to Charged Assets Condition 5 (*Taxation*) are paid by the Charged Assets Obligor due to it being unlawful for the Charged Assets Obligor to make such payments but an adjustment is instead made to the Charged Assets Rate of Interest pursuant to Charged Assets Condition 2.3 (*Recalculation of Interest*) and reflected in the Interest Amount payable on the Notes.

- (iv) Prior to the publication of any Early Redemption Notice pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by one or two (as appropriate) directors of the Issuer stating that the obligations referred to in the definition of “Tax Event” above cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in this Condition, in which event such acceptance shall be conclusive and binding on the Noteholders.
- (v) Notwithstanding any provision to the contrary, if at any time following an Early Redemption Notice having been given under, but prior to the consequential redemption of the Notes pursuant to, this Condition 7(d), (A) a Charged Assets Event occurs; and (B) neither the Trustee nor the Enforcement Agent has enforced the Security, then the Issuer shall give notice of an Early Redemption Date pursuant to Condition 7(c) (*Redemption Following a Charged Assets Event*), the Notes shall be redeemed pursuant to the provisions of Condition 7(c) (*Redemption Following a Charged Assets Event*) and any notice of redemption given pursuant to this Condition 7(d) shall be deemed to be void.
- (vi) For the avoidance of doubt, neither the Issuer nor the Trustee shall be required to monitor, enquire or satisfy itself as to whether any Tax Event has occurred. The Trustee shall not have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer effectively gives a notice to the Trustee of the occurrence of a Tax Event, the Trustee shall be entitled to rely conclusively on such notice without further investigation.

(e) **Redemption Following an Illegality Event**

- (i) Provided that no Charged Assets Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to any other Condition in respect of all Notes then outstanding (which, for the avoidance of doubt, may have occurred separately pursuant to one or more Conditions), the Issuer shall, as soon as is practicable after becoming aware of the occurrence of an Illegality Event (or, in any case, within two Reference Business Days thereof), inform the Trustee, and shall use all reasonable endeavours to arrange, the substitution of a company, being a company whose legal characteristics are such that if it were to perform the obligations of the Issuer, no Illegality Event would arise, that is approved beforehand in writing by the Trustee (provided that such substitution will not, at the time of substitution, result in any rating assigned to the Notes being adversely affected, as confirmed in writing by Standard & Poor’s as the principal obligor or to change (to the satisfaction of the Trustee and provided that such change will not, at the time of such change, result in any rating assigned to the Notes being adversely affected, as confirmed in writing by Standard & Poor’s) its legal characteristics such that no Illegality Event arises in respect of it, as approved beforehand in writing by the Trustee, and if it is unable to arrange such substitution or change in legal characteristics before the next payment is due in respect of the Notes, then the Issuer shall give an Early Redemption Notice to the Noteholders and each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount (which shall be the only amount payable and there will be no separate payment of any unpaid accrued interest thereon). The date on which such Early Redemption Notice is deemed to have been given shall be an “**Early Redemption Commencement Date**”, the Security will become enforceable in accordance with Condition 12(b) (*Enforcement of Security*) and the Trustee shall so enforce the Security to the extent it is permitted to do so under the Trust Deed (subject to it being secured and/or indemnified and/or prefunded to its satisfaction and subject to it receiving an Extraordinary Resolution) in accordance with Condition 12 (*Enforcement of Security*), and, for the avoidance of doubt, in doing so the Trustee shall be entitled to undertake all such actions that the Issuer was entitled to undertake if it were to have arranged such a substitution.
- (ii) Notwithstanding any provision to the contrary, if at any time following an Early Redemption Notice having been given under, but prior to the consequential redemption of the Notes pursuant to, this Condition 7(e), (A) a Charged Assets Event occurs; and (B) neither the Trustee nor the Enforcement Agent has enforced the Security, then the Issuer shall give notice of an Early Redemption Date pursuant to Condition 7(c) (*Redemption Following a Charged Assets Event*), the Notes shall be redeemed pursuant to the provisions of Condition 7(c) (*Redemption Following a Charged Assets Event*) and any notice of redemption given pursuant to this Condition 7(e) shall be deemed to be void.
- (iii) For the avoidance of doubt, neither the Issuer, the Trustee nor the Calculation Agent shall be required to monitor, enquire or satisfy itself as to whether any Illegality Event has occurred. Neither the Trustee nor the Calculation Agent shall not have any obligation, responsibility or

liability for giving or not giving any notice thereof to the Issuer or any Secured Creditor. If the Issuer effectively gives notice to the Trustee of the occurrence of an Illegality Event, the Trustee shall be entitled to rely on such notice without further investigation.

(f) **Redemption Following the Occurrence of an Event of Default**

- (i) If any of the following events (each an “**Event of Default**”) occurs, provided that no Charged Assets Call Redemption Date, Early Redemption Commencement Date or Early Redemption Date has occurred pursuant to this or any other Condition in respect of all Notes outstanding (which, for the avoidance of doubt, may have occurred separately pursuant to one or more Conditions), the Trustee at its discretion may, and if directed by an Extraordinary Resolution shall (provided that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give an Early Redemption Notice to the Issuer that all but not some only of the Notes shall become due and payable at the Early Redemption Amount (which shall be the only amount payable and there will be no separate payment of any unpaid accrued interest thereon) on the Early Redemption Date:
- (A) default is made for more than 14 days in the payment of any interest or any other sum in respect of any Notes other than (i) the Final Redemption Amount or any interest that has become due and payable on the Maturity Date, (ii) a Charged Assets Call Redemption Amount, (iii) an Early Redemption Amount or (iv) where any such default occurs as a result of a Charged Assets Event, a Tax Event or an Illegality Event;
- (B) the Issuer does not perform or comply with any one or more of its other obligations under any Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee such default is capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been effectively given to the Issuer by the Trustee; or
- (C) the Issuer: (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger on terms previously approved in writing by the Trustee or sanctioned by an Extraordinary Resolution); (2) 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; (3) save to the extent contemplated in the Trust Deed, makes a general assignment, arrangement, scheme or composition with or for the benefit of the Noteholders, or such a general assignment, arrangement, scheme or composition becomes effective; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other 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 either 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 is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding up or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for any assets on which the liabilities of the Issuer under the relevant Notes are secured pursuant to the Trust Deed; (7) other than the Trustee (except in circumstances where the Trustee is enforcing the Security pursuant to the Trust Deed) or the Custodian, has a secured party take possession of any assets on which the liabilities of the Issuer under the relevant Notes are secured pursuant to the Trust Deed or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against any assets on which the liabilities of the Issuer under the relevant Notes are secured pursuant to the Trust Deed and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; or (8) 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 (1) to (7).
- (ii) For the purposes of the Conditions and the Transaction Documents, in relation to any Events of Default, the date on which the related Early Redemption Notice is deemed to be given shall be an “**Early Redemption Commencement Date**”.

(g) **Purchases**

- (i) The Issuer may purchase Notes in the open market or otherwise at any price. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to the Registrar for cancellation, provided that, the Issuer has made arrangements for the realisation of no more than the equivalent proportion of the Charged Assets in connection with the proposed purchase of the Notes, which transactions will leave the Issuer with no assets or net liabilities in respect thereof.
 - (ii) In addition:
 - (A) The Issuer may at any time make an offer to purchase the Notes for cash consideration (an **"Issuer Tender Offer"**) and/or to exchange the Notes for non-cash assets (an **"Issuer Exchange Offer"**) (in each case, whether by private treaty or tender offer). Any Issuer Tender Offer or Issuer Exchange Offer may only be made on a limited recourse basis and upon terms that will ensure that after any such purchase or exchange of Notes, the aggregate principal amount of Notes outstanding will be the same as the aggregate principal amount of Charged Assets outstanding. The Issuer shall not make an Issuer Tender Offer or an Issuer Exchange Offer (I) without first having entered into an agency agreement with an agent to act as tender agent or, as the case may be, exchange agent for the Issuer in connection with the Issuer Tender Offer or the Issuer Exchange Offer and (II) without first being satisfied (whether by it being indemnified and/or secured and/or prefunded to its satisfaction or otherwise) that its costs and expenses in connection with the same will be met.
 - (B) If at any time the Charged Assets Obligor makes an offer to the Issuer, or to the Custodian on behalf of the Issuer, to purchase the Charged Assets for cash consideration (a **"Charged Assets Obligor Tender Offer"**) or for non-cash assets (a **"Charged Assets Obligor Exchange Offer"**), then the Issuer shall not accept such Charged Assets Obligor Tender Offer or Charged Assets Obligor Exchange Offer (notwithstanding anything to the contrary in Condition 18(a) (*Meetings of Noteholders*)), and the Trustee shall not be permitted to release the Security created over the Charged Assets pursuant to the Trust Deed, other than in accordance with paragraphs (C) and (D) below.
 - (C) Subject to the requirements of paragraph (A) above, the Issuer shall make an Issuer Tender Offer or, as the case may be, an Issuer Exchange Offer, upon the occurrence of a Charged Assets Obligor Tender Offer or, as the case may be, a Charged Assets Obligor Exchange Offer unless in the reasonable opinion of the Issuer, the Issuer would be materially disadvantaged by the same.
 - (D) For purposes of any Issuer Tender Offer or Issuer Exchange Offer, whether or not relating to any Charged Assets Obligor Tender Offer or Charged Assets Obligor Exchange Offer, the Trustee shall not release the Security created over the Charged Assets pursuant to the Trust Deed except that it may release the Security to the extent that after such release and taking into account any purchase or exchange of Notes pursuant to any Issuer Tender Offer or Issuer Exchange Offer, the aggregate principal amount of the Charged Assets outstanding will be the same as the aggregate principal amount of Notes outstanding. To the extent that such Issuer Tender Offer or Issuer Exchange Offer relates to any Charged Assets Obligor Tender Offer or, as the case may be, Charged Assets Obligor Exchange Offer, following the release of such Security the Issuer shall accept (or procure the acceptance of) such Charged Assets Obligor Tender Offer or Charged Assets Obligor Exchange Offer in respect of the Security so released.
 - (iii) Any purchase, Issuer Tender Offer or Issuer Exchange Offer shall for as long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the Main Securities Market of the Irish Stock Exchange, be in accordance with all applicable rules and regulations of the Irish Stock Exchange.
 - (iv) Any failure by the Issuer to make a payment or delivery due in connection with any such purchase (including under an Issuer Tender Offer or Issuer Exchange Offer) shall constitute a default in payment in respect of the Notes for the purposes of Condition 7(f) (*Redemption Following the Occurrence of an Event of Default*).
- (h) **Cancellation**

All Notes purchased by or on behalf of the Issuer may be surrendered for cancellation by surrendering the certificate(s) representing each such Note to or to the order of the Registrar and shall, together with all Notes redeemed by the Issuer, be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

8. Calculations, Rounding and Business Day Convention

(a) Calculation of any Interest Amount, Final Redemption Amount, Charged Assets Call Redemption Amount or Early Redemption Amount

- (i) In respect of each Interest Payment Date, the Calculation Agent shall, subject to Condition 8(a)(iv), calculate the Interest Amount due and payable on such Interest Payment Date in respect of each Note outstanding on such Interest Payment Date.
- (ii) In respect of the Maturity Date, the Calculation Agent shall, subject to Condition 8(a)(iv), calculate the Final Redemption Amount due and payable on such date in respect of each Note outstanding on such date.
- (iii) In respect of each date on which the following amounts become due and payable, the Calculation Agent shall, subject to Condition 8(a)(iv), calculate any Charged Assets Call Redemption Amount or Early Redemption Amount.
- (iv) In order to enable the Calculation Agent to perform its functions under these Conditions, the Issuer shall provide to the Calculation Agent (or procure the provision of) any information required in order to enable the Calculation Agent to calculate any Interest Amount, Final Redemption Amount, Charged Assets Call Redemption Amount or Early Redemption Amount or any other amount payable hereunder. The Calculation Agent shall not be liable for any failure to comply with its obligations under these Conditions as a result of any failure by the Issuer to provide (or procure the provision of) any such information.

(b) Determination or Calculation by Trustee

If the Calculation Agent does not at any time for any reason determine or calculate any Interest Amount, Final Redemption Amount, Charged Assets Call Redemption Amount, Early Redemption Amount or any other amount payable in respect of the Notes, then the Trustee, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, may make such determinations and calculations in place of the Calculation Agent (or may appoint an agent on its behalf to do so). Any such determination or calculation so made by the Trustee (or its agent) shall, for the purposes of these Conditions and the Transaction Documents, be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the provisions of these Conditions and/or the relevant Transaction Document(s) with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances. The Trustee shall have no liability to any person in connection with any determination it is required to make pursuant to this Condition 8(b).

(c) Rounding

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (i) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up to 0.00001) and (ii) all currency amounts that fall due and payable shall be rounded down, if necessary, to the nearest unit of such currency. For these purposes, "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency (e.g. one cent or one pence).

(d) Business Day Convention

Where any date referred to in these Conditions that is specified to be subject to adjustment in accordance with the Modified Following Business Day Convention would otherwise fall on a day that is not a Reference Business Day, then such date shall be postponed to the next day that is a Reference Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Reference Business Day.

9. Payments

(a) **Payments of Principal and Interest**

For so long as the Registered Notes are represented by the Global Registered Certificate

Payments of principal in respect of Registered Notes when represented by the Global Registered Certificate will be made against presentation and surrender or, as the case may be, presentation of the Global Registered Certificate at the specified office of the Principal Paying Agent, subject in all cases to (i) any fiscal or other laws, regulations and directives applicable to the Issuer, the Principal Paying Agent or the registered owner of the Global Registered Certificate or any person (so long as the Global Registered Certificate is held on behalf of Euroclear and Clearstream, Luxembourg) shown in the records of Euroclear or Clearstream, Luxembourg (other than each Clearing System to the extent that it is an account holder with the other Clearing System for the purpose of operating the “bridge” between the Clearing Systems) as the holder of a particular principal amount of the Notes; and (ii) any FATCA Withholding Tax (in each case without prejudice to the provisions of Condition 11 (*Taxation*)). A record of each payment so made will be endorsed on the relevant schedule to the Global Registered Certificate by or on behalf of the Principal Paying Agent which endorsement shall be prima facie evidence that such payment has been made.

If the Registered Notes are represented by one or more Registered Certificate(s)

Payments of principal in respect of the Notes will be made to the person shown on the register against presentation and surrender of the relevant Registered Certificate at the specified office of the Principal Paying Agent outside the United States by transfer to an account denominated in such currency with a Bank nominated by such holder presenting such Note, as the case may be. “**Bank**” means a bank in the principal financial centre for such currency or in the case of euro in a city in which banks have access to the TARGET System. To the extent that a Noteholder does not present (and, if applicable, surrender) the relevant Registered Certificate at least three business days prior to the date for redemption (as the case may be) none of the Issuer, the Trustee, the Registrar, the Principal Paying Agent, the Calculation Agent, the Custodian or any other person shall be liable in respect of any delay in the payment of the relevant redemption monies to such Noteholder as a consequence thereof.

Interest payable on any Interest Payment Date will be paid to the persons shown on the Register at the close of business on the day before the due date for payment thereof (the “**Record Date**”). Payment of interest will be made in Euro by cheque drawn on a bank in such financial centre in a participating Member State as the Issuer may reasonably determine) and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Principal Paying Agent before the relevant Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

(b) **Payments Subject to Fiscal Laws; payments on Global Registered Certificates**

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, and (ii) any FATCA Withholding Tax (in each case without prejudice to the provisions of Condition 11 (*Taxation*)). No commission or expenses shall be charged to the Noteholders in respect of such payments.

The registered owner of a Global Registered Certificate shall be the only person entitled to receive payments of principal and interest on the Global Registered Certificate and the Issuer will be discharged by payment to the registered owner of such Global Registered Certificate in respect of each amount paid. So long as the relevant Global Registered Certificate is held by or on behalf of Euroclear or Clearstream, Luxembourg, each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note must look solely to Euroclear or, Clearstream, Luxembourg, as the case may be, for its share of each payment so made by the Issuer to the registered owner of the Global Registered Certificate subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be. So long as the relevant Global Registered Certificate is registered in the name of a person other than a nominee for Euroclear or Clearstream, Luxembourg, each of the persons shown in the records of such person as the holder of a Note must look solely to such person for its share of each payment so made by the Issuer to such person, subject to the rules and procedures established from time to time by such person. No person other than the registered owner of the Global Registered Certificate shall have any entitlement to payments due by the Issuer on the Notes.

(c) **Non-Business Days**

If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day or to any interest or other sum in respect of such postponed payment. In this Condition 9(c), “**business day**” means (i) a Reference Business Day and (ii) if the Notes are represented by one or more Registered Certificates, a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation.

10. **Agents**

(a) **Appointment of Agents**

The Principal Paying Agent, the Custodian, the Calculation Agent, the Registrar and the Issue Agent initially appointed by the Issuer and their respective offices are listed below:

- | | | |
|-------|-------------------------|---|
| (i) | Principal Paying Agent: | The Bank of New York Mellon, acting through its
London Branch
One Canada Square
London E14 5AL |
| (ii) | Custodian: | The Bank of New York Mellon, acting through its
London Branch
One Canada Square
London E14 5AL |
| (iii) | Calculation Agent: | The Bank of New York Mellon, acting through its
London Branch
One Canada Square
London E14 5AL |
| (iv) | Registrar: | The Bank of New York Mellon SA/NV, Luxembourg
Vertigo Building - Polaris
2-4 rue Eugene Ruppert
L 2 – 453 Luxembourg |
| (v) | Issue Agent: | The Bank of New York Mellon, acting through its
London Branch
One Canada Square
London E14 5AL |

Subject to the provisions of the Trust Deed, the Custody Agreement and the Agency Agreement, the Principal Paying Agent, the Custodian, the Registrar, the Issue Agent, the Enforcement Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time with the approval of the Trustee (except that the approval of the Trustee shall not be required for the appointment of a replacement Calculation Agent where Noteholders direct the Issuer to appoint such replacement pursuant to this Condition) to vary or terminate the appointment of the Principal Paying Agent, any other paying agent, the Custodian, the Registrar, the Issue Agent, the Enforcement Agent or the Calculation Agent and to appoint additional or other paying agents, Custodian(s), Enforcement Agent(s), Calculation Agent(s) or such other agents as may be required provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Calculation Agent, (iii) a Custodian and (iv) a Registrar.

Notice of any such change or any change of any Specified Office shall promptly be given by the Issuer to the Noteholders in accordance with Condition 21 (*Notices*).

(b) **Calculation Agent Appointment, Termination and Replacement**

If the Calculation Agent fails duly to make any calculation or determination required of it under these Conditions or the Agency Agreement or any other Transaction Document, as the case may be, or fails

to comply with any other material requirement under these Conditions, the Agency Agreement or any other Transaction Document, and in each case such failure has not been remedied within a reasonable period, or a Calculation Agent Bankruptcy Event occurs, then:

- (i) the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) with the prior approval of the Trustee to appoint a leading bank or financial institution engaged in the interbank market or other appropriate market that is most closely connected with the calculation(s) and/or determination(s) to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place, provided that the terms of such appointment are substantially the same as the terms on which the outgoing Calculation Agent is appointed; or
- (ii) if the Issuer has been directed by an Extraordinary Resolution that the Issuer appoint a replacement Calculation Agent, provided that such replacement is a financial institution of international repute and the terms of such appointment are substantially the same as the terms on which the outgoing Calculation Agent is appointed and to the extent of any difference to such terms, that such terms do not adversely affect the terms on which the Trustee or any other Agent is appointed, without the prior consent of such adversely affected party and the Issuer has been indemnified and/or secured and/or pre-funded to its satisfaction for any initial or ongoing costs, charges, fees and/or expenses the Issuer may incur in connection with the appointment of a replacement Calculation Agent (whether by one or more Noteholders, a Secured Creditor or any other third party), the Issuer shall use reasonable endeavours (provided it has funds available for such purpose) to appoint the person nominated in such Extraordinary Resolution as calculation agent in respect of the Notes.

(c) **Replacement of Custodian and Principal Paying Agent upon a Ratings Downgrade**

Clause 22.10 of the Master Agency Terms and Clause 8.12(B) of the Master Custody Terms (each as amended pursuant to the Constituting Instrument) shall apply in respect of the Principal Paying Agent and the Custodian respectively.

The Minimum Rating (as defined in the Master Agency Terms) in respect of the Principal Paying Agent and the Custodian Required Rating (as defined in the Master Custody Terms) in respect of the Custodian, is as follows:

- (i) to the extent that the Custodian or the Principal Paying Agent, as the case may be, has a short-term issuer credit rating by Standard & Poor's,
 - (A) a short-term issuer credit rating higher than or equal to "A-1" by Standard & Poor's; and
 - (B) a long term issuer credit rating higher than or equal to "A-" by Standard & Poor's; and
- (ii) if the Custodian or the Principal Paying Agent, as the case may be, has no short-term issuer credit rating by Standard & Poor's, a long-term issuer credit rating higher than or equal to "A" by Standard & Poor's.

11. **Taxation**

(a) **Withholding or Deductions on Payments in respect of the Notes**

Without prejudice to Condition 7(d) (*Redemption for Taxation Reasons*), all payments in respect of the Notes will be made subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature that the Issuer or any Agent is required by applicable law to make. In that event, the Issuer or such Agent shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount(s) so required to be withheld or deducted. Neither the Issuer nor any Agent will be obliged to make any additional payments to Noteholders in respect of such withholding or deduction. For the purposes of this Condition 11(a), any FATCA Withholding Tax shall be deemed to be required by applicable law.

(b) **FATCA Information**

Each Noteholder and beneficial owner of Notes shall provide the Issuer and/or any agent acting on behalf of the Issuer with such documentation, information or waiver as may be requested by the Issuer and/or any agent acting on behalf of the Issuer in order for the Issuer or any such agent to

comply with any obligations any such party may have in connection with the Notes under FATCA and/or the Common Reporting Standard and under any agreement entered into by the Issuer and/or any agent acting on behalf of the Issuer pursuant to, or in respect of, FATCA. Each Noteholder and beneficial owner of the Notes further agrees and consents that in respect of FATCA the Issuer may, but is not obliged and owes no duty to any person to, comply with the terms of any intergovernmental agreement between the U.S. and another jurisdiction with respect to FATCA or any legislation implementing such an intergovernmental agreement or enter into an agreement with the U.S. Internal Revenue Service in such form as may be required to avoid the imposition of withholding under FATCA on payments made to the Issuer. In connection therewith, the Issuer may make such amendments to the Notes as are necessary to enable the Issuer to enter into, or comply with the terms of, any such agreement or legislation. Any such amendment will be binding on the Noteholders.

12. Enforcement of Security

(a) Enforcement Notice

At any time after the Trustee becomes aware of the occurrence of an Enforcement Event but prior to taking any steps to enforce the Security, the Trustee shall notify the Issuer and the Custodian (such notice being an **"Enforcement Notice"**) that the Trustee has become entitled to enforce the Security constituted by the Trust Deed.

(b) Enforcement of Security

The Security over the Mortgaged Property created by or pursuant to the Trust Deed as described in Condition 4(a) (*Security*) shall become enforceable upon the occurrence of one or more of the following, each an **"Enforcement Event"**:

- (i) an Event of Default;
- (ii) a Charged Assets Event;
- (iii) a Tax Event, but only in the event that the Issuer has failed to arrange a substitution or change in residence in accordance with the terms of Condition 7(d) (*Redemption for Taxation Reasons*);
- (iv) an Illegality Event, but only in the event that the Issuer has failed to arrange a substitution or change in legal characteristics in accordance with the terms of Condition 7(e) (*Redemption Following an Illegality Event*); or
- (v) default is made in the payment of any Charged Assets Call Redemption Amount, interest payable on a Charged Assets Call Redemption Date, Final Redemption Amount, interest payable on the Maturity Date or Early Redemption Amount,

and, for the avoidance of doubt, the Manager's Security created by or pursuant to the Trust Deed as described in Condition 4(b) (*Managers' Security*) shall not become enforceable solely as a result of such Enforcement Event. Notwithstanding the foregoing, if in the sole discretion of the Trustee and the Managers' Trustee it is necessary (i) to enforce the Security so as to enforce the Managers' Security, then the Security shall become enforceable solely to the extent necessary to enforce the Managers' Security; and/or (ii) to enforce the Managers' Security so as to enforce the Security, then the Managers' Security shall become enforceable solely to the extent necessary to enforce the Security.

For the avoidance of doubt, the Managers' Trustee shall have no duties whatsoever to the Noteholders.

(c) Realisation of Security

At any time after the Trustee becomes aware of the occurrence of an Enforcement Event, it may, and if directed by an Extraordinary Resolution shall, provided in each case that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction and provided that the Trustee has effectively delivered a valid Enforcement Notice to the Issuer and the Custodian, enforce all the Security constituted by the Trust Deed. To do this it may, at its discretion, realise the Charged Assets subject to the provisions of Condition 15 (*Enforcement of Rights or Security*), and/or enforce the Agency Agreement and/or the Custody Agreement in accordance with its or their terms without any

liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders.

Any realisation and/or enforcement of the Security over the Charged Assets or exercise of any right in respect of the Charged Assets shall be subject to the transfer restrictions in respect of the Charged Assets set forth in the Charged Assets Conditions, including, but not limited to, Charged Assets Condition 7 (*Transfer and Sub-Participation*) and Charged Assets Condition 8 (*Grants of Security*).

Without prejudice to Condition 15 (*Enforcement of Rights or Security*), in no circumstances shall the Trustee be permitted when acting in its capacity as trustee for the Noteholders and the other Secured Creditors, nor shall the Noteholders or the other Secured Creditors (when acting in their respective capacities) be permitted, to take any action against the Charged Assets Obligor or the Charged Assets Guarantor or enforce any claim that the Issuer may have against the Charged Assets Obligor or the Charged Assets Guarantor in respect of the Charged Assets or the Purchase Agreement or otherwise whether before, upon, or after any Security created by or pursuant to the Trust Deed becoming enforceable.

(d) **Enforcement Agent to realise Security**

Notwithstanding Condition 12(c) (*Realisation of Security*), at any time after the Security has become enforceable in accordance with Condition 12(b) (*Enforcement of Security*) provided that the Enforcement Agent has been appointed pursuant to the Trust Deed, the Enforcement Agent shall, if the Issuer is directed to do so by an Extraordinary Resolution (subject to the Enforcement Agent being indemnified and/or secured and/or prefunded to its satisfaction) exercise on behalf of the Issuer as the Issuer's agent any rights of the Issuer in the Issuer's capacity as holder of the Charged Assets and/or the Issuer's rights, title and interest under the Purchase Agreement to acquire the Original Charged Assets and the Enforcement Agent will act only in accordance with any Extraordinary Resolution.

Any realisation and/or enforcement of the Security over the Charged Assets or exercise of any right in respect of the Charged Assets shall be subject to the restrictions set forth in the Charged Assets Conditions, including, but not limited to, Charged Assets Condition 7 (*Transfer and Sub-Participation*) and Charged Assets Condition 8 (*Grants of Security*).

Notwithstanding Condition 12(c) (*Realisation of Security*), in acting as the Issuer's agent for the purposes of this Condition, the Enforcement Agent shall be permitted to take all such action as would have been permitted to be taken by the Trustee upon the Security becoming enforceable if the last sentence of Condition 12(c) (*Realisation of Security*) did not apply.

The Enforcement Agent is not an agent of the Trustee.

The Enforcement Agent is the agent of the Issuer and the Trustee shall have no responsibility or liability to any person for the actions of the Enforcement Agent or for monitoring or supervising its performance or for directing it in relation to enforcement.

Any proceeds realised by the Enforcement Agent pursuant to this Condition 12(d) shall, upon receipt thereof, be paid to the Trustee who shall hold such moneys on trust with the Custodian and apply such moneys in accordance with Condition 14 (*Application of Available Proceeds or Managers' Available Proceeds*).

13. **Enforcement of Managers' Security**

(a) **Enforcement of Managers' Security**

The Managers' Security over the Managers' Secured Property created by or pursuant to the Trust Deed as described in Condition 4(b) (*Managers' Security*) shall become enforceable upon failure by the Issuer to pay on demand any Manager's Claim and, for the avoidance of doubt, the Security created by or pursuant to the Trust Deed as described in Condition 4(a) (*Security*) shall not become enforceable in such circumstances. Notwithstanding the foregoing, if in the sole discretion of the Trustee and the Managers' Trustee it is necessary (i) to enforce the Security so as to enforce the Managers' Security, then the Security shall become enforceable solely to the extent necessary to enforce the Managers' Security; and/or (ii) to enforce the Managers' Security so as to enforce the Security, then the Managers' Security shall become enforceable solely to the extent necessary to enforce the Security.

(b) **Enforcement Agent to realise Managers' Security**

At any time after the Managers' Security has become enforceable in accordance with Condition 13(a) (*Enforcement of Managers' Security*), provided that the Enforcement Agent has been appointed pursuant to the Trust Deed, the Enforcement Agent shall in accordance with the Trust Deed (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) exercise on behalf of the Issuer as the Issuer's agent any rights, title and interest of the Issuer under the Purchase Agreement (other than the Issuer's rights, title and interest under the Purchase Agreement to acquire the Original Charged Assets). The Trustee shall not be permitted to take any enforcement action against the Charged Assets Obligor or the Charged Assets Guarantor in accordance therewith.

In acting as the Issuer's agent for the purposes of this Condition, the Enforcement Agent shall be permitted to take all such steps, actions or proceedings as would have been permitted to be taken by the Managers' Trustee upon the Managers' Security becoming enforceable provided that the Enforcement Agent shall be permitted to take enforcement action against the Charged Assets Obligor or the Charged Assets Guarantor.

The Enforcement Agent is not the agent of the Managers' Trustee.

The Enforcement Agent is the agent of the Issuer and the Managers' Trustee shall have no responsibility or liability to any person for the actions of the Enforcement Agent or for monitoring or supervising its performance or for directing it in relation to enforcement.

Any proceeds realised by the Enforcement Agent pursuant to this Condition shall, upon receipt thereof, be paid to the Managers' Trustee who shall hold such moneys on trust and apply such moneys in accordance with Condition 14(b) (*Application of Managers' Available Proceeds of Enforcement of Managers' Security*).

14. **Application of Available Proceeds or Managers' Available Proceeds**

(a) **Application of Available Proceeds of Enforcement of Security**

Subject to and in accordance with the terms of the Trust Deed, with effect from the date on which any valid Enforcement Notice is effectively delivered by the Trustee following the occurrence of an Enforcement Event, the Trustee will hold the Available Proceeds received by it under the Trust Deed on trust and, after payment by the Issuer of the Series Minimum Profit (to the extent not already received by the Issuer), apply them as they stand on each Trustee Application Date as follows:

- (i) first, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Trustee or any receiver in relation to the Notes in preparing and executing the trusts and carrying out its functions under the Trust Deed and the other Transaction Documents (including any taxes required to be paid, legal fees, the cost of realising any Security and the Trustee's remuneration);
- (ii) secondly, *pari passu* in payment or satisfaction of (I) any fees, costs, charges, expenses and liabilities of the Enforcement Agent in acting as enforcement agent of the Issuer in respect of the Security for the Notes (including any taxes required to be paid, legal fees and the Enforcement Agent's remuneration), (II) any amounts owing to the Custodian for reimbursement in respect of payments made by it in accordance with the terms of the Custody Agreement relating to sums receivable on or in respect of the relevant Charged Assets, (III) any amounts owing to the Principal Paying Agent for reimbursement in respect of payments made by it in accordance with the terms of the Agency Agreement to any person in discharge of a Secured Payment Obligation, (IV) any fees, costs, charges, expenses and liabilities then due and payable to the Agents under the Agency Agreement and (V) any fees, costs, charges, expenses and liabilities then due and payable to the Custodian under the Custody Agreement;
- (iii) thirdly, *pari passu* in payment of any Early Redemption Amount then due and payable and any interest accrued thereon (which, for the avoidance of doubt, shall include Default Interest) to the holders of Notes; and
- (iv) fourthly, in payment of the Residual Amount (if any) to the Issuer.

Any Secured Creditor that has a claim in respect of more than one Secured Payment Obligation may rank differently in respect of each Secured Payment Obligation.

If the amount of moneys available to the Trustee for payment in respect of the Notes under this Condition 14(a) at any time following delivery by the Trustee of an Enforcement Notice in accordance with these Conditions, other than where the Mortgaged Property has been exhausted, amount to less than 10 per cent. of the nominal amount of the Notes then outstanding, the Trustee shall not be obliged to make any payments under this Condition 14(a) and shall, place such amounts on deposit as provided in paragraph (c) below and shall retain such amounts and accumulate the resulting income until the amounts and the accumulations, together with any other funds for the time being under the Trustee's control and available for such payment, amount to at least 10 per cent. of the nominal amount of the Notes then outstanding and then such amounts and accumulations (after deduction of, or provision for, any applicable taxes and negative interest) shall be applied as specified in this Condition 14(a).

(b) **Application of Managers' Available Proceeds of Enforcement of Managers' Security**

Subject to and in accordance with the terms of the Trust Deed, the Managers' Trustee (or any receiver appointed by it) will hold the Managers' Available Proceeds received by it under the Trust Deed on trust to apply them as they stand on each Managers' Trustee Application Date as follows:

- (i) first, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Managers' Trustee or any receiver in preparing and executing the trusts and carrying out its functions under the Trust Deed and the other Transaction Documents (including any taxes required to be paid, legal fees, the cost of realising any Managers' Security and the Managers' Trustee's remuneration);
- (ii) secondly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Enforcement Agent in acting as enforcement agent of the Issuer in respect of the Managers' Security (including any taxes required to be paid, legal fees and the Enforcement Agent's remuneration);
- (iii) thirdly, in meeting any Manager's Claim; and
- (iv) fourthly, in payment of the Residual Amount to the Issuer.

(c) **Deposits**

Moneys held by the Trustee shall be deposited in its name in a non-interest bearing account at such bank or other financial institution as the Trustee may, acting in good faith and in a commercially reasonable manner and in its absolute discretion, think fit. The parties acknowledge and agree that notwithstanding that such account is intended to be a non-interest bearing account in the event that the interest rate in respect of certain currencies is a negative value, the application thereof would result in amounts being debited from funds held by such bank or financial institution ("*negative interest*").

(d) **Insufficient Proceeds**

- (i) Insufficient Proceeds from the Mortgaged Property

If the moneys received following the enforcement of Security are not enough to pay in full all amounts to persons whose claims rank rateably, the Trustee (or any receiver appointed by the Trustee) (as applicable) shall apply the moneys *pro rata* on the basis of the amount due to each party entitled to such payment.

- (ii) Insufficient Proceeds from the Managers' Security

If the moneys received following the enforcement of the Managers' Security are not enough to pay in full all amounts to persons whose claims rank rateably, the Managers' Trustee (or any receiver appointed by the Managers' Trustee) shall apply the moneys *pro rata* on the basis of the amount due to each party entitled to such payment.

(e) **Foreign Exchange Conversion**

To the extent that any proceeds payable to any Secured Creditor pursuant to this Condition 14 are not in the Specified Currency, then such proceeds shall be converted at such rate or rates, in accordance with such method and as at such date as may reasonably be specified by the Trustee

(following the Trustee enforcing the Security pursuant to the Trust Deed and as described in Condition 12 (*Enforcement of Security*)), but having regard to current rates of exchange, if available. Any rate, method and date so specified shall be binding on the Issuer, the Noteholders and the Custodian.

15. Enforcement of Rights or Security

If any Security becomes enforceable, or any other right arises to pursue any remedies against the Issuer for a breach by the Issuer of the terms of the Trust Deed or the Notes, only the Trustee or the Enforcement Agent (acting as agent of the Issuer in accordance with the Constituting Instrument) may at its discretion and shall, on receipt (by the Issuer, in the case of the Enforcement Agent) of any Extraordinary Resolution, enforce the Security constituted by the Trust Deed, provided that it has been indemnified and/or secured and/or prefunded to its satisfaction. The Trustee or the Enforcement Agent shall (subject to the relevant direction being in form and content satisfactory to the Trustee or the Enforcement Agent) be obliged to act on the first Extraordinary Resolution received pursuant to this Condition 15.

To do this, the Trustee or any receiver appointed as provided for in the Trust Deed (subject to the following paragraph) or the Enforcement Agent may at its discretion take possession of and/or realise the Charged Assets and/or take action against any person liable in respect of any Charged Assets to enforce repayment of such Charged Assets, enforce and/or terminate the Agency Agreement and/or the Custody Agreement in accordance with its terms, but without any liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders. None of the Trustee, any receiver or the Enforcement Agent shall be required to take any action in relation to the enforcement of the Security without first being indemnified and/or secured and/or prefunded to its satisfaction.

Notwithstanding the foregoing, in no circumstances shall the Trustee be permitted when acting in its capacity as trustee for the Noteholders and the other Secured Creditors, nor shall the Noteholders and the other Secured Creditors (when acting in their respective capacities) be permitted, to take any action against the Charged Assets Obligor or the Charged Assets Guarantor or to enforce any claim that the Issuer may have against the Charged Assets Obligor or the Charged Assets Guarantor in respect of the Charged Assets or the Purchase Agreement or otherwise whether before, upon, or after any Security becoming enforceable. If the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, but only to the extent that the Trustee is permitted to take such action pursuant to Condition 12(c) (*Realisation of Security*), fails or neglects to do so, then the Noteholders may exercise their usual rights under Clause 17.2 of the Master Trust Terms to remove the Trustee, but shall in no circumstances be entitled to proceed directly against the Issuer, the Charged Assets Obligor or the Charged Assets Guarantor.

If the Enforcement Agent, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so, in no circumstances shall the Noteholders be entitled to proceed directly against the Issuer, the Charged Assets Obligor or the Charged Assets Guarantor.

16. Limited Recourse and Non-Petition

(a) General Limited Recourse

(i) Limited Recourse to the Mortgaged Property

The obligations of the Issuer to pay any amounts due and payable in respect of the Notes and to the other Secured Creditors at any time in respect of the Notes shall be limited to the proceeds available out of the Mortgaged Property in respect of such Notes at such time to make such payments in accordance with Condition 14 (*Application of Available Proceeds or Managers' Available Proceeds*). Notwithstanding anything to the contrary contained herein, or in any Transaction Document, the Secured Creditors, including the Noteholders shall have recourse only to the Mortgaged Property, subject always to the Security, and not to any other assets of the Issuer. If, after (i) the Mortgaged Property is exhausted (whether following enforcement of the Security or otherwise) and (ii) application of the Available Proceeds relating to the Notes, as provided in Condition 14 (*Application of Available Proceeds or Managers' Available Proceeds*), any outstanding claim, debt or liability against the Issuer in relation to the Notes or the Transaction Documents relating to the Notes remains unpaid, then such outstanding claim, debt or liability, as the case may be, shall be extinguished and no debt shall be owed by the Issuer in respect thereof. Following extinguishment in accordance with this Condition 16(a)(i), none of the Secured Creditors, including the Noteholders or any other person acting on behalf of any of them, shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors to recover any further sum in respect of the extinguished claim and no debt shall be owed to any such persons by the Issuer or any of its officers, shareholders, members,

incorporators, corporate service providers or directors in respect of such further sum in respect of the Notes.

(ii) **Limited Recourse to the proceeds of the Managers' Secured Property**

The obligations of the Issuer to pay any amounts due and payable in respect of any Manager's Claim, or to any other Managers' Secured Party, at any time shall be limited to the proceeds available out of the Managers' Secured Property at such time to make such payments in accordance with Condition 14 (*Application of Available Proceeds or Managers' Available Proceeds*). Notwithstanding anything to the contrary contained herein, or in any Transaction Document, the Managers' Trustee and the other Managers' Secured Parties shall have recourse only to the proceeds of the Managers' Secured Property, subject always to the Managers' Security, and not to any other assets of the Issuer. If, after (i) the Managers' Secured Property is exhausted and (ii) application of the Managers' Available Proceeds relating to the Managers' Security, as provided in Condition 14 (*Application of Available Proceeds or Managers' Available Proceeds*), any outstanding claim, debt or liability against the Issuer in relation to the Managers' Security remains unpaid, then such outstanding claim, debt or liability, as the case may be, shall be extinguished and no debt shall be owed by the Issuer in respect thereof. Following extinguishment in accordance with this Condition 16(a)(ii), none of the Managers' Trustee, the other Managers' Secured Parties or any other person acting on behalf of any of them shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors to recover any further sum in respect of the extinguished claim and no debt shall be owed to any such persons by the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors in respect of such further sum.

(b) **Non-Petition**

None of the Transaction Parties (save for the Trustee or the Managers' Trustee who may lodge a claim in liquidation of the Issuer which is initiated by another party or take proceedings to obtain a declaration or judgment as to the obligations of the Issuer), the Noteholders or any person acting on behalf of any of them may, at any time, institute, or join with any other person in bringing, instituting or joining, insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its officers, shareholders, members, incorporators, corporate service providers or directors or any of its assets, and none of them shall have any claim arising with respect to the assets and/or property attributable to any other notes issued by the Issuer (save for any further notes which form a single series with the Notes) or Mortgaged Property in respect of a different series or Obligations issued or entered into by the Issuer or any other assets of the Issuer (other than the Mortgaged Property in respect of the Notes or, in the case of the Managers' Secured Parties, the Managers' Secured Property).

(c) **Corporate Obligation**

In addition, none of the Transaction Parties, the Noteholders or any person acting on behalf of any of them shall have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of these Conditions, the Trust Deed or any other Transaction Documents.

(d) **Survival**

The provisions of this Condition 16 shall survive notwithstanding any redemption of the Notes or the termination or expiration of any Transaction Document.

17. **Prescription**

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the relevant due date for payment.

18. **Meetings of Noteholders, Modification, Waiver and Substitution**

(a) **Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution (as defined in the Trust

Deed) of these Conditions or any provisions of the Trust Deed or any agreement or deed constituted or created by the Constituting Instrument. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or, at any adjourned such meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented except that, *inter alia*, the terms of the security and certain terms concerning the amount and currency and the postponement of the due dates of payment of the Notes may be modified only by resolutions passed at a meeting, the quorum at which shall be two or more persons holding or representing two-thirds, or, at any adjourned such meeting, not less than one-third, in principal amount of the Notes for the time being outstanding. The holder of a Global Registered Certificate representing the whole of the Series will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders.

A resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes who for the time being are entitled to receive notice of the meeting shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of the Noteholders of the Series.

(b) Modification of these Conditions and/or any Transaction Document

- (i) Subject to sub-paragraph (ii) below, the Trustee shall agree, without the consent of the Noteholders, to (a) any modification of any of these Conditions or any of the provisions of the Transaction Documents that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or (b) any modification of any of the provisions of the Trust Deed, or any other documentation in connection with the issue of the Notes, if the Charged Assets Obligor has exercised its rights pursuant to (A) Charged Assets Condition 17 (*Amendment*) to vary the terms of the Charged Assets or (B) Charged Assets Condition 18 (*Substitution*) to substitute itself as obligor of the Charged Assets, and may agree, without the consent of the Noteholders, to any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Transaction Documents that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. To the extent that any Agent is appointed or replaced pursuant to Condition 10(b)(ii) (*Calculation Agent Appointment, Termination and Replacement*), the Issuer may make such amendments to these Conditions and/or the Transaction Documents as it determines necessary to reflect such appointment or replacement to which the Trustee shall agree, and the Trustee shall sign such documents as may be required to give effect to such amendments. Any such modification, authorisation or waiver as is made or given under this Condition 18(b) shall be binding on the Noteholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as is practicable. The Issuer shall notify Standard & Poor's of any modification made by it in accordance with this Condition and the Trust Deed.
- (ii) Notwithstanding sub-paragraph (i) above, (a) any amendment to the Managers' Secured Property requires the consent of all the Managers' Secured Parties, (b) the Managers' Trustee agrees, upon a direction from the Managers, to consent to any amendment to the Managers' Secured Property, unless such amendment, in the opinion of the Managers' Trustee (in its absolute discretion), would impose any onerous obligations on the Managers' Trustee or expose the Managers' Trustee to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Managers' Trustee in these Conditions or the Constituting Instrument in any way and (c) the Trustee shall not be obliged to consent to any amendment in accordance with sub-paragraph (i) above, if such amendment, in the opinion of the Trustee (in its absolute discretion), would impose any onerous obligations on the Trustee or expose the Trustee to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Constituting Instrument in any way.

(c) Substitution

The Master Trust Terms contain provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and the other agreements and deeds constituted or created by the relevant Constituting Instrument and to the confirmation of any applicable rating agent that the ratings of any existing Series will not be affected thereby, and such other conditions as the Trustee may require, without the consent of the Noteholders, to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Constituting Instrument and the Notes. In the case of such a substitution, the Trustee may agree, without the consent of the Noteholders to a change of the law governing the Notes and/or the Master Trust Terms

and/or the Constituting Instrument any other Transaction Document provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) **Entitlement of the Trustee**

In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution as aforesaid) the Trustee shall not have regard to the consequences of such exercise for individual Noteholders, or of holders of any other notes or bonds, resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

19. **Replacement of Notes**

If a Note (in global or definitive form) is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar, upon payment by the claimant of out-of-pocket expenses in connection therewith and on such terms as to evidence, security and indemnity and otherwise as the Issuer may require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

20. **Further Issues**

The Issuer may from time to time without the consent of the Noteholders but subject to Condition 5 (*Restrictions*) create and issue further notes or other Obligations either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Notes or upon such terms as the Issuer may determine at the time of their issue. Any such further notes shall only form a single series with the Notes (unless otherwise sanctioned by an Extraordinary Resolution) if the Issuer provides additional assets (as security for such further notes) which are fungible with, and have the same proportionate composition as, those forming part of the Mortgaged Property for the Notes and in the same proportion as the proportion that the nominal amount of such new notes bears to the Notes. Any new notes forming a single series with the Notes shall be constituted and secured by a constituting instrument supplemental to the Constituting Instrument in respect of the existing Notes, such further security shall be added to the Mortgaged Property so that the new notes and the existing Notes shall be secured by the same Mortgaged Property (and, for the avoidance of doubt, all the holders of the first and all later Tranches of Notes shall benefit from the Mortgaged Property on a *pari passu* basis) and references in these Conditions to “**Notes**”, “**Charged Assets**”, “**Mortgaged Property**”, “**Secured Payment Obligations**”, “**Secured Creditor**” and “**Constituting Instrument**”) shall be construed accordingly. The Trust Deed contains provisions for convening a single meeting of the holders of the Notes and the holders of notes of other specified series in certain circumstances where the Trustee so decides.

21. **Notices**

If the Registered Notes are represented by one or more Registered Certificate(s)

Notices to the holders of Notes will be posted to them at their respective addresses in the Register and deemed to have been given on the seventh day after the day of posting.

In addition, if and for so long as the Notes are listed on a stock exchange, all notices to holders of the Notes will be published in accordance with the rules of such stock exchange.

For so long as the Registered Notes are represented by a Global Registered Certificate

So long as the Notes are represented by a Global Registered Certificate notices in respect of the Notes may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg for communication by them to entitled account holders or (in the case of a Global Registered Certificate registered in the name of a person other than a nominee for Euroclear, Clearstream, Luxembourg) to such person for communication by it to those persons entered in the records of such person as being entitled to such notice.

In addition, if and for so long as the Notes are listed on a stock exchange, all notices to holders of the Notes will be published in accordance with the rules of such stock exchange.

For the avoidance of doubt, holders of interests in a Global Registered Certificate will receive notices through Euroclear or Clearstream, Luxembourg as aforesaid rather than by post.

22. Indemnification and Obligations of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee, for its relief from responsibility including for the exercise of any voting rights in respect of the Charged Assets and for the validity, sufficiency and enforceability (which the Trustee has not investigated) of the Security created over the Mortgaged Property and the Managers' Security created over the Managers' Secured Property. The Trustee is not obliged or required to take any step, action or proceeding under the Trust Deed unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee and any Affiliate of the Trustee are entitled to enter into business transactions with the Issuer, the Charged Assets Obligor, the Charged Assets Guarantor, the Managers or any of their subsidiaries, holding or associated companies without accounting to the Noteholders for profit resulting therefrom.

The Trustee is exempted from liability with respect to any loss, diminution in value or theft of all or any part of the Charged Assets, from any obligation to insure all or part of the Charged Assets or to procure the insuring of the Charged Assets and from any claim arising from the fact that the Charged Assets will be held in safe custody by the Custodian or any custodian selected by the Trustee (in each case, if applicable). The Trustee is not responsible for monitoring or supervising the performance by any other person of its obligations to the Issuer and may assume these are being performed unless and until it has actual knowledge to the contrary.

The Trust Deed provides that in acting as Trustee under the Trust Deed the Trustee does not assume any duty or responsibility to the Enforcement Agent, the Custodian, the Calculation Agent, the Principal Paying Agent or the Registrar or any other Transaction Party (other than to pay to any of such parties any moneys received and repayable to it and to act in accordance with the provisions of Conditions 4 (*Security*) and 14 (*Application of Available Proceeds or Managers' Available Proceeds*) and shall have regard solely to the interests of the Noteholders.

None of the Trustee, the Principal Paying Agent nor the Registrar shall be required or obliged to monitor or enquire as to whether any event, condition or circumstance which could lead to an early redemption of the Notes exists or has occurred. None of the Trustee, the Principal Paying Agent nor the Registrar shall have any obligation, responsibility or liability for giving or not giving any notice thereof to the Issuer, the Calculation Agent or any Secured Creditor.

The Trust Deed provides that the Trustee shall not be bound or concerned to make any investigation into the creditworthiness of the Charged Assets Obligor or the Charged Assets Guarantor (including, without limitation, whether the cashflows from the Charged Assets and the Notes are matched) nor shall the Trustee be obliged to take any action which would, in its opinion, render it personally liable in respect of any costs, claims, expenses or liabilities unless it is indemnified and/or secured and/or pre-funded to its satisfaction in respect of the same.

23. Notice to Standard & Poor's

If the Issuer redeems all or any of the Notes or purchases all or any of the Notes in accordance with the Conditions, the Issuer shall procure that notice of the same is given to Standard & Poor's as soon as reasonably practicable thereafter.

24. Contracts (Rights of Third Parties) Act 1999

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

25. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes and accordingly any legal action or proceedings arising out of or in

connection with any Notes ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) **Service of Process**

The Issuer has irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

INFORMATION CONCERNING THE PURCHASE OF THE ORIGINAL CHARGED ASSETS

On the Issue Date, pursuant to the Purchase Agreement, the Issuer will acquire the Original Charged Assets from the Charged Assets Obligor, which will be registered in the name of the Custodian (or its nominee) acting as custodian on behalf of the Issuer, and any certificate(s) issued in respect thereof will be held by the Custodian (or its nominee) acting through its London office pursuant to the Custody Agreement subject to the Security in favour of the Trustee created by the Trust Deed.

Under the Purchase Agreement, each of the Charged Assets Obligor and the Charged Assets Guarantor has (i) given certain representations and warranties to the Issuer, including in respect of the Charged Assets Obligor's authority and capacity to issue, and the Charged Assets Guarantor's authority and capacity to guarantee, the Charged Assets and that such Charged Assets constitute legal, valid and binding obligations of the Charged Assets Obligor and the Charged Assets Guarantor in accordance with their terms, and (ii) agreed to indemnify the Issuer against certain liabilities.

Each of the Charged Assets Obligor and the Charged Assets Guarantor has acknowledged the assignments by way of security of the Issuer's rights under the Purchase Agreement to the Trustee and the Managers' Trustee. For a description of these assignments see "Conditions of the Notes – 4. Security" in the Conditions.

Information about the Original Charged Assets is set out in the Charged Assets Documentation set out in the Appendix to this Series Memorandum.

INFORMATION CONCERNING THE CHARGED ASSETS OBLIGOR AND THE CHARGED ASSETS GUARANTOR

Basic information about the Charged Assets Obligor and the Charged Assets Guarantor is set out below. For further information, please refer to the Charged Assets Documentation set out in the Appendix to this Series Memorandum.

Charged Assets Obligor

Name:	Helvetia Schweizerische Versicherungsgesellschaft AG
Address:	Duforstrasse 40, 9001 St. Gallen, Switzerland
Country of Incorporation:	Switzerland
Nature of Business:	Helvetia Schweizerische Versicherungsgesellschaft AG provides insurance products and services.
Name of regulated or equivalent market where securities (other than the Original Charged Assets) have been admitted:	SIX Swiss Exchange

Charged Assets Guarantor

Name:	Helvetia Holding AG
Address:	Dufourstrasse 40, CH-9001, St. Gallen, Switzerland
Country of Incorporation:	Switzerland
Nature of Business:	Helvetia Holding AG is the holding company of the Helvetia group. The Helvetia group provides insurance products and services.
Name of regulated or equivalent market where securities (other than the Original Charged Assets) have been admitted:	SIX Swiss Exchange

SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in the Syndication Agreement with respect to the Notes, the Issuer has agreed to sell to the Managers, and the Managers have jointly and severally agreed to purchase from the Issuer, the Notes.

The Managers will purchase the Notes at a customary discount from the price indicated on the cover of this Series Memorandum and propose initially to offer and sell the Notes at the issue price set forth on the front of this Series Memorandum. After the initial offering of the Notes, the price at which the Notes are being offered may be changed at any time without notice. The offering of the Notes by the Managers is subject to receipt and acceptance and subject to the Managers' rights to reject any order in whole or in part.

Indemnification

The Issuer has agreed to indemnify the Managers against certain liabilities or to contribute to payments that the Managers may be required to make in respect of those liabilities.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and the Notes are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States at any time. Each Manager has agreed that it will not offer, sell or deliver any Notes within the United States at any time.

In addition, until 40 days after the commencement of the offering of the Notes, an offer, sale or delivery of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA") received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Netherlands

The Notes may not, directly or indirectly, be, (or announced to be) offered, sold, resold, delivered or transferred as part of their initial distribution or at any time thereafter to, or to the order of, or for the account of, any person anywhere in the world other than to:

- (i) persons who do not form part of the "public", as that term is interpreted by the applicable regulator pursuant to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;

and who are

- (ii) Qualified Investors (*gekwalficeerde beleggers*) within the meaning of Section 1:1 of the Financial Supervision Act (*Wet op het financieel toezicht*).

Switzerland

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland. Neither this Series Memorandum nor any other offering or marketing material relating to the Notes constitutes (i) a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, (ii) a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or (iii) a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment

Schemes Act, and neither this Series Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Series Memorandum nor any other offering and marketing material relating to the offering, the Issuer or the Notes has been or will be filed with or approved by any Swiss regulatory authority. Investors in the Notes will not benefit from protection or supervision by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority FINMA.

Hong Kong

Each Manager has represented and agreed that it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each Manager has acknowledged that this Series Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Series Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Series Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Series Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes may not be circulated or distributed, nor may any Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Italy

The offering of the Notes will not be registered pursuant to Italian securities legislation and accordingly, no Notes may be offered, sold or delivered, nor may copies of the Programme Memorandum or this Series Memorandum or any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) ("**Qualified Investors**"), as defined under Article 34-ter, paragraph 1, letter b) of Regulation No. 11971 issued by CONSOB (the Italian Securities Exchange Commission) on 14 May 1999, as amended (the "**Regulation 11971/1999**"); or
- (b) in circumstances which are exempted from the rules on offers of securities to be made to the public pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 34-ter, first paragraph, of Regulation 11971/1999.

Any offer, sale or delivery of the Notes or distribution of copies of the Programme Memorandum, or this Series Memorandum or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993, as amended; and
- (ii) in compliance with any other applicable laws and regulations.

In accordance with Article 100-bis of the Financial Services Act, where no exemption under (b) above applies, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the rules on offers of securities to be made to the public provided under the Financial Services Act and the Regulation 11971/1999. Failure to comply with such rules may result, *inter alia*, in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the Notes for any damages suffered by the investors.

General

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Series Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each Manager has agreed that it will, to the best of its knowledge, comply in all material respects with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Series Memorandum or any other offering material and neither the Issuer nor any other Manager shall have responsibility therefor.

USE OF PROCEEDS

The net proceeds from the issue of the Notes (amounting to approximately EUR 493,106,426) will be applied by the Issuer to finance the purchase price for the Original Charged Assets.

GENERAL INFORMATION

1. Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was duly authorised by a resolution of the board of directors of the Issuer dated 5 April 2017.

2. Interests of Natural and Legal Persons in the Issue

So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

3. Subscription and delivery of the Notes

The Notes will be subscribed for on a syndicated basis and (i) the Joint Lead Managers are BNP Paribas, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch and UBS Limited; and (ii) the Co-Lead Manager is Raiffeisen Switzerland Cooperative. The Notes will be delivered against payment.

4. No post-issuance information

The Issuer does not intend to provide post-issuance information regarding, where applicable, performance of the Original Charged Assets.

5. Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2015, being the date of the Issuer's last published audited financial statements.

6. Litigation

There are no legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the financial position of the Issuer.

7. Clearing Systems and Settlement

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg or such other clearing system approved by the Issuer and the Trustee. The common code and ISIN for the Notes will be 158789345 and XS1587893451 respectively.

8. Documents Available

For as long as the Notes are outstanding and listed on the Irish Stock Exchange, copies of the following documents will be available for inspection by physical means during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer:

- (i) this Series Memorandum and the Programme Memorandum;
- (ii) the Constituting Instrument;
- (iii) the Memorandum and Articles of Association of the Issuer; and
- (iv) the audited financial statements of the Issuer for the financial year ending on 31 December 2014 and the financial year ending on 31 December 2015.

9. Estimated Total Expenses

The expenses related to the admission of the Notes to trading on the Main Securities Market of the Irish Stock Exchange for the purposes of the Prospectus Directive are estimated to be EUR 5,290.

10. **Information relating to the Listing Agent**

Arthur Cox Listing Services Limited is acting solely in its capacity as Irish listing agent for the Issuer in connection with the Notes and is not seeking admission of the Notes to the Official List or to trading on the Main Securities Market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

APPENDIX

INFORMATION MEMORANDUM FOR THE ORIGINAL CHARGED ASSETS



Helvetia Schweizerische Versicherungsgesellschaft AG

St. Gallen, Switzerland

EUR 500,000,000 Guaranteed Dated Subordinated Fixed to Floating Rate Loan Notes due 2047 (the "**Loan Notes**")

– with reopening clause –

Unconditionally and irrevocably guaranteed on a subordinated basis

by Helvetia Holding AG, St. Gallen, Switzerland

Issuer's Name and Registered Office:	Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland (" Issuer ")
Guarantor's Name and Registered Office:	Helvetia Holding AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland (" Guarantor ")
Interest Rate:	The Loan Notes will bear interest at (i) a fixed rate of 3.375 per cent. per annum from (and including) 11 April 2017 to (but excluding) 29 September 2027 (the " First Call Date ") payable annually in arrear on 29 September in each year commencing on 29 September 2017, and (ii) a floating rate equal to the sum of the 3 month EURIBOR plus 2.65 per cent. (the " Initial Margin ") plus 100 basis points (the " Step-up Margin ") per annum from (and including) the First Call Date payable quarterly in arrear on (but excluding) each 29 March, 29 June, 29 September and 29 December, in each year thereafter until the earlier of 29 September 2047 (the " Scheduled Maturity Date ") and the date of any early redemption. The first payment, to be made on 29 September 2017, will be in respect of the period from (and including) the Issue Date to (but excluding) 29 September 2017 and will amount to EUR 15.81 per EUR 1,000 in principal amount of the Loan Notes. Under certain circumstances described in condition 2.5 of the terms and conditions of the Loan Notes (the " Terms of the Loan Notes "), the Issuer may elect, or be required, to defer interest payments on the Loan Notes (see "Deferral of Interest" below).
Deferral of Interest:	Interest on the Loan Notes is (i) deferrable at the option of the Issuer at all times and (ii) mandatorily deferrable upon the occurrence of a Solvency Event (as defined in condition 2.7 of the Terms of the Loan Notes) or if payment of interest will cause a Solvency Event to occur. Payment of Interest will be mandatory on a Compulsory Interest Payment Date (as defined in condition 2.7 of the Terms of the Loan Notes).
Issue Price:	99.244 per cent.
Form of the Loan Notes:	The Loan Notes are issued in certificated, registered form (<i>Namenspapiere</i>).
Denominations:	EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. Initially, only one Loan Note will be issued.
Issue Date:	11 April 2017.
Redemption Date:	29 September 2047 (<i>i.e.</i> , the Scheduled Maturity Date), unless previously redeemed or purchased and cancelled in accordance with the Terms of the Loan Notes (see "Early Redemption" below).

First Call Date:	29 September 2027.
Early Redemption:	<p>On the First Call Date, and on any subsequent Interest Payment Date (as defined in the Terms of the Loan Notes) thereafter, the Issuer may, at its option, redeem all, but not some only, of the Loan Notes at their Principal Amount (as defined in the Terms of the Loan Notes), together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest (as defined in the Terms of the Loan Notes).</p> <p>Upon the occurrence of a Capital Event, Regulatory Event or Recalculation of Interest Event (each as defined in the Terms of the Loan Notes) or for taxation reasons (non-tax deductibility of the Loan Notes), the Issuer may, at its option, redeem all, but not some only, of the Loan Notes at the Principal Amount together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest (provided that if at any time the inclusion of a redemption option due to a Capital Event causes a Regulatory Event, the relevant date for redemption may only fall on or after the fifth anniversary of the Issue Date). For detailed definitions of the events see condition 3.4 of the Terms of the Loan Notes).</p>
Reopening of the Issue:	The Issuer reserves the right to reopen and increase the aggregate principal amount of the Loan Notes issued at any time and without prior consultation of or permission of the Loan Noteholders.
Status:	The Loan Notes constitute direct, unconditional and subordinated obligations of the Issuer.
Guarantee:	Unconditional and irrevocable guarantee on a subordinated basis pursuant to article 111 of the Swiss Code of Obligations (<i>Obligationenrecht</i>) and in accordance with condition 12 of the Terms of the Loan Notes.
Governing Law and Jurisdiction:	The Loan Notes are governed by, and construed in accordance with Swiss law. Place of jurisdiction for any dispute relating to the Loan Notes shall be Zurich 1.
Transfer Restrictions:	<p>The Loan Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States. The Loan Notes may not be offered, sold or resold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The Loan Notes are not being offered in the United States or to U.S. persons.</p> <p>In addition, each Loan Noteholder must be a Qualifying Bank (as defined in the Terms of the Loan Notes) or, subject to the Issuer having consented thereto in writing, a Permitted Non-Qualifying Loan Noteholder (as defined in the Terms of the Loan Notes); provided that there shall at any time be no more than five Qualifying Banks that are Loan Noteholders. The Loan Notes are subject to significant restrictions on transfer, see "TRANSFER RESTRICTIONS" beginning on page 63.</p>
Rating:	The Loan Notes are expected to be assigned on issue a rating of BBB+ by Standard & Poor's Credit Market Services Europe Limited.
Risk Factors:	Each investor contemplating purchasing the Loan Notes should make its own independent investigation of the financial condition and affairs of the Issuer and the Guarantor, and its own appraisal of the creditworthiness of the Issuer and the Guarantor. See "RISK FACTORS" beginning on page 16 for a discussion of certain risks relating to an investment in the Loan Notes, which should be considered by prospective investors.
Listing	The Loan Notes will not be listed or admitted for trading on any stock exchange.

No person has been authorised to give any information or to make any representation other than those contained in this information memorandum (the "**Information Memorandum**") in connection with the issue or sale of the Loan Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer and the Guarantor. This Information Memorandum does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful. See "TRANSFER RESTRICTIONS" beginning on page 63.

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CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

This Information Memorandum contains statements that are, or may be deemed to be, forward-looking statements. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "aims", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "predicts", "continues" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include matters that are not historical facts or which may not otherwise be provable by reference to past events. They appear in a number of places throughout this Information Memorandum and include statements regarding Helvetia's intentions, beliefs or current expectations concerning, among other things, Helvetia's results of operations, financial condition, liquidity, prospects, growth, strategies, dividend policy and also the industries and the economic environments in which Helvetia operates.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events, and depend on circumstances, that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Prospective investors should not place reliance on these forward-looking statements.

Forward-looking statements are made as of the date of this Information Memorandum and Helvetia does not intend, and does not assume any obligation, to update any of the forward-looking statements contained in this Information Memorandum, except as required by applicable mandatory law or regulations.

Many factors may cause Helvetia's results of operations, financial condition, liquidity, dividend policy and the development of the industries or economic environments in which Helvetia competes to differ materially from those expressed or implied by the forward-looking statements contained in this Information Memorandum. These include (but are not limited to):

- changes in general economic conditions, in particular in the markets in which Helvetia operates;
- the performance of financial markets;
- changes in interest rates;
- changes in currency exchange rates;
- changes in laws and regulations, including accounting policies or practices;
- risks associated with implementing Helvetia's business strategies;
- the frequency, magnitude and general development of insured events;
- mortality and morbidity rates;
- policy renewal and lapse rates;
- the realisation of economies of scale as well as synergies; and
- other risks, uncertainties and factors inherent in Helvetia's business and factors that are not known to Helvetia at this time.

These risks and others described under "RISK FACTORS", beginning on page 16, are not exhaustive. Other sections of this Information Memorandum describe additional factors that may adversely affect Helvetia's results of operations, financial condition, liquidity, dividend policy and the development of the markets in which Helvetia operates. Prospective investors should read the section of this Information Memorandum entitled "RISK FACTORS" for a more complete discussion of the factors that could affect the Helvetia Group's future performance and the industry in which Helvetia operates. New risks may emerge from time to time, and it is not possible for Helvetia to predict all such risks, nor can the group assess the impact of all such risks on the business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, prospective investors should not rely on forward-looking statements as a prediction of actual performance or results.

DOCUMENTS INCORPORATED BY REFERENCE

Each document incorporated herein by reference is current only as at the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Issuer, the Guarantor or the Helvetia Group as the case may be, since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained therein shall be deemed to be modified or superseded for the purposes of this Information Memorandum to the extent that a subsequent statement contained herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

The documents referenced below are incorporated by reference into this Information Memorandum and are available on the website of Helvetia (<https://www.helvetia.com/corporate/content/en/publications.html>):

- The audited consolidated financial statements of the Guarantor and its subsidiaries (including the notes thereto) as at, and for the years ended 31 December 2016 and 2015 and related Statutory Auditor's Reports;
- the audited financial statements of the Guarantor (including the notes thereto) as at, and for the years ended 31 December 2016 and 2015 and related Statutory Auditor's Reports;
- information on the company profile (including corporate governance) of Helvetia can be found on pages 28 - 91 of the 2016 consolidated annual report of Helvetia; and
- information on risk and investment management of Helvetia can be found on pages 195 - 217 of the 2016 consolidated annual report of Helvetia.

Prospective investors are advised to obtain and read the documents incorporated by reference herein before making their investment decision in relation to the Loan Notes.

No other information contained on Helvetia's website, or on any other website, is incorporated herein by reference.

Definitions

Capitalised terms used but not defined elsewhere in this Information Memorandum shall have the meanings given in the Conditions as set forth in "TERMS AND CONDITIONS OF THE LOAN NOTES", beginning on page 30.

References to "**Helvetia**" or the "**Helvetia Group**" shall mean the Guarantor together with its direct and indirect subsidiaries (including the Issuer) as a whole.

Sources of Information

Except where market or market share data are otherwise attributed to another source, all market and market share data included in this Information Memorandum are Helvetia's own estimates. These estimates are based upon Helvetia's experience in the insurance industry.

OVERVIEW OF THE TERMS AND CONDITIONS OF THE LOAN NOTES

This overview must be read together with the full terms and conditions of the Loan Notes set forth in "TERMS AND CONDITION OF THE LOAN NOTES", beginning on page 30, and any decision to invest in the Loan Notes must be based on a consideration of this Information Memorandum relating to the Loan Notes as a whole, including the documents incorporated herein by reference. Words and expressions defined in "TERMS AND CONDITIONS OF THE LOAN NOTES" shall have the same meaning in this overview.

Issuer	Helvetia Schweizerische Versicherungsgesellschaft AG.
Guarantor	Helvetia Holding AG.
Loan Notes	EUR 500,000,000 Guaranteed Dated Subordinated Fixed to Floating Rate Loan Notes due 2047.
Status of the Loan Notes	<p>The Loan Notes constitute direct, subordinated and unsecured obligations of the Issuer and rank <i>pari passu</i>, without any preference, among themselves. The claims of the Loan Noteholders rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against the Issuer:</p> <ul style="list-style-type: none">(i) after the claims of any Senior Creditors;(ii) <i>pari passu</i> with any other existing or future direct, subordinated and unsecured obligations of the Issuer which whether now or in the future rank or are expressed to rank <i>pari passu</i> with the claims of the Loan Noteholders, including but not limited to the CHF 225,000,000 guaranteed dated subordinated fixed to fixed rate bonds due 2044 issued by the Issuer on 17 October 2014, the CHF 400,000,000 guaranteed perpetual subordinated fixed to fixed rate bonds issued by the Issuer on 17 October 2014 and the CHF 300,000,000 guaranteed perpetual subordinated fixed to fixed rate bonds issued by the Issuer on 23 September 2015; and(iii) prior to the claims of the holders of all classes of issued shares in the share capital of the Issuer or any other securities issued by the Issuer expressed to rank junior to the claims of the Loan Noteholders.

In the event of a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against the Issuer, there shall be payable in such voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings on each Loan Note, subject to the subordination provisions set out in Condition 6 (*Status*), an amount equal to the principal amount of such Loan Note together with unpaid Deferred Interest (if applicable) and interest which has accrued up to, but excluding, the date of repayment.

Where:

"Senior Creditors" means creditors of the Issuer, (i) who are policyholders or other unsubordinated creditors of the Issuer and (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation, dissolution or winding-up of the Issuer or otherwise) to the claims of policyholders and other unsubordinated creditors of the Issuer, except those whose claims rank, or are expressed to rank, equally with or junior to the claims of the Loan Noteholders.

No security of whatever kind is, or will at any time be, provided by the Issuer or any other person

securing rights of the Loan Noteholders under the Loan Notes. No agreement may defeat the subordination pursuant to the provisions set out in Condition 6 (*Status*) or shorten any applicable notice period in respect of the Loan Notes as provided in the Terms of the Loan Notes.

No Loan Noteholder may set off any claims arising under or in connection the Loan Notes against any claim that the Issuer may have against the Loan Noteholder. The Issuer may not set off any claims it may have against any Loan Noteholder against any of its obligations under the Loan Notes.

Guarantee

The Guarantor has given an unconditional and irrevocable guarantee on a subordinated basis for the due payment of the amounts payable by the Issuer under and pursuant to the terms and conditions of the Loan Notes (the "**Guarantee**") in accordance with article 111 of the Swiss Federal Code of Obligations, irrespective of the validity of the Loan Notes, the purchase agreement relating to the Loan Notes between the Issuer, the Guarantor and ELM B.V. ("**ELM**") dated 6 April 2017 (the "**Purchase Agreement**") and the agency agreement relating to the Loan Notes between the Issuer, the Guarantor, and the agents named therein dated 11 April 2017 (together with the Purchase Agreement, the "**Agreements**") and has waived all rights of objection and defence arising from the Loan Notes and the Agreements. Accordingly, the Guarantor agrees to pay or deliver to The Bank of New York Mellon, London Branch, in its capacity as fiscal, paying and calculation agent in respect of the Loan Notes (the "**Agent**"), on behalf of the Loan Noteholders, within 7 (seven) calendar days after the receipt by the Guarantor of the Agent's first written demand for payment and the Agent's confirmation in writing that an amount has become due and payable under the Loan Notes which is equivalent to the amount claimed under the Guarantee and has remained unpaid on the due date.

The Guarantee will constitute direct, subordinated and unsecured obligations of the Guarantor and rank *pari passu*, without any preference, among themselves. The claims of the Holders under the Guarantee rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Guarantor in respect of the Guarantee) or other similar proceedings of or against the Guarantor:

- (i) after the claims of any Senior Creditors of the Guarantor;
- (ii) *pari passu* with any other existing or future direct, subordinated and unsecured obligations of the Guarantor which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the Holders, including but not limited to the subordinated guarantees given by the Guarantor to the holders of the CHF 225,000,000 guaranteed dated subordinated fixed to fixed rate bonds due 2044 issued by the Issuer on 17 October 2014, the CHF 400,000,000 guaranteed perpetual subordinated fixed to fixed rate bonds issued by the Issuer on 17 October 2014 and the CHF 300,000,000 guaranteed perpetual subordinated fixed to fixed rate bonds issued by the Issuer on 23 September 2015; and
- (iii) prior to the claims of the holders of all classes of issued shares in the share capital of the Guarantor and any other securities issued by the Guarantor expressed to rank junior to the claims of the Holders.

Where:

"**Senior Creditors of the Guarantor**" means creditors of the Guarantor (i) who are unsubordi-

nated creditors of the Guarantor or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation, dissolution or winding-up of the Guarantor or otherwise) to the claims of policyholders or other unsubordinated creditors (including existing and all future unsecured, subordinated obligations of the Guarantor, whether contingent or actual) of the Guarantor but have a fixed maturity, except those whose claims rank, or are expressed to rank, equally with or junior to the Guarantee.

The subordination provisions set out above are irrevocable. The Guarantor may not create or permit to exist any charge or other interest over its assets to secure the obligations of the Guarantor in respect of the Guarantee.

Securities Rating

BBB+ by Standard & Poor's Credit Market Services Europe Limited.

Aggregate Principal Amount of the Loan Notes

EUR 500,000,000.

Form of Loan Notes

The Loan Notes are issued in certificated, registered form (*Namenpapiere*). The Loan Notes shall each bear the manual or facsimile signatures of two duly authorised officers of the Issuer as well as the manual signature of an authentication officer of The Bank of New York Mellon SA/NV, Luxembourg or its duly appointed successor (the "**Registrar**") (each a "**Certificate**"). The Registrar will maintain a register of the holders of record of the Loan Notes (the "**Loan Noteholders**") reflecting the ownership of the Loan Notes (the "**Register**").

Initially, only one Loan Note will be issued by the Issuer.

Issue Price

99.244 per cent.

Redemption at Maturity

Unless previously redeemed or purchased and cancelled in accordance with these Terms of the Loan Notes, the Issuer shall redeem the Loan Notes on the Final Maturity Date, at their Principal Amount, together, if applicable, with interest accrued up to (but excluding) the Final Maturity Date and any Deferred Interest.

Where:

"Final Maturity Date" means:

- (i) if, on or prior to the Scheduled Maturity Date, none of the circumstances described in paragraph (ii) or (iii) below has occurred, the Scheduled Maturity Date; or
- (ii) if, on or prior to the Scheduled Maturity Date, a Solvency Event has occurred and such Solvency Event is continuing on the Scheduled Maturity Date (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured), the Interest Payment Date which is immediately following the day on which the Solvency Event has lapsed provided that FINMA or a Successor Authority has given its consent to the final redemption of the Loan Notes; or
- (iii) if FINMA or a Successor Authority has not given its consent to the final redemption of the Loan Notes on the Scheduled Maturity Date, if required at that time under applicable capital or solvency regulations, the Interest Payment Date which is immediately following the day on which FINMA or a Successor Authority has given its consent to the final redemption of the Loan Notes.

"Scheduled Maturity Date" means 29 September 2047.

Optional Redemption

Subject to the conditions for redemption or purchases stated in Condition 3.8 (*Conditions for Redemption or Purchase*), the Issuer may, at its option, redeem all, but not some only, of the Loan Notes at their Principal Amount, together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest on the First Call Date and on any subsequent Interest Payment Date thereafter.

Where:

"First Call Date" means 29 September 2027

Redemption for Tax Reasons

Subject to Condition 3.8 (*Conditions for Redemption or Purchase*), the Issuer may, at its option, redeem all, but not some only, of the Loan Notes at their Principal Amount, together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest, (i) if the payment of interest on the next Interest Payment Date would not be deductible as an expense for tax purposes of the Issuer, or (ii) if the Issuer has or will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of Switzerland or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, in each case, for reasons outside the control of, and which cannot be avoided by, the Issuer taking reasonable measures available to it.

Redemption for Special Events

Subject to Condition 3.8 (*Conditions for Redemption or Purchase*), the Issuer may, at its option, redeem all, but not some only, of the Loan Notes at their Principal Amount, together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest, upon the occurrence and continuation of:

- (i) a Capital Event;
- (ii) a Regulatory Event; or
- (iii) a Recalculation of Interest Event.

A **"Capital Event"** shall be deemed to occur if the Issuer and/or the Guarantor has received confirmation from any Rating Agency that the Loan Notes will no longer be eligible for the same, or higher amount of, "equity credit" (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Loan Notes by such Rating Agency at the Issue Date.

Where:

"Rating Agency" means Standard & Poor's Rating Services, any successor thereof, or another recognised rating agency.

"Regulatory Event" means the occurrence of any of the following events the occurrence of which cannot be avoided by the Issuer and/or the Guarantor, as the case may be, taking such reasonable measures as the Issuer and/or the Guarantor (acting in good faith) deems appropriate:

- (i) prior to the implementation of the Future Regulations, FINMA or any Successor Authority states that the Loan Notes are no longer eligible to qualify at least as lower additional capital ("*unteres ergänzendes Kapital*") pursuant to article 49 in connection with article 22a ISO, and no longer fulfil the requirements for such category, or equivalent thereof, for group or solo solvency purposes; or
- (ii) with effect from the implementation of the Future Regulations, all or part of the Loan Notes do not qualify as at least Tier 2 Capital (or equivalent) under such Future Regulations (or an official application or interpretation of those regulations including a decision of a court or tribunal),

save, in each case above, where such non qualification thereof applicable to the Loan Notes is only a result of any applicable limitation on the amount of such capital.

Where:

"Future Regulations" means any solvency margin, regulatory capital or capital regulations (if any) which may be introduced in Switzerland (or if the Issuer becomes domiciled for regulatory purposes in a jurisdiction other than Switzerland, such other jurisdiction) and which are applicable to the Issuer and/or the Guarantor, which would set out the requirements to be fulfilled by financial instruments in order that they be eligible to be included in Tier 2 capital (or equivalent).

"ISO" means the Ordinance on the Supervision of Private Insurance Companies (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen* — AVO) of 9 November 2005, as amended.

"Tier 2 Capital" means additional capital ("*ergänzendes Kapital*") pursuant to article 49 ISO or the equivalent under Future Regulations, as applicable.

"Recalculation of Interest Event" means the occurrence of (i) a recalculation of interest in accordance with Condition 2.3 (*Recalculation of Interest*) or (ii) any other event which requires the Issuer, pursuant to the Terms of the Loan Notes, to pay Additional Amounts in respect of the Loan Notes and this cannot be avoided by the Issuer taking such reasonable measures as the Issuer (acting in good faith) deems appropriate.

Clean-up Redemption

Subject to 3.8 (*Conditions for Redemption or Purchase*), the Issuer may, at its option, redeem all, but not some only, of the Loan Notes at any time after the Issue Date and prior to the First Call Date at the Principal Amount together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest if 80 (eighty) per cent. or more in aggregate Principal Amount of the Loan Notes has been redeemed or purchased and cancelled at the time of such notice.

Interest

Subject to Condition 2.5 (*Deferral of Interest Payments*), the Loan Notes shall bear interest on their Principal Amount from (and including) the Issue Date to (but excluding) the First Call Date at a rate of 3.375 per cent. per annum (the **"Fixed Rate of Interest"**), payable annually in arrear on 29 September in each year (each a **"Fixed Interest Payment Date"**). The first Fixed Interest Payment Date shall be 29 September 2017 (the **"First Fixed Interest Payment Date"**) and the last Fixed Interest Payment Date shall be the First Call Date. Interest in respect of the Loan Notes shall be calculated per EUR 1,000 in principal amount of the Loan Notes (the **"Calculation Amount"**).

The first interest payment, to be made on the First Fixed Interest Payment Date, shall be in respect of the period from (and including) the Issue Date to (but excluding) the First Fixed Interest Payment Date and shall amount to EUR 15.81 per Calculation Amount. Interest payments on any Fixed Interest Payment Date following the First Fixed Interest Payment Date shall be in respect of the relevant Fixed Interest Period and shall amount to EUR 33.75 per Calculation Amount.

Subject to Condition 2.5 (*Deferral of Interest Payments*), the Loan Notes shall bear interest at the Floating Rate of Interest on their Principal Amount from (and including) the First Call Date to (but excluding) the first Floating Interest Payment Date (which is 29 December 2027) and thereafter from (and including) each Floating Interest Payment Date to (but excluding) the next following Floating Interest Payment Date (each such period a "**Floating Interest Period**" and, together with any Fixed Interest Period, an "**Interest Period**"). Interest on the Loan Notes shall be payable in arrear on each Floating Interest Payment Date. The last Floating Interest Payment Date shall be the Final Maturity Date, or, in the event of an early redemption of the Loan Notes pursuant to Condition 3.2 (*Optional Redemption*), 3.3 (*Redemption for Tax Reasons*), 3.4 (*Redemption for Special Events*), or 3.5 (*Clean-up Redemption*), the applicable date of redemption.

Where:

"**Floating Interest Payment Date**" means 29 March, 29 June, 29 September and 29 December in each year (and, together with any Fixed Interest Payment Date, an "**Interest Payment Date**"); if any Floating Interest Payment Date would otherwise fall on a calendar day which is not a Business Day, it shall be postponed to the next calendar day which is a Business Day unless it would then fall into the next calendar month, in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day.

"**Floating Rate of Interest**" shall mean the sum of 3 month EURIBOR determined at 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, the Initial Margin and the Step-up Margin, as determined by the Agent.

"**Initial Margin**" means 2.65 per cent.

"**Step-up Margin**" means 100 basis points.

Tax Deductions and Re-calculation of Interest

When issuing the Loan Notes, the Issuer and the Guarantor have assumed that the interest payable by the Issuer is not and will not become subject to Swiss Withholding Tax.

Notwithstanding the foregoing, if a Tax Deduction is required by law to be made by the Issuer in respect of any payment of interest in respect of the Loan Notes or, as the case may be, any payment by the Guarantor under the Guarantee, for Swiss Withholding Tax purposes, and should it be unlawful for the Issuer or the Guarantor to comply with section (a) of Condition 5 (*Taxation*) for any reason, where this would otherwise be required by Condition 5 (*Taxation*), then (A) the applicable interest rate with respect to that interest payment shall be the interest rate which would have applied to that interest payment as provided for by Condition 2 (*Interest*) divided by 1 minus the rate at which the relevant Tax Deduction is required to be made under Swiss domestic tax law and/or applicable double taxation treaties (where the rate at which the relevant Tax Deduction is required to be made is for this purpose expressed as a fraction of 1) and (B) the Issuer shall (x) pay the relevant interest at the adjusted rate, (y) make the Tax Deduction on the interest so recalculated and (C) all references to a rate of interest under the Terms of the

Loan Notes shall be construed accordingly.

To the extent that interest payable by the Issuer in relation to the Loan Notes or, as the case may be, any payment by the Guarantor under the Guarantee, becomes subject to Swiss Withholding Tax, each relevant Loan Noteholder and the Issuer or the Guarantor shall promptly co-operate in completing any procedural formalities (including submitting forms and documents required by the appropriate Tax authority) to the extent possible and necessary (A) for the Issuer or the Guarantor to obtain authorisation to make interest payments without them being subject to Swiss Withholding Tax and (B) to ensure that any person which is entitled to a full or partial refund under any applicable double taxation treaty is so refunded. In case of a refund the amount of such refund that, together with the respective interest payments and/or payments under the Guarantee received by the Loan Noteholders, exceeds the amount of interest and/or payments under the Guarantee that the Loan Noteholders were entitled to if no Swiss Withholding Tax had been deducted (i.e., the interest calculated at the interest rates provided for in the Terms of the Loan Notes other than in this Condition 2.3 (*Recalculation of Interest*)) shall be paid back by the person entitled to the refund to the Issuer or the Guarantor which had to remit the Swiss Withholding Tax to the Tax authority.

Optional Deferral of Interest Payments

Subject to Conditions 2.6 (*Compulsory Interest Payments*) and 2.5(b) (*Mandatory Deferral of Interest*), the Issuer may elect in its sole discretion to defer in full, but not in part, the payment of interest otherwise due and payable on any Optional Interest Payment Date in respect of the Interest Period ending on such date, by giving not less than 10 (ten) calendar days' prior notice (the **Deferral Notice**) to the Agent and the Loan Noteholders. Upon and subject to the Issuer giving a valid Deferral Notice, it shall not have any obligation to pay any interest on such Optional Interest Payment Date and such non-payment shall not constitute a default by the Issuer under the Loan Notes or for any other purpose and shall not give Loan Noteholders or the Agent any right to accelerate the Loan Notes or make a demand under the Guarantee.

Where:

"Optional Interest Payment Date" means any Interest Payment Date other than a Compulsory Interest Payment Date (see "Compulsory Interest Payment Date" below)

Mandatory Deferral of Interest

Subject to Conditions 2.6 (*Compulsory Interest Payments*), the Issuer shall defer the payment of interest or, as the case may be, the relevant Solvency Shortfall otherwise due and payable on an Interest Payment Date in respect of the Interest Period ending on such date, provided in each case that (i) a Solvency Event has occurred prior to such Interest Payment Date or (ii) a Solvency Event would as at the date of such payment occur if the Issuer were to make the relevant Interest Payment. The Issuer shall not be required to defer such Interest Payment or, as the case may be, Solvency Shortfall if FINMA or any Successor Authority has given its consent to such payment. The deferral of any Interest Payment, Solvency Shortfall or any part thereof shall not constitute a default by the Issuer under the Loan Notes or for any other purpose and shall not give Loan Noteholders or the Agent any right to accelerate the Loan Notes or make a demand under the Guarantee.

Where:

A **"Solvency Event"** shall be deemed to have occurred prior to such Interest Payment Date and is continuing as at the relevant Deferral Determination Date and in the period from (and including) the date of the occurrence of such Solvency Event to (and including) such Deferral Determination Date.

nation Date upon any of the following events:

- (i) the Issuer or the Guarantor (the latter on a group level) does not at such date have appropriate funds to cover the required minimum solvency margin or meet any other required level of own funds regulatory capital (or another applicable term in case of a change in Applicable Regulations) in accordance with Applicable Regulations and a deferral or, as applicable, cancellation of interest is required under the Applicable Regulations; or
- (ii) the Issuer is unable to pay its debts owed to its Senior Creditors (as defined in Condition 6 (*Status of the Loan Notes*)) as they fall due; or
- (iii) the Issuer's Assets do not exceed its respective Liabilities (other than liabilities to persons who are not Senior Creditors); or
- (iv) FINMA or a Successor Authority has given (and not withdrawn) notice to the Issuer or the Guarantor that it has determined, in view of the financial and/or capital position of the relevant entity, that in accordance with Applicable Regulations at such time, the Issuer must take specified action in relation to payments on the Loan Notes.

"Solvency Shortfall" means that portion of a scheduled interest payment that would cause a Solvency Event to occur or be continuing.

Compulsory Interest Payment Date

"Compulsory Interest Payment Date" means each Interest Payment Date prior to which, at any time during a period of 6 (six) months prior to such Interest Payment Date, a Compulsory Interest Payment Event occurred; provided, however, that if a Solvency Event occurred during the Interest Period immediately preceding such Interest Payment Date, such Interest Payment Date shall only be a Compulsory Interest Payment Date if such Solvency Event occurred prior to the relevant Compulsory Interest Payment Event.

Where:

"Compulsory Interest Payment Event" means any of the following events:

- (i) the Issuer or the Guarantor declared or paid a dividend (whether in cash, shares or any other form, but not including a dividend consisting solely of newly issued Shares), or made a payment of any nature on any Shares (a **"Dividend Payment"**), unless the recipient of such Dividend Payment was the Issuer or the Guarantor; or
- (ii) the Issuer or the Guarantor pays interest on any securities of the Issuer or the Guarantor which rank, or are expressed to rank, junior to or *pari passu* with the Loan Notes (unless such payment was compulsory on such securities or required due to the repayment of such securities), unless the recipient of such payment was the Issuer or the Guarantor; or
- (iii) the Issuer or the Guarantor has, in its sole discretion, decided to repurchase, repay or call for redemption any securities of the Issuer or the Guarantor which rank, or are expressed to rank, junior to or *pari passu* with the Loan Notes.

Settlement of Deferred Interest

Subject to certain conditions described in Condition 2.5 (*Deferral of Interest Payments*), Deferred Interest may at the option of the Issuer be paid in whole or in part at any time.

In any event, such Deferred Interest and any other amount payment of which is deferred in ac-

cordance with Condition 2.5(d) (*Deferral of Interest Payments*) shall automatically become immediately due and payable in full upon the earliest of the following dates:

- (i) the Optional Interest Payment Date on which the Issuer makes any Interest Payment;
- (ii) the Interest Payment Date immediately following the occurrence of a Compulsory Interest Payment Event;
- (iii) the date fixed for any redemption of the Loan Notes (provided that such redemption takes place on such date);
- (iv) the date on which a decree or order is made by a court or agency or supervisory authority in Switzerland having jurisdiction in respect of the same, or on which a resolution is passed, for the winding-up, dissolution or liquidation of the Issuer; and
- (v) the date on which the Issuer is dissolved pursuant to a merger, consolidation or amalgamation with another entity and the resulting or surviving entity fails to assume all the obligations of the Issuer in respect of the Loan Notes.

Transfer of Loan Notes

The Loan Notes may only be assigned and transferred by way of written assignment (*Zession*), including upon an enforcement of any security over the Loan Notes, (a "**Transfer**") (and any Transfer is conditional (*aufschiebend bedingt*) and shall only become effective upon due registration of such Transfer by the Registrar in the Register),

- (i) in whole or in part, if the Transfer is to a Qualifying Bank, provided that in the case of a Transfer of the Loan Notes in part, the Loan Notes may not be transferred to more than 5 (five) Qualifying Banks, or
- (ii) in whole but not in part, if the Transfer is to a Permitted Non-Qualifying Loan Noteholder.

Substitution

The Issuer may, without the consent of the Loan Noteholders, and provided that no Special Event and no event described in Condition 3.3 (*Redemption for Tax Reasons*) would be triggered by such substitution, be substituted in respect of all rights and obligations arising under or in connection with the Loan Notes by a company all of whose shares carrying voting rights are directly or indirectly held by the Guarantor, *provided* that the requirements set out in Condition 18 (*Substitution*) are met.

Fiscal Agent, Paying Agent and Calculation Agent

The Bank of New York Mellon, London Branch.

Governing Law

Swiss law.

Jurisdiction

Courts of the city of Zurich, Switzerland and, if permitted, the Commercial Court of the Canton of Zurich, Switzerland, venue being Zurich 1.

Listing

The Loan Notes will not be listed or admitted for trading on any stock exchange.

RISK FACTORS

Prior to making an investment decision, prospective investors in the Loan Notes should consider carefully and in light of their financial circumstances and investment objectives, among other things, all the information of this Information Memorandum and, in particular, the risk factors set forth below. The risks highlighted below could have a material adverse effect on the business, operations, financial condition or prospects of the Issuer, the Guarantor and/or Helvetia Group, which in turn could have a material adverse effect on the amount of principal and/or interest investors will receive in respect of the Loan Notes. In addition, each of the risks highlighted below could adversely affect the value of the Loan Notes and/or the rights of investors under the Loan Notes and, as a result, investors could lose some or all of their investment. This section is not intended to be exhaustive and prospective investors should make their own independent evaluation of all risk factors, consult their respective financial and legal advisors and also read the detailed information set out elsewhere in this Information Memorandum. Other risks and uncertainties unknown to, or considered insignificant at this time by, the Issuer and/or the Guarantor could equally have a material adverse effect on the business, operations, financial condition or prospects of the Issuer, the Guarantor and/or Helvetia Group.

The order in which the following risk factors are presented is not an indication of the likelihood of their occurrence or their importance.

Risks related to Helvetia

Risks relating to the Issuer, the Guarantor and Helvetia Group

Set out below are risks associated with the Issuer, the Guarantor and Helvetia Group which may have a material impact on its business operations and/or the level and volatility of its profitability, and therefore its ability to perform its obligations under the Loan Notes, including:

Holding company

As the Guarantor is a holding company whose primary assets consist of common stock or other equity interests in or amounts due from subsidiaries, all of its income is derived from those subsidiaries. The subsidiaries of the Guarantor will have no obligation to pay any amount or perform in any respect under the Guarantee. The payment of dividends by many of the Guarantor's subsidiaries is subject to various local solvency requirements and other regulatory restrictions. Restrictions on the ability of the Guarantor's subsidiaries to pay dividends or to make other cash payments may materially affect its ability to meet its obligations with respect to the Guarantee.

As an equity holder, the Guarantor's ability to participate in any distribution of assets of any subsidiary is subordinated to the claims of creditors of the subsidiary, except to the extent that any claims the Guarantor may have as a creditor of the subsidiary are judicially recognised. If these sources are not adequate, the Guarantor may be unable to meet its obligations with respect to the Guarantee.

Ratings

The financial strength and credit ratings assigned to Helvetia Group and its operating companies by a major rating agency may be changed, suspended or withdrawn at any time by the rating agency. A ratings downgrade can have adverse effects on the ability to obtain new financing and for the conditions of new and existing business, impair competitiveness and increases the cost of financing and would thus ultimately impact Helvetia Group's financial position, assets and/or net income. A credit rating is not a recommendation to buy, sell or hold securities.

Refinancing risks

Helvetia Group may require additional capital or funds in the future, which may not be available or may only be available on unfavourable terms thus negatively affecting its capital position, liquidity, financial results and its ability to carry out certain types of business or business in certain countries. Helvetia Group's future capital requirements depend on many factors, including pending regulatory changes to capital requirements or other regulatory developments and its ability to generate new business successfully.

Risks from insurance contracts

The business conducted by Helvetia Group is founded on the deliberate assumption of risks through the conclusion of insurance and to a limited extent reinsurance contracts. Helvetia Group constantly assesses and monitors these risks and reviews their probability of occurrence. This also includes ongoing monitoring of legal, regulatory, demographic, macroeconomic, environmental and technological risks, including cyber risks, where developments are outside the influence of Helvetia Group. As a general principle, Helvetia Group concludes insurance contracts only if the premiums are expected to exceed the calculated risks and it establishes provisions, which are predominantly actuarially determined for the occurrence of claims and benefits. If the premiums calculated upon contract closing do not suffice to fund the resulting claims and benefits, if the premium calculations are based on inaccurate assumptions, if Helvetia Group fails to (fully) identify or correctly evaluate adverse developments, if unexpected adverse developments occur, which result in claims and benefits exceeding the value of the calculated risks or if reinsurers with which Helvetia Group has reinsured risks default on payment, this could detrimentally affect the assets, financial position, cash flow and/or net income of Helvetia Group. Similarly, Helvetia Group's financial condition, results and business could materially be impacted if provisions to cover its non-life and life business liabilities, in particular for future claims, turn out to be insufficient or if any change in provision levels is required as a result of changes in interest rates, general claims experiences, biometric assumptions or other factors, including regulatory changes.

Reinsurance risk

Helvetia Group systematically uses reinsurance and protection covers to protect its capital position and its expected net income; in this context it attaches considerable importance to the quality and credit status of its reinsurers. The assets, financial position, cash flow and/or net income of Helvetia Group could be adversely affected if the terms and conditions of reinsurance deteriorate in the future, if certain protection covers – especially catastrophe covers – are no longer available or if individual reinsurers should become unable or unwilling to pay. While Helvetia Group conducts periodic reviews of the financial statements, ratings and reputation of its reinsurers, and, when appropriate, requires letters of credit, deposits or other financial collateral to minimise its exposure to credit risk, reinsurers may become financially distressed by the time they are called upon to pay amounts due.

Risks from assumed reinsurance

Helvetia Group underwrites a small assumed reinsurance portfolio, which is limited in the context of a business strategy pursuing a "follower" approach and holding usually smaller parts of reinsurance contracts. This policy of small holdings, combined with broad diversification (geographical and by insurance segment), leads to a balanced reinsurance portfolio free of major risk clusters. In addition to controlling risk exposure, cumulative risks from natural hazards are monitored and quantified using actuarial methods, and are protected with retrocession cover. Even after considering these precautionary aspects losses could be experienced from, among others, catastrophic events or accumulations of claims, emergence of new or unknown risks as well as changes in reinsurance market conditions and may negatively impact Helvetia Group's capital and solvency position.

Catastrophic events

Both natural catastrophes, for example windstorms and hailstorms, floods and earthquakes and man-made disasters, are partially covered by insurance policies in the non-life and life insurance written by Helvetia Group. Neither catastrophes as such nor the

scale of loss and damage caused by such events can be foreseen. Even though Helvetia Group monitors the aggregate risk with respect to catastrophic events in each geographical region and purchases what it considers to be appropriate reinsurance coverage, catastrophe-related damage and claims can lead to extraordinarily high losses. Should the scale of catastrophe losses increase in the coming years relative to the multi-year average, this could have a corresponding detrimental effect on the assets, financial position, cash flow and/or net income of Helvetia Group.

Financial markets and general economy

Helvetia Group's results and capitalisation are subject to fluctuations in the financial markets and changes in general economic conditions. Risks can arise *inter alia* from adverse changes in interest rates, credit spreads, foreign exchange rates, equity prices, real estate prices and other relevant parameters, such as market volatility. Factors such as consumer spending, investments, government spending, central bank activities, political developments, the volatility and liquidity of the capital markets, inflation, deflation and others all affect the business and economic environment and, ultimately, the profitability and solvency position of Helvetia Group.

In an economic downturn characterised by higher unemployment, lower family and private income, lower corporate earnings, lower levels of investments and consumer spending, the demand for Helvetia Group's products could be adversely affected. In addition, Helvetia Group may experience an elevated incidence of claims and lapses or surrenders of policies. Adverse changes in the economy could affect Helvetia Group's earnings negatively and could have a material adverse effect on its business and its financial condition, including shareholders' equity.

Helvetia Group's current investment income and realised and unrealised capital gains and losses on financial investments and real estate play a significant role in its results and capitalisation and its ability to meet guarantees and pay bonuses to life insurance policyholders. In the event that current investment income is lower than expected because of events in the financial markets, as well as not achieving its expected net income for a prolonged period and potentially a related increase in regulatory requirements for provision levels, Helvetia Group may not be able to meet its obligations to pay guarantees to life insurance policyholders, for example on endowment and annuity products, or could be required to provide additional funds to meet those. The results and capitalisation of Helvetia Group may be volatile due to the level of realised and unrealised capital gains and losses arising from financial investments and real estate. If realised and unrealised gains on investments are lower than expected, Helvetia may not be able to credit life insurance policyholders with bonuses that meet customer expectations or are in line with current market practice. In such cases, Helvetia Group may not be able to attract new customers for its life insurance products and existing customers may cancel existing products leading to a greater than expected outflow of assets, which might have to be realised at a loss to meet these payments.

The main, but not sole, factors affecting investment income are interest rates, credit spreads, stock markets and real estate values. Interest rate volatility and persisting low interest rates may adversely affect Helvetia Group's results of operations, business targets and solvency position. Changes in prevailing interest rates may adversely affect Helvetia Group's insurance, asset management and other results. Over the past several years, movements in interest rates have affected the level and the timing of recognition of gains and losses on securities held in Helvetia Group's various investment portfolios. An increase in interest rates could substantially decrease the value of Helvetia Group's fixed-income portfolio, impacting its financial position under International Financial Reporting Standards ("IFRS") or other accounting measures. A reduction in interest rates, however, could result in a reduction in its economic capitalisation, negatively impacting its solvency position. Helvetia Group maintains provisions for its life insurance business to cover its estimated insurance liabilities. Changes in statutory interest rates (interest rates set by regulators to, *inter alia*, calculate the value of insurance liabilities and determine minimum guaranteed returns to policyholders) impact the discounted, booked value of insurance liabilities, and hence shareholders' equity and results. While Helvetia believes its economic risk is reduced by efforts to control the durations of assets and liabilities, statutory interest rates may not change in line with market yields and may be subject to regulatory changes. Changes in interest rates may impact Helvetia Group's levels of new product sales or surrenders of business in force, thus negatively impacting its business targets.

Fluctuations in stock markets could have an adverse impact on the valuation of Helvetia Group's holdings in equities, which could result in a deterioration of Helvetia Group's financial position and net income and its ability to pay bonuses to policyholders. Helvetia Group had an equity exposure on a hedged basis of 2% of its investment asset portfolio as at 31 December 2016.

Helvetia Group invests a significant proportion of its investments in government, sovereign and corporate bonds and similar instruments and is therefore exposed to the risk that credit spreads widen. This could happen, for example following a potential or effective downgrade of the respective creditor's rating or in the wake of general market uncertainty, caused for example by a future potential shake-up of the EU and/or Eurozone. Such credit spread movements, which decrease the market value of such assets, could have a negative impact on Helvetia Group's solvency position. Moreover, the market value of corporate bonds may become difficult to ascertain if markets are illiquid which may also affect Helvetia Group's ability to dispose of such investments on favourable terms or at all.

A decline in general valuation of the Swiss real estate market could negatively affect the value of Helvetia Group's real estate portfolio thus negatively affecting its assets, financial position and/or net income. A decline in yields from Helvetia Group's real estate portfolio may likewise negatively affect Helvetia Group's financial position and net income and its ability to pay bonuses to policyholders.

A re-ignition of the Eurozone sovereign debt crisis and concerns over the viability of the European Union (in particular in connection with the upcoming elections in France and Germany) may increase uncertainties in the financial markets and in the general economic environment. Helvetia has a significant part of its business and investment exposures in countries that might be affected by a contagion of the sovereign debt crisis, especially in Italy and Spain. Helvetia Group has consistently reduced its exposure to certain European countries in areas that are not of relevance to its business. Furthermore, Helvetia Group continuously monitors the economic developments in the Eurozone in the context of its risk management process. Nevertheless, a re-ignition of the Eurozone sovereign debt crisis or concerns over the viability of the European Union could result in unforeseeable dynamics and outcomes, such as significant increases in general spread levels, and could therefore have a negative impact on Helvetia Group's capital position, results and/or cash flows.

Risk of fluctuating currencies

Helvetia Group prepares its consolidated financial statements in Swiss francs but generates a sizeable portion of its income and expenses in currencies other than Swiss francs, which primarily include euro and U.S. dollar. The fluctuation of other currencies to the Swiss francs could cause fluctuations in earnings and therefore distortions in the comparability of Helvetia Group's consolidated results between actual and preceding financial periods. Similarly, if there is a currency mismatch between expenses and income or between the liabilities to policyholders and assets backing those, currency fluctuations may negatively impact Helvetia Group's results, business and financial condition. While Helvetia Group seeks to control such risks, related hedging activities may not prove sufficient or may increase other risks, such as liquidity, counterparty and operational risks.

Risks of additional capital needs

The capital requirements of the Helvetia Group depend on many factors, including its financial and operational results, capital market conditions, developments of claims patterns or biometric bases, the volume of new business, regulatory changes to capital or other requirements such as reserving requirements and other regulatory developments. Helvetia Group's business, financial condition and/or results of operations could be materially adversely effected if Helvetia Group becomes unable to raise capital in the future or is only able to raise capital at significant costs.

Liquidity and financing risks

Liquidity risk refers to the risk that the available liquidity is insufficient to meet, in a timely manner, payment obligations in relation to insurance contracts, in particular resulting from unexpected events or series of events, such as a high claim pattern in a short

period of time, natural catastrophes or mass surrenders that trigger Helvetia Group's coverage obligations. In addition, investment activities, in particular derivative contracts made on a collateralised basis for hedging purposes and forward contracts, may result in unexpected payment obligations, which Helvetia Group might not be able to sufficiently fund in a timely manner.

Unexpected liquidity needs could require Helvetia Group to liquidate investments or other assets or to increase its level of indebtedness. Helvetia Group's ability to fund liquidity needs may be constrained if access to bank funding or capital markets is limited and could consequently have a material adverse effect on Helvetia Group's liquidity situation, financial condition and/or results of operations.

Impairment risks

Helvetia could be faced with impairment losses on its subsidiaries, associates and its other intangible assets, such as acquired portfolios or software developments, if operational and strategic targets cannot be achieved over time. On an annual basis or whenever Helvetia deems necessary, Helvetia performs goodwill impairment tests which might lead to an impairment write-down of such assets which could have material adverse effects on Helvetia's business, financial condition and/or results of operations.

Risks of competition and risks of general distress in the insurance market

Helvetia Group operates predominantly in Switzerland and in selected European markets and is faced with a competitive environment in these markets. Technological development or changes in regulation could further increase competition in the future, potentially coupled with a reduction in reliance on traditional distribution channels such as agents. Helvetia Group's operations might not compete successfully in the future with the existing and new competitors which might have adverse effects on Helvetia Group's business, financial conditions and/or net income of its operations.

Similar consequences could occur if the insurance industry as a whole would experience a deterioration in underlying conditions or trust, or as a result of changes in the regulatory and legal environment.

Counterparty risks

Helvetia Group has monetary and securities claims under numerous transactions against customers, reinsurers, brokers and other debtors. In view of the general economic downturn, the uncertain development of capital markets and comparable influencing factors, increased default by debtors may occur (counterparty risk). This increased default would mean that value adjustments above and beyond the extent already covered by provisions would have to be made on assets of Helvetia Group; this could have a detrimental effect on the assets, financial position and/or net income of Helvetia Group.

Risks from implementing Helvetia Group's strategy

Helvetia Group has set itself strategic, financial and operational targets which achievements remain subject to uncertainty and could incur higher costs, require more management resources than expected or may not be implemented successfully. Furthermore, there exists a potential risk that, as a result of any past or future mergers, acquisitions, re-organisations or disposals, Helvetia may be subject to warranty, indemnity or other claims or to adverse tax or accounting charges.

Reputational risks

Reputational risk is the risk of failure to meet stakeholder expectations as a result of any event, behaviour, action or inaction, either by Helvetia Group, its employees or those with whom it is associated, that might cause stakeholders to form a negative view of Helvetia Group. Equally, public opinion of the Helvetia Group may be adversely affected by the actual, or perceived, manner in which Helvetia Group conducts its business activities, or financial performance, as well as actual or perceived practices in the insurance and financial services industry generally. Modern IT technologies, in particular, online social media channels and

other broadcast tools which facilitate communication with large audiences in short time frames and with minimal costs, may significantly enhance and accelerate the impact of damaging information and allegations. Negative views of stakeholders or negative public opinion may have both financial and non-financial impacts, such as a decrease in the value of the 'Helvetia' brand and adverse effects on Helvetia Group's ability to keep and attract customers and retain motivated staff, and could have material adverse effects on Helvetia Group's business, financial condition and results of operations.

Risks relating to Helvetia Group's distribution partners

Helvetia Group uses various different distribution channels such as independent advisers, brokers and banks for the product offering in non-life and life insurance business to private and corporate clients. The business position as well as the financial condition and net income of Helvetia Group could be materially impacted if a significant number of these distribution partners were to terminate their distribution agreements or if the terms of such distribution agreements were to change to Helvetia Group's detriment.

Operational risks

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events which adversely impact the operations of Helvetia Group (excluding financial risks such as, *inter alia*, financial market risks and counterparty risks). Because of the broad spectrum of operational risks, the realisation of one of these risks could have a negative effect on the assets, financial position and/or net income of Helvetia Group.

Risks associated with cyber security

Given the high volume of transactions Helvetia Group processes, the large number of clients, partners and counterparties with which Helvetia Group does business, and the increasing sophistication of cyber-attacks, a cyber-attack could occur without detection for an extended period of time. In addition, Helvetia Group expects that any investigation of a cyber-attack will be inherently unpredictable and it may take time before any investigation is complete. During such time, Helvetia Group may not know the extent of the harm or how best to remediate it and certain errors or actions may be repeated or compounded before they are discovered and rectified, all or any of which would further increase the costs and consequences of a cyber-attack.

If any of Helvetia Group's systems do not operate properly or are compromised as a result of cyber-attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact, Helvetia Group could be subject to litigation or suffer financial loss not covered by insurance, a disruption of its businesses, liability to its clients, regulatory intervention or reputational damage. Any such event could also require Helvetia Group to expend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures.

Emerging and new types of risks

Helvetia Group allocates and will continue to allocate significant resources to developing risk related policies, assessing, measuring and mitigating risks an insurance group is exposed to. However, the Helvetia Group's risk management techniques and strategies might not be fully effective to identify, anticipate and mitigate risks Helvetia Group is exposed to, particular in changing market conditions and the emergence of new types of risks. As a result, Helvetia Group's business, reputation with customers, financial conditions and/or net income could be negatively impacted.

Risks due to regulatory or legal changes

Helvetia and its subsidiaries are subject to applicable government regulation in each of the jurisdictions in which business is conducted. The business and solvency position of Helvetia Group and its Swiss subsidiaries are supervised by the Swiss Financial

Market Supervisory Authority FINMA ("**FINMA**"). The different foreign insurance subsidiaries of Helvetia Group are supervised by their relevant local regulators.

Insurance laws, regulations and policies currently governing Helvetia and its subsidiaries may change at any time in ways which may adversely affect their business and economic position. Furthermore, regulators have and are expected to continue to impose greater regulatory scrutiny on financial institutions, including insurance groups such as Helvetia Group, thus broadening their administrative power to regulate many aspects of the business of financial services, which may include, but not limited to, capital and liquidity steering, permitted investments, anti-money laundering rules, record keeping, selling and marketing and business conduct practices or product governance requirements, which might have an adverse effect on Helvetia Group's business. The insurance industry is also affected by political, judicial and other legal developments (including, but not limited to, changes in consumer protection laws, sanctions, bribery or other anti-corruption measures) which have at times in the past resulted in new areas or expanded scope of liability. Given the scope and nature of these developments, the timing and enforcement initiatives of those as well as their impacts are inherently difficult to predict. While Helvetia Group endeavours to comply with applicable regulations, there is a risk that such regulations are unclear or that regulators revise their previous guidance or courts overturn previous rulings. Helvetia Group might face, amongst others, significant reputational harm, fines, penalties or other disciplinary actions or even suspension or revocations of licences if regulators or other authorities make use of their power to bring administrative or judicial proceedings against Helvetia Group.

In the European Union and Switzerland, reforms have been undertaken to modernise and strengthen the capital requirements of insurance companies and insurance groups. These reforms may lead to an increase in regulatory capital requirements. In Switzerland, risk based capital requirements are regulated in accordance with the Swiss Solvency Test ("**SST**") of 2006, which entered into force on 1 January 2011. Swiss Insurers are required to build up sufficient risk bearing capital in order to cover their target capital under the SST. In the European Union, risk based capital requirements have also been introduced pursuant to the Solvency II Directive ("**Solvency II**", including, but not limited to, the Omnibus II Directive of 16 April 2014, final Delegated Acts of 10 October 2014 and various technical standards and guidelines issued by the European Insurance and Occupational Pensions Authority). Solvency II codifies and harmonises the EU insurance regulation. Primarily this concerns the amount of capital that EU insurance companies must hold to reduce the risk of insolvency. Solvency II is effective since 1 January 2016. However, Solvency II is still being implemented by the EU member states and the final regulatory rules and supervisory practice are still subject to changes and reviews, which may affect the related capital models, capital requirements as well as reporting requirements. Such changes may require additional regulatory capital of Helvetia and its subsidiaries, changes to the way in which Helvetia and its subsidiaries carry on their business, or might lead to additional expenses or otherwise adversely affect the financial or solvency position.

Following the revision of the Swiss Insurance Supervision Ordinance ("**ISO**") in 2015, the general Swiss Solvency Test, solvency models as well as related guidance and requirements, are currently being revised by FINMA. While the specific SST models employed by Helvetia Group and Swiss insurance entities of Helvetia Group, including the Issuer, are currently used to determine regulatory solvency requirements, final approval of these models is still pending. Changes in regulatory requirements may impact SST risk and valuation models and the quantification of risks as well as the calibration, calculation and interpretation of the model. While the outcome of this revision is currently not known, changes in the applicable models to determine regulatory capital requirements may negatively affect the solvency position of Helvetia Group and the Issuer.

Helvetia Group's Swiss-based group life insurance business (the mandatory non-state pension and life insurance scheme for all employees in Switzerland; *Bundesgesetz über die berufliche Alters-, Hinterlassenen-und Invalidenvorsorge*, or "**BVG**") is subject to guaranteed minimum interest and annuity conversion rates (this determines the amount of the annual retirement pension payable to an annuitant based on the contributions accumulated to the retirement date. For the mandatory part of Helvetia Group's BVG business in Switzerland, the legally stipulated conversion rate is applied). These rates are set on an annual basis by the Swiss government and the process for setting these rates is out of the control of the insurance industry and is unpredictable as the setting does not follow a predictable formula. While Helvetia Group believes that the legal quota restrictions (which determine a mandatory sharing of profits with policyholders) reduce the sensitivity of its results (after policyholder participation) to changes in

the minimum interest rate guaranteed by BVG or the mandatory conversion rate, the profitability of Helvetia Group's BVG business and Helvetia Group's ability to maintain and increase its premium volume and market share could both be adversely affected if the levels of, or changes in, either of these rates do not reflect the prevailing economic, market or other conditions relevant for such products or if Helvetia Group is not able to achieve equivalent rates on its assets backing such business.

Furthermore, the general regulation and structure of the BVG group life insurance business is currently subject to review by the Swiss government. Adverse development of general and specific regulation relating to BVG group life business may have adverse effects on Helvetia Group's business and earnings.

In addition, while Helvetia Group has some flexibility to reprice or restructure its products in response to such conditions or changes, the ability to implement a revised product offering is subject to a number of uncertainties and may not have immediate effect. For example, the current Swiss regulatory regime requires that approval must be sought from the regulator prior to the introduction of new tariffs. Also, the ability to implement a revised product offering is subject to customers' acceptance of the new terms.

Failure by Helvetia Group to achieve a rate of return on its investments in excess of the statutory guaranteed minimum interest rate could have material adverse effects on Helvetia's financial condition and results of operations. The same adverse effects could result from changes in mortality, morbidity, longevity and other biometric assumptions, changes in technical interest rates not provided for in the statutory guaranteed annuity conversion rate, and from any adverse change in the statutory guaranteed interest or annuity conversion rates. At the extreme, in the event of market deterioration or of the setting of the statutory guaranteed interest rate or the statutory guaranteed annuity conversion rate at certain levels, Helvetia Group may be unable to write profitable group life insurance business in Switzerland.

The regulatory framework of the Swiss financial industry (including the insurers) is currently being revised. With three new codes – the Financial Market Infrastructure Act ("**FMIA**"), the Financial Services Act ("**FSA**") and the Financial Institutions Act ("**FINIA**") – Swiss authorities respond to important international regulatory developments and changes with a view to accommodate a compatible level playing field. The FMIA came into force on 1 January 2016 and is expected to have no material impact on Helvetia Group. FSA/FINIA are expected to come into force not before 2018 and the final text of the FSA and FINIA are still uncertain. One chamber of the Swiss Parliament proposed to exclude insurance companies from the scope of the FSA. However, the second chamber of the Swiss Parliament has not yet decided on the matter and if the FSA were implemented with the drafting as currently proposed but would apply also to insurance companies (for instance, the FSA requires additional duties with respect to the distribution of certain financial products to customers, including information, documentation and transparency requirements), this could have material adverse effects on Helvetia Group's business and results of operations.

Risks from new or amended IFRS reporting standards

Helvetia Group prepares its consolidated financial statements in accordance with IFRS. A key standard for insurers is the framework for reporting insurance contracts ("**IFRS 4**") introduced in March 2004. The publication of IFRS 17, which should replace IFRS 4 as per 1 January 2021, is expected in May 2017. Furthermore, in 2014 the International Accounting Standards Board published the final version of IFRS 9 which will replace IAS 39 regarding classification and measurement of financial instruments. These changes are expected to affect significantly the way the consolidated financial position and results of insurance companies are reported upon and measured. The effects cannot yet be predicted. As a result, changes to reporting standards could adversely affect Helvetia Group's business position, financial position and results.

In September 2016, an amendment to IFRS 4 was published, which provides companies being primarily active in insurance business with the option to postpone the introduction of IFRS 9 until 1 January 2021 at the latest. Helvetia intends to make use of this deferral option and implement IFRS 9 and IFRS 17 simultaneously.

Legal risks

On the basis of their activities as insurers, the companies belonging to Helvetia Group are involved in legal and arbitration proceedings both as complainant and respondent. Legal disputes exist in the ordinary course of business. The outcome of such proceedings cannot be determined in advance. It is the assumption of Helvetia Group that the currently pending proceedings will not have any significant detrimental effect on the assets, financial position and/or net income of Helvetia Group. Nevertheless, a certain risk exists that this assessment is proved to be inaccurate and therefore could negatively affect Helvetia Group.

Changes in tax laws and practice

Helvetia Group's net income and cash-flows are determined to an extent by current and deferred taxation (according to IFRS), regulation and rulings. Should these tax regulations and rulings change to a material extent, this could have a negative effect on Helvetia Group's assets, financial position and/or net income.

Previously common and established practices and regulation regarding the taxation of companies and individuals are currently under scrutiny and change. The recent financial crisis has incentivised states to seek new sources of revenue and to challenge and change previously established practices regarding where entities and individuals are taxed, how profits and revenues are taxed (tax base) and what is regarded as tax evasion, leading to new and proposed regulation and practices and interpretations by different tax authorities and international organisations like the Organisation for Economic Co-operation and Development ("OECD"). The US Foreign Account Tax Compliance Act ("FATCA"), as an example, has imposed significant new burdens on financial institutions regarding the documentation, reporting and potentially withholding of payments to US persons. On the level of the OECD important changes like the automatic exchange of financial account information (AEOI) and the project base erosion and profit shifting (BEPS) have been elaborated in detail and already started in many jurisdictions around the globe. The impact of such legislation and changes in practice, which have led to increased costs and the threat of potential fines for non-compliance, are inherently difficult to predict and may lead to significant, unpredictable costs and additional tax burdens for financial institutions such as Helvetia Group.

Risks related to the Loan Notes

The key risks relating to the Loan Notes include the following:

Complexity of the Loan Notes as financial instrument

The Loan Notes are complex financial instruments and may not be suitable for all investors. Each potential investor should (1) have sufficient knowledge and experience to make a meaningful evaluation of the Loan Notes, the merits and risks of investing in the Loan Notes and the information contained or incorporated by reference in this Information Memorandum; (2) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of the investor's particular financial situation, an investment in the Loan Notes and the impact the Loan Notes will have on the investor's overall investment portfolio; (3) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Loan Notes and (4) 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 the investor's investment and the investor's ability to bear the applicable risks.

Before investing in the Loan Notes, each potential investor should have understood thoroughly the Terms of the Loan Notes and be familiar with them and the content of this Information Memorandum.

The Loan Notes and the Guarantee are subordinated obligations and will be subordinated to all the present and future unsubordinated indebtedness of the Issuer and/or Guarantor, respectively

The Loan Notes and the Guarantee are by their terms subordinated in right of payment to all current and future unsubordinated indebtedness of the Issuer and the Guarantor, respectively, and are subordinated to claims of creditors which are, or are ex-

pressed to be, subordinated to the claims of policyholders and other unsubordinated creditors of the Issuer and the Guarantor, respectively, except those claims which rank, or are expressed to rank, equally with or junior to the claims of the Loan Noteholders.

If any judgment is rendered by any competent court declaring the judicial liquidation of the Issuer or the Guarantor or if the Issuer or the Guarantor is liquidated for any other reason, claims of the Loan Noteholders rank in priority only to any claims of holders of shares of the Issuer or the Guarantor or to any claims under any other securities issued by the Issuer or the Guarantor expressed to rank junior to the claims of the Loan Noteholders. In the event of incomplete satisfaction of unsubordinated creditors, the obligations of the Issuer and the Guarantor, respectively, in connection with the Loan Notes will be terminated and Loan Noteholders will not be entitled to any payment. The Loan Notes may pay a higher rate of interest than comparable instruments which are not subordinated, but there is a greater risk that an investor in the Loan Notes will lose all or some of its investment should the Issuer or the Guarantor become insolvent or bankrupt.

No events of default and limited acceleration rights

There are no events of default in respect of the Loan Notes and Loan Noteholders are only entitled to claim redemption of the principal amount of the Loan Notes in case of the Issuer's bankruptcy, dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Issuer in respect of the Loan Notes) and/or liquidation. Loan Noteholders have limited acceleration rights (as described in Condition 11). In particular, Loan Noteholders are not entitled to file for the opening of bankruptcy proceedings (*Konkursverfahren*) or to make other filings or motions which, if approved, will lead to a redemption of the Loan Notes. Rights of the Loan Noteholders in bankruptcy proceedings (*Konkursverfahren*) or any form of composition with creditors (*Nachlassverfahren*) in relation to the Issuer are limited. See also risk factor "The Loan Notes and the Guarantee are subordinated obligations and will be subordinated to all the present and future unsubordinated indebtedness of the Issuer and/or Guarantor, respectively" above.

The Issuer may redeem the Loan Notes early under certain circumstances

Subject to the prior approval from FINMA or any Successor Authority, the Loan Notes may be early redeemed at the option of the Issuer in whole (but not in part) (1) on the First Call Date and on any subsequent Interest Payment Date thereafter; (2) if the interest payments on the next Interest Payment Date would no longer be tax-deductible; (3) if interest payable in respect of the Loan Notes becomes subject to Swiss Withholding Tax and the Issuer is or will be required to pay Additional Amounts in respect of the Loan Notes; (4) if, pursuant to a confirmation of a recognised Rating Agency, the Loan Notes are no longer eligible for the same, or higher amount of, "equity credit" attributed to the Loan Notes at the Issue Date; (5) following the occurrence of a Regulatory Event; (6) at any time after the Issue Date and prior to the First Call Date if 80 per cent. or more of the Loan Notes have been redeemed or repurchased. See Conditions 3.2, 3.3, 3.4 and 3.5 of the Terms of the Loan Notes.

Such redemption options will be exercised at the principal amount of the Loan Notes together with interest accrued to the date of redemption and any Deferred Interest.

During any period when the Issuer may elect to redeem the Loan Notes, the market value of the relevant Loan Notes is generally expected not to rise substantially above the price at which they can be redeemed.

The Issuer may also be expected to exercise its call option to redeem the Loan Notes when its cost of borrowing is lower than the interest rate on the Loan Notes.

Following any early redemption of the Loan Notes, there can be no assurance that, at the relevant time, Loan Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Loan Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

In certain circumstances, the Issuer may elect to defer interest on the Loan Notes

For so long as the compulsory interest provisions in Condition 2.6 of the Terms of the Loan Notes do not apply, the Issuer may elect in its sole discretion to defer in full, but not in part, the payment of interest otherwise due and payable on any Optional Interest Payment Date in respect of the Interest Period ending on such date. Upon and subject to the Issuer giving a valid Deferral Notice, it does not have any obligation to pay any interest on such Optional Interest Payment Date and such non-payment does not constitute a default by the Issuer under the Loan Notes or for any other purpose and does not give Loan Noteholders or the Agent any right to accelerate the Loan Notes or make a demand under the Guarantee. Any interest not paid on an Interest Payment Date will constitute Deferred Interest as established in Condition 2.5(c) of the Terms of the Loan Notes. Deferred Interest Payments do not bear interest and will be payable in whole or in part at any time at the discretion of the Issuer, but become due in full without limitation (but subject to the prior written approval by FINMA or any Successor Authority, if required under then applicable laws) on (i) any Optional Interest Payment Date on which the Issuer makes any Interest Payment, (ii) the next Interest Payment Date following the occurrence of a Compulsory Interest Payment Event, (iii) the date fixed for any redemption of the Loan Notes (provided that such redemption takes place on such date), (iv) the date on which a decree or order is made by a court or agency or supervisory authority in Switzerland having jurisdiction in respect of the same, or on which a resolution is passed, for the winding-up, dissolution or liquidation of the Issuer, or (v) the date on which the Issuer is dissolved pursuant to a merger, consolidation or amalgamation with another entity and the resulting or surviving entity fails to assume all the obligations of the Issuer in respect of the Loan Notes.

Interest payment deferral may have a material adverse effect on the market price of the Loan Notes.

In certain circumstances, the Issuer is required to defer any interest on the Loan Notes

For so long as the compulsory interest provisions in Condition 2.6 of the Terms of the Loan Notes do not apply, the Issuer will be required to defer the payment of interest or, as the case may be, the relevant Solvency Shortfall, meaning that portion of a scheduled interest payment that would cause a Solvency Event to occur or be continuing, otherwise due and payable on an Interest Payment Date in respect of the interest period ending on such date, provided in each case that a Solvency Event would as at the date of such payment occur if the Issuer were to make the relevant Interest Payment. A Solvency Event shall be deemed to have occurred if (i) the Issuer or the Guarantor does not have at such date appropriate funds to cover the required minimum solvency margin or does not meet any other required level of own funds regulatory capital and a referral or a cancellation of interest is required under the Applicable Regulations (as defined in Condition 2.7 of the Terms of the Loan Notes), or (ii) the Issuer is unable to pay its debts owed to its Senior Creditors (as defined in Condition 6 of the Terms of the Loan Notes) as they fall due, or (iii) the Issuer's Assets do not exceed its respective Liabilities (each as defined in Condition 2.7 of the Terms of the Loan Notes), other than liabilities to persons who are not Senior Creditors, or (iv) FINMA or a Successor Authority has given (and not withdrawn) notice to the Issuer or the Guarantor that it has determined, in view of the financial and/or capital position of the relevant entity, that in accordance with Applicable Regulations at such time, the Issuer must take specified action in relation to payments on the Loan Notes.

The Issuer is not required to defer such Interest Payment or, as the case may be, Solvency Shortfall if FINMA or any Successor Authority has given its consent to such payment. The deferral of any Interest Payment, Solvency Shortfall or any part thereof in accordance with Condition 2.5(b) of the Terms of the Loan Notes does not constitute a default by the Issuer under the Loan Notes or for any other purpose and would not give Loan Noteholders any right to accelerate the Loan Notes or make a demand under the Guarantee.

Interest payment deferral may have a material adverse effect on the market price of the Loan Notes.

The Issuer's obligations to redeem the Loan Notes on the Final Maturity Date may be deferred indefinitely

Unless previously redeemed or purchased and cancelled in accordance with the Terms of the Loan Notes, the Issuer will redeem the Loan Notes on the Final Maturity Date, at their Principal Amount, together, if applicable, with interest accrued up to the Final Maturity Date and any Deferred Interest.

However, if on or prior to the Scheduled Maturity Date, a Solvency Event has occurred and such Solvency Event is continuing on the Scheduled Maturity Date (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) or if FINMA or a Successor Authority has not given its consent to the final redemption of the Loan Notes on the Scheduled Maturity Date, if such consent is required at that time under applicable capital or solvency regulations, the Final Maturity Date will be extended for an indefinite time until the Interest Payment Date which is immediately following the day on which, in the case a Solvency Event has occurred, such Solvency Event no longer exists and, in any case, FINMA or a Successor Authority has given its consent to the redemption of the Loan Notes.

The Issuer is not prohibited from taking on further debt or giving guarantees which may rank *pari passu* with or senior to the Loan Notes

There is no restriction on the amount of debt that the Issuer may take on or guarantees it may give that rank senior to the Loan Notes or on the amount of debt that it may take on or guarantees it may give that rank *pari passu* with the Loan Notes. Any such new debt or guarantees may reduce the amount recoverable by investors upon the Issuer's bankruptcy. If the Issuer's financial condition were to deteriorate, the Loan Noteholders could suffer direct and materially adverse consequences, including suspension of interest and, if the issuer were liquidated (whether voluntarily or involuntarily), the loss of all or part interest and principal to the extent not covered by the Guarantee issued by the Guarantor.

Loan Noteholders have no remedies against asset disposals and dividend payments by the Issuer

The Terms of the Loan Notes do not prohibit the Issuer from disposing of any of its assets nor do the Terms of the Loan Notes provide for any restrictions in the payment by the Issuer of dividends in cash or any other manner. The sole consequence of a payment of dividends by the Issuer is that any Interest Payment in respect of the Loan Notes scheduled during the six-month period following such dividend payment, together with Deferred Interest payments, if any, become compulsory under the Terms of the Loan Notes.

No voting rights

The Loan Notes do not carry voting rights at shareholders' meetings. Consequently, the Loan Noteholders cannot influence, *inter alia*, any decisions by the Issuer to defer any Interest Payments or any other decisions by the Issuer's shareholders concerning the capital structure of the Issuer.

No covenants concerning operations of the Issuer or the Guarantor and no transaction limitations

The Loan Notes do not contain covenants governing the operations of the Issuer or the Guarantor and do not limit the ability of the Issuer or the Guarantor to enter into a merger, asset sale or other significant transaction that could materially alter their existence, jurisdiction of organisation or regulatory regime and/or the composition and business of Helvetia Group. If the Issuer or the Guarantor enter into such a transaction, Loan Noteholders' claims under the Loan Notes could be materially and adversely affected.

Value of the Loan Notes

The market value of the Loan Notes will be affected by the creditworthiness of the Issuer, and/or that of Helvetia Group and a number of additional factors including market interest and yield rates. The price at which a Loan Noteholder will be able to sell the

Loan Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Loan Noteholder.

Investors are exposed to risks associated with fixed interest rate securities

A holder of securities with a fixed interest rate is exposed to the risk that the price of such securities falls as a result of increasing market interest rates. While the interest rate of the Loan Notes is fixed until (and including) the First Call Date, the interest rates in the capital markets (market interest rates) typically change on a daily basis. As the market interest rate changes, the price of the Loan Notes changes typically in the opposite direction. If the market interest rate increases, the price of the Loan Notes would typically fall and if the market interest rate falls, the price of the Loan Notes would typically increase. Therefore, Loan Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Loan Notes and can lead to losses if Loan Noteholders sell their Loan Notes during the period in which the interest rate of the Loan Notes is fixed, *i.e.*, prior to the First Call Date.

Investors may be exposed to risks associated with floating interest rate securities.

If the Loan Notes are not called by the Issuer on the First Call Date, interest on the Loan Notes will accrue thereafter at a floating rate. A holder of a security with a floating interest rate (as will be the case for the Loan Notes after the First Call Date if not previously redeemed) is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels of a security make it impossible to determine the yield of such security in advance.

Risks relating to the rating on the Loan Notes

Standard & Poor's produces a solicited rating for Helvetia on a regular basis. In addition, other rating agencies may assign credit ratings to the Issuer, its subsidiaries or to the Loan Notes with or without any solicitation from the Issuer and without any provision of information from the Issuer.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisation. A downgrade or potential downgrade in these ratings, the assignment of a new rating that is lower than existing ratings, or the withdrawal of any rating assigned to the Issuer could adversely affect the price and liquidity of the Loan Notes. The rating may not reflect the potential impact of all risks related to structure, market, or any other additional factors that may affect the value of the Loan Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Loan Notes are lawful investments for it, (2) the Loan Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Loan Notes.

Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Loan Notes under any applicable risk-based capital or similar rules.

Risks relating to Swiss Withholding Tax

Although, subject to certain exceptions, Conditions 2.3 and 5(a) provide for the recalculation of interest and the payment of Additional Amounts, respectively, in the event that Swiss Withholding Tax is imposed on any payment made by the Issuer pursuant to the terms of the Loan Notes, the Issuer's obligation to pay such Additional Amounts or recalculate interest may be unenforceable under Swiss law.

No legal and tax advice, change in law

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Loan Notes. A Loan Noteholder's effective yield on the Loan Notes may be diminished by the tax impact on that Loan Noteholder of its investment in the Loan Notes.

A Loan Noteholder's actual yield on the Loan Notes may be reduced from the stated yield by transaction costs.

The Terms of the Loan Notes are based on Swiss law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Swiss laws or administrative practice after the date of this Information Memorandum.

Substitution of the Issuer

The Issuer may, without the consent of the Loan Noteholders, be substituted in respect of all rights and obligations arising under or in connection with the Loan Notes with a company all of whose shares carrying voting rights are directly or indirectly held by the Guarantor (and with a guarantee by the Guarantor). Whilst, among other conditions, the new issuer must have obtained all consents and approvals necessary for its assumption of the duties and liabilities of the Issuer under the Loan Notes, the substitution of the Issuer under the Loan Notes could have material adverse effects on the Loan Noteholders. The original issuer would not be required to provide a guarantee of the Loan Notes in such circumstances. See also risk factor "Holding company" above.

Modification, waivers and substitution

The Swiss Code of Obligations contains provisions for calling meetings of bondholders to consider matters affecting their interests generally, which apply to the Loan Noteholders. These provisions permit defined majorities to bind all Loan Noteholders including Loan Noteholders who did not attend and vote at the relevant meeting and Loan Noteholders who voted in a manner contrary to the majority.

TERMS AND CONDITIONS OF THE LOAN NOTES

The terms and conditions (each, a "**Condition**" and together, the "**Terms of the Loan Notes**") of the guaranteed dated subordinated fixed to floating rate loan notes due 2047 (the "**Loan Notes**") issued by Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, CH-9001 St. Gallen, Switzerland (the "**Issuer**"), and unconditionally and irrevocably guaranteed on a subordinated basis by Helvetia Holding AG, Dufourstrasse 40, CH-9001 St. Gallen, Switzerland (the "**Guarantor**"), will be issued in accordance with an agency agreement (the "**Agency Agreement**") dated 11 April 2017 among the Issuer, the Guarantor and the agents named therein. The Terms of the Loan Notes govern the rights and obligations of the Issuer, the Guarantor and the Loan Noteholders (as defined below) in relation to the Loan Notes and are set out below.

Capitalised terms used herein have the meaning ascribed to them in Condition 20 (*Definitions*).

1. Denomination, Form, Printing and Delivery of the Loan Notes

- a. The Loan Notes are issued in the initial aggregate principal amount (the "**Principal Amount**") of EUR 500,000,000 (five hundred million euro).
- b. The Issuer reserves the right to reopen and increase the aggregate principal amount of the Loan Notes issued at any time and without prior consultation of or permission of the Loan Noteholders through the issuance of further loan notes which will be fungible with the Loan Notes (*i.e.*, having the same terms as the Loan Notes or terms which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue) so as to be consolidated and form a single series with such Loan Notes. The term Loan Notes shall, in the event of such further issue and increase, also comprise such further securities.
- c. The Loan Notes are issued in certificated, registered form (*Namenspapiere*) and shall each bear the manual or facsimile signatures of two duly authorised officers of the Issuer as well as the manual signature of an authentication officer of the Registrar (each a "**Certificate**"). A Certificate shall have the denomination as stated on its front page, but in no event shall the denomination be less than EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. Initially, only one Loan Note will be issued by the Issuer.
- d. The Bank of New York Mellon SA/NV, Luxembourg or its duly appointed successor (the "**Registrar**") will maintain a register of the holders of record of the Loan Notes (the "**Loan Noteholders**") reflecting the ownership of the Loan Notes (the "**Register**"). A Transfer of any Loan Notes shall only be made in accordance with and subject to Condition 7 (*Transfer and Sub-Participation*).
- e. A Loan Noteholder may at any time require the Issuer to replace such Loan Noteholder's Certificate representing the Loan Notes with other Certificates representing the Loan Notes in minimum denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof; the Registrar shall accordingly authenticate such replacement Certificates and amend the Register.

2. Interest

2.1. Fixed Rate of Interest

- a. Subject to Condition 2.5 (*Deferral of Interest Payments*), the Loan Notes shall bear interest on their Principal Amount from (and including) the Issue Date to (but excluding) the First Call Date at a rate of 3.375 per cent. per annum (the "**Fixed Rate of Interest**"), payable annually in arrear on 29 September in each year (each a "**Fixed Interest Payment Date**"). The first Fixed Interest Payment Date shall be 29 September 2017 (the "**First Fixed Interest Payment Date**") and the last Fixed Interest Payment Date shall be the First Call Date. Interest in respect of the Loan Notes shall be calculated per EUR 1,000 in principal amount of the Loan Notes (the "**Calculation Amount**").
- b. The first interest payment, to be made on the First Fixed Interest Payment Date, shall be in respect of the period from (and including) the Issue Date to (but excluding) the First Fixed Interest Payment Date and shall amount to EUR 15.81 per Calculation Amount. Interest payments on any Fixed Interest Payment Date following the First

Fixed Interest Payment Date shall be in respect of the relevant Fixed Interest Period and shall amount to EUR 33.75 per Calculation Amount.

- c. When interest is required to be calculated in respect of a period before the First Call Date of less than a full Fixed Interest Period, it shall be calculated, per Calculation Amount, by applying the Fixed Rate of Interest to the Calculation Amount, multiplying the product by the Fixed Rate Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

2.2. Floating Rate of Interest

- a. Subject to Condition 2.5 (*Deferral of Interest Payments*), the Loan Notes shall bear interest at the rate specified in section (c) of this Condition 2.2 (*Floating Rate of Interest*) (the "**Floating Rate of Interest**") on their Principal Amount from (and including) the First Call Date to (but excluding) the first Floating Interest Payment Date (which is 29 December 2027) and thereafter from (and including) each Floating Interest Payment Date to (but excluding) the next following Floating Interest Payment Date (each such period a "**Floating Interest Period**" and, together with any Fixed Interest Period, an "**Interest Period**"). Interest on the Loan Notes shall be payable in arrear on each Floating Interest Payment Date. The last Floating Interest Payment Date shall be the Final Maturity Date, or, in the event of an early redemption of the Loan Notes pursuant to Condition 3.2 (*Optional Redemption*), 3.3 (*Redemption for Tax Reasons*), 3.4 (*Redemption for Special Events*), or 3.5 (*Clean-up Redemption*), the applicable date of redemption.

- b. "**Floating Interest Payment Date**" means 29 March, 29 June, 29 September and 29 December in each year (and, together with any Fixed Interest Payment Date, an "**Interest Payment Date**"); if any Floating Interest Payment Date would otherwise fall on a calendar day which is not a Business Day, it shall be postponed to the next calendar day which is a Business Day unless it would then fall into the next calendar month, in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day.

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks in London and Zurich are open for business and which is a TARGET Day.

- c. The Floating Rate of Interest for each Floating Interest Period shall, except as provided below, be the sum of 3 month EURIBOR determined at 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, the Initial Margin and the Step-up Margin, as determined by the Agent.

If no Screen Rate is available on an Interest Determination Date for 3 month EURIBOR, the applicable EURIBOR shall be the Interpolated Screen Rate.

If no Screen Rate is available for 3 month EURIBOR and it is not possible to calculate the Interpolated Screen Rate on an Interest Determination Date, the applicable EURIBOR shall be the Reference Bank Rate as defined in this Condition 2.2(c).

If no Screen Rate is available for 3 month EURIBOR and it is not possible to calculate the Interpolated Screen Rate and no or only one Reference Bank is available for quoting the Reference Bank Rate on an Interest Determination Date, the applicable EURIBOR shall be the most recent applicable Screen Rate for 3 months.

"**EURIBOR**" means, in relation to the Loan Notes, the euro interbank offered rate administered by the European Money Markets Institute (or any other entity which takes over the administration of that rate) for the relevant period displayed on Reuters EURIBOR01 (or any replacement page on that service which displays that rate) (the "**Screen Rate**") as of the relevant Interest Determination Date.

"**Interpolated Screen Rate**" means the rate for 3 months (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

- (i) the applicable Screen Rate for the longest period (for which the Screen Rate is available) which is less than 3 months; and
- (ii) the applicable Screen Rate for the shortest period (for which the Screen Rate is available) which exceeds 3 months,

each as of the relevant Interest Determination Date.

"Reference Bank Rate" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Reference Banks (A) (other than where (B) below applies) as the rate at which the relevant Reference Bank believes one prime bank is quoting to another prime bank for 3 month interbank term deposits in EUR within the member states of the European Union that have the EUR as their lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union Participating Member States (the **"Eurozone"**) or (B) if different, as the rate (if any and applied to the relevant Reference Bank and for a period of 3 months) which contributors to the applicable Screen Rate are asked to submit to the relevant administrator as of the relevant Interest Determination Date.

"Reference Banks" means the principal Eurozone office of each of four major banks engaged in the Eurozone interbank market selected by the Agent, provided that, once a Reference Bank has been selected by the Agent, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such.

"Interest Determination Date" means the second TARGET Day prior to the commencement of the relevant Floating Interest Period.

"Step-up Margin" means 100 basis points.

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto.

"TARGET Day" means any day on which TARGET2 is open for the settlement of payments in EUR.

"Initial Margin" means 2.65 per cent.

- d. The Agent will, on or as soon as practicable after each Interest Determination Date at which the Floating Rate of Interest is to be determined, calculate the amount of interest payable on the Loan Notes for the relevant Floating Interest Period.
- e. The amount of interest payable per Calculation Amount for the relevant Floating Interest Period shall be determined by applying the Floating Rate of Interest to the Calculation Amount, multiplying the resulting figure by the actual number of days in the Floating Interest Period concerned divided by 360 and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).
- f. The Agent will notify the Floating Rate of Interest, each amount of interest for each Floating Interest Period, each Floating Interest Period and the relevant Floating Interest Payment Date to the Loan Noteholders in accordance with Condition 14 (*Notices*) as soon as possible after their determination, but in no event later than the first day of the relevant Floating Interest Period. Each amount of interest and Floating Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Interest Period. Any such amendment will be promptly notified to the Loan Noteholders in accordance with Condition 14 (*Notices*).

- g. All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 2.2 (*Floating Rate of Interest*) by the Agent shall (in the absence of manifest error) be binding on the Issuer, the Guarantor and the Loan Noteholders.
- h. The Issuer will procure that, as long as any Loan Note is outstanding, there will at all times be a calculation agent for the purposes of the Loan Notes. If the Agent is unable or unwilling to continue to act as calculation agent or if the Agent fails duly to establish the Floating Rate of Interest for any Floating Interest Period or to calculate the amount of interest, the Issuer will appoint another leading bank to act as such in its place. The Agent may not resign its duties without a successor having been appointed.

2.3. Recalculation of Interest

- a. The rates of interest provided for in the Terms of the Loan Notes are minimum interest rates.
- b. When issuing the Loan Notes, the Issuer and the Guarantor have assumed that the interest payable by the Issuer is not and will not become subject to Swiss Withholding Tax.
- c. Notwithstanding the foregoing, if a Tax Deduction is required by law to be made by the Issuer in respect of any payment of interest in respect of the Loan Notes or, as the case may be, any payment by the Guarantor under the Guarantee, for Swiss Withholding Tax purposes, and should it be unlawful for the Issuer or the Guarantor to comply with section (a) of Condition 5 (*Taxation*) for any reason, where this would otherwise be required by Condition 5 (*Taxation*) (in particular taking into account the exclusions in section (b) of Condition 5 (*Taxation*)), then (A) the applicable interest rate with respect to that interest payment shall be the interest rate which would have applied to that interest payment as provided for by this Condition 2 (*Interest*) divided by 1 minus the rate at which the relevant Tax Deduction is required to be made under Swiss domestic tax law and/or applicable double taxation treaties (where the rate at which the relevant Tax Deduction is required to be made is for this purpose expressed as a fraction of 1) and (B) the Issuer shall (x) pay the relevant interest at the adjusted rate in accordance with this section (c), (y) make the Tax Deduction on the interest so recalculated and (C) all references to a rate of interest under the Terms of the Loan Notes shall be construed accordingly.
- d. To the extent that interest payable by the Issuer in relation to the Loan Notes or, as the case may be, any payment by the Guarantor under the Guarantee, becomes subject to Swiss Withholding Tax, each relevant Loan Noteholder and the Issuer or the Guarantor shall promptly cooperate in completing any procedural formalities (including submitting forms and documents required by the appropriate Tax authority) to the extent possible and necessary (A) for the Issuer or the Guarantor to obtain authorisation to make interest payments without them being subject to Swiss Withholding Tax and (B) to ensure that any person which is entitled to a full or partial refund under any applicable double taxation treaty is so refunded. In case of a refund the amount of such refund that, together with the respective interest payments and/or payments under the Guarantee received by the Loan Noteholders, exceeds the amount of interest and/or payments under the Guarantee that the Loan Noteholders were entitled to if no Swiss Withholding Tax had been deducted (*i.e.*, the interest calculated at the interest rates provided for in the Terms of the Loan Notes other than in this Condition 2.3 (*Recalculation of Interest*)) shall be paid back by the person entitled to the refund to the Issuer or the Guarantor which had to remit the Swiss Withholding Tax to the Tax authority.

2.4. Cessation of Interest Accrual

The Loan Notes shall cease to bear interest from the end of the day preceding the day on which they become due for redemption. If the Issuer fails to redeem the Loan Notes when due, interest shall continue to accrue on the Principal Amount of the Loan Notes beyond the due date until the end of the day preceding the day of the actual redemption of the Loan Notes. The applicable rate of interest will be determined in accordance with this Condition 2 (*Interest*). This does not affect any additional rights that might be available to the Loan Noteholders.

2.5. Deferral of Interest Payments

a. Optional Deferral of Interest Payments

For so long as the compulsory interest provisions in Condition 2.6 (*Compulsory Interest Payments*) below do not apply, and subject to Condition 2.5(b) (*Mandatory Deferral of Interest*), the Issuer may elect in its sole discretion to defer in full, but not in part, the payment of interest otherwise due and payable on any Optional Interest Payment Date in respect of the Interest Period ending on such date, by giving not less than 10 (ten) calendar days' prior notice (the "**Deferral Notice**") to the Agent and the Loan Noteholders in accordance with Condition 14 (*Notices*). Upon and subject to the Issuer giving a valid Deferral Notice, it shall not have any obligation to pay any interest on such Optional Interest Payment Date and such non-payment shall not constitute a default by the Issuer under the Loan Notes or for any other purpose and shall not give Loan Noteholders or the Agent any right to accelerate the Loan Notes or make a demand under the Guarantee.

b. Mandatory Deferral of Interest

For so long as the compulsory interest provisions in Condition 2.6 (*Compulsory Interest Payments*) below do not apply, the Issuer shall defer the payment of interest or, as the case may be, the relevant Solvency Shortfall otherwise due and payable on an Interest Payment Date in respect of the Interest Period ending on such date, provided in each case that (i) a Solvency Event has occurred prior to such Interest Payment Date or (ii) a Solvency Event would as at the date of such payment occur if the Issuer were to make the relevant Interest Payment. The Issuer shall not be required to defer such Interest Payment or, as the case may be, Solvency Shortfall if FINMA or any Successor Authority has given its consent to such payment. The deferral of any Interest Payment, Solvency Shortfall or any part thereof in accordance with this Condition 2.5(b) shall not constitute a default by the Issuer under the Loan Notes or for any other purpose and shall not give Loan Noteholders or the Agent any right to accelerate the Loan Notes or make a demand under the Guarantee.

The Issuer, failing whom the Guarantor, shall give notice of such deferral to the Agent (together with the certificate of the occurrence of a Solvency Event referred to below), and to the Loan Noteholders in accordance with Condition 14 (*Notices*) not less than 10 (ten) calendar days prior to the relevant Interest Payment Date. A certificate as to the occurrence of a Solvency Event signed by two duly authorised officers of the Issuer or the Guarantor, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Loan Noteholders, the Agent and all other interested parties as correct and sufficient evidence thereof. The Agent shall be entitled to rely upon such certification absolutely without liability to any person.

c. Deferred Interest

Any interest in respect of the Loan Notes not paid on an Interest Payment Date (including any Solvency Shortfall), together with any other interest in respect thereof not paid on any earlier Interest Payment Date, in each case by virtue of this Condition 2.5 (*Deferral of Interest Payments*), shall, so long as the same remains unpaid, constitute "**Deferred Interest**" and shall only be payable in the manner described in Condition 2.5(d) (*Settlement of Deferred Interest*) below.

Deferred Interest shall not itself bear interest.

d. Settlement of Deferred Interest

Any Deferred Interest and any other amount payment of which is deferred in accordance with this Condition 2.5 (*Deferral of Interest Payments*) may, subject to obtaining the prior written approval of FINMA or any Successor Authority (if such approval is required under Applicable Regulations at the relevant time), be satisfied at the sole discretion of the Issuer, in whole or in part, at any time upon the expiry of not less than 10 (ten), and not more than 20 (twenty), calendar days' prior notice to such effect given by the Issuer to the Agent and the Loan Noteholders in accordance with Condition 14 (*Notices*).

In any event, such Deferred Interest and any other amount payment of which is deferred in accordance with this Condition 2.5 (*Deferral of Interest Payments*) shall automatically become immediately due and payable in full upon the earliest of the following dates:

- (i) the Optional Interest Payment Date on which the Issuer makes any Interest Payment;
- (ii) the Interest Payment Date immediately following the occurrence of a Compulsory Interest Payment Event;
- (iii) the date fixed for any redemption of the Loan Notes (provided that such redemption takes place on such date);
- (iv) the date on which a decree or order is made by a court or agency or supervisory authority in Switzerland having jurisdiction in respect of the same, or on which a resolution is passed, for the winding-up, dissolution or liquidation of the Issuer; and
- (v) the date on which the Issuer is dissolved pursuant to a merger, consolidation or amalgamation with another entity and the resulting or surviving entity fails to assume all the obligations of the Issuer in respect of the Loan Notes.

Notwithstanding the foregoing, Deferred Interest arising pursuant to Condition 2.5(c) (*Deferred Interest*) will only be due and payable following the prior written approval of FINMA or any Successor Authority (if such approval is required under Applicable Regulations at the relevant time).

The Issuer shall give notice to the Agent and the Loan Noteholders in accordance with Condition 14 (*Notices*) immediately upon the occurrence of any of the events in paragraphs (i) through (v) above.

If notice is given by the Issuer of its intention to pay the whole or any part of Deferred Interest, the Issuer shall be obliged to do so upon the expiry of such notice. Where Deferred Interest is paid in part, each partial payment shall be made *pro rata* to the Loan Noteholders and shall be in respect of the full amount of the Deferred Interest accrued due to the relevant Interest Payment Date or consecutive Interest Payment Dates furthest from the date of payment.

2.6. Compulsory Interest Payments

The Issuer shall, on each Compulsory Interest Payment Date, for so long as the compulsory interest provisions apply (as set out in the definition of Compulsory Interest Payment Date in Condition 2.7 (*Definitions*)), pay interest in respect of the Loan Notes accrued to that date in respect of the interest period ending on such Compulsory Interest Payment Date, together with all Deferred Interest at such time.

2.7. Definitions

For the purposes of Conditions 2.5 (*Deferral of Interest Payments*) and 2.6 (*Compulsory Interest Payments*) the following definitions shall apply:

"Applicable Regulations" means the regulatory capital requirements applicable to the Issuer and/or the Guarantor at such time including, but not limited to, such insurance regulatory law (for group solvency or single solvency purposes, as applicable) and/or applicable generally recognised administrative practice, if any, of FINMA or any Successor Authority.

"Assets" means the Issuer's or the Guarantor's total assets as per Swiss statutory accounting principles pursuant to the Swiss Federal Code of Obligations (*Obligationenrecht*), or, if the Issuer becomes domiciled in a jurisdiction other than Switzerland, as per the standalone accounting principles applicable to the Issuer in such jurisdiction, as shown in its respective latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer or, as the case may be, the Guarantor, or if the Issuer or the Guarantor is being liquidated, its respective liquidator.

"Compulsory Interest Payment Date" means each Interest Payment Date prior to which, at any time during a period of 6 (six) months prior to such Interest Payment Date, a Compulsory Interest Payment Event occurred; provided, however, that if a Solvency Event occurred during the Interest Period immediately preceding such Interest Payment Date, such Interest

Payment Date shall only be a Compulsory Interest Payment Date if such Solvency Event occurred prior to the relevant Compulsory Interest Payment Event.

"Compulsory Interest Payment Event" means any of the following events:

- (i) the Issuer or the Guarantor declared or paid a dividend (whether in cash, shares or any other form, but not including a dividend consisting solely of newly issued Shares), or made a payment of any nature on any Shares (a **"Dividend Payment"**), unless the recipient of such Dividend Payment was the Issuer or the Guarantor; or
- (ii) the Issuer or the Guarantor pays interest on any securities of the Issuer or the Guarantor which rank, or are expressed to rank, junior to or *pari passu* with the Loan Notes (unless such payment was compulsory on such securities or required due to the repayment of such securities), unless the recipient of such payment was the Issuer or the Guarantor; or
- (iii) the Issuer or the Guarantor has, in its sole discretion, decided to repurchase, repay or call for redemption any securities of the Issuer or the Guarantor which rank, or are expressed to rank, junior to or *pari passu* with the Loan Notes.

"Deferral Determination Date" means, in respect of an Interest Payment Date, the 20th (twentieth) business day in Zurich preceding such Interest Payment Date.

"Liabilities" means the Issuer's or the Guarantor's total liabilities as per Swiss statutory accounting principles pursuant to the Swiss Federal Code of Obligations (*Obligationenrecht*), or, if the Issuer becomes domiciled in a jurisdiction other than Switzerland, as per the standalone accounting principles applicable to the Issuer in such jurisdiction, as shown in its respective latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer or, as the case may be, the Guarantor, or if the Issuer or the Guarantor is being liquidated, its respective liquidator.

"Shares" means any class of shares issued by the Issuer and/or the Guarantor.

A **"Solvency Event"** shall be deemed to have occurred prior to such Interest Payment Date and is continuing as at the relevant Deferral Determination Date and in the period from (and including) the date of the occurrence of such Solvency Event to (and including) such Deferral Determination Date upon any of the following events:

- (i) the Issuer or the Guarantor (the latter on a group level) does not have appropriate funds to cover the required minimum solvency margin or meet any other required level of own funds regulatory capital (or another applicable term in case of a change in Applicable Regulations) in accordance with Applicable Regulations and a deferral or, as applicable, cancellation of interest is required under the Applicable Regulations; or
- (ii) the Issuer is unable to pay its debts owed to its Senior Creditors (as defined in Condition 6 (*Status of the Loan Notes*)) as they fall due; or
- (iii) the Issuer's Assets do not exceed its respective Liabilities (each as defined above) (other than liabilities to persons who are not Senior Creditors); or
- (iv) FINMA or a Successor Authority has given (and not withdrawn) notice to the Issuer or the Guarantor that it has determined, in view of the financial and/or capital position of the relevant entity, that in accordance with Applicable Regulations at such time, the Issuer must take specified action in relation to payments on the Loan Notes.

"Solvency Shortfall" means that portion of a scheduled interest payment that would cause a Solvency Event to occur or be continuing.

"Successor Authority" means any domestic or foreign successor to FINMA or otherwise that has primary supervisory authority over Issuer and/or the Guarantor's group.

3. Redemption

3.1. Redemption at Maturity

Unless previously redeemed or purchased and cancelled in accordance with these Terms of the Loan Notes, the Issuer shall redeem the Loan Notes on the Final Maturity Date, at their Principal Amount, together, if applicable, with interest accrued up to (but excluding) the Final Maturity Date and any Deferred Interest.

"Final Maturity Date" means:

- (i) if, on or prior to the Scheduled Maturity Date, none of the circumstances described in paragraph (ii) or (iii) below has occurred, the Scheduled Maturity Date; or
- (ii) if, on or prior to the Scheduled Maturity Date, a Solvency Event has occurred and such Solvency Event is continuing on the Scheduled Maturity Date (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured), the Interest Payment Date which is immediately following the day on which the Solvency Event has lapsed provided that FINMA or a Successor Authority has given its consent to the final redemption of the Loan Notes; or
- (iii) if FINMA or a Successor Authority has not given its consent to the final redemption of the Loan Notes on the Scheduled Maturity Date, if required at that time under applicable capital or solvency regulations, the Interest Payment Date which is immediately following the day on which FINMA or a Successor Authority has given its consent to the final redemption of the Loan Notes.

"Scheduled Maturity Date" means 29 September 2047.

3.2. Optional Redemption

On the First Call Date and on any subsequent Interest Payment Date thereafter, the Issuer, subject to having given not less than 30 (thirty), and not more than 60 (sixty), calendar days' prior notice to the Agent and the Loan Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 14 (*Notices*), and subject to Condition 3.8 (*Conditions for Redemption or Purchase*), may, at its option, redeem all, but not some only, of the Loan Notes at their Principal Amount, together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest.

3.3. Redemption for Tax Reasons

The Issuer, subject to having given not less than 30 (thirty), and not more than 60 (sixty), calendar days' prior notice to the Agent and the Loan Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 14 (*Notices*), and subject to Condition 3.8 (*Conditions for Redemption or Purchase*), may, at its option, redeem all, but not some only, of the Loan Notes at their Principal Amount, together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest, if:

- (i) the payment of interest on the next Interest Payment Date would (whether or not as a result of a change in or amendment of law or regulation as aforesaid) not be deductible as an expense for tax purposes of the Issuer; or
- (ii) on the occasion of the next payment due under the Loan Notes, the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 5 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Switzerland or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date,

in each case, for reasons outside the control of, and which cannot be avoided by, the Issuer taking reasonable measures available to it.

The Agent is under no obligation to ascertain whether any of the events described in this Condition 3.3 has occurred and, until it shall have actual knowledge or notice to the contrary, the Agent may assume that no such event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 3.3, the Issuer shall deliver to the Agent a certificate signed by two duly authorised officers of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred. The Agent shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Loan Noteholders.

3.4. Redemption for Special Events

Prior to the First Call Date, the Issuer, subject to having given not less than 30 (thirty), and not more than 60 (sixty), calendar days' prior notice to the Agent and the Loan Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 14 (*Notices*), and subject to Condition 3.8 (*Conditions for Redemption or Purchase*), may, at its option, redeem all, but not some only, of the Loan Notes at any time (provided that if at any time the inclusion of a redemption option due to a Capital Event (as defined below) causes a Regulatory Event, the relevant date for redemption may only fall on or after the fifth anniversary of the Issue Date) at their Principal Amount, together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest, if:

- (i) a Capital Event has occurred and is continuing;
- (ii) a Regulatory Event has occurred and is continuing; or
- (iii) a Recalculation of Interest Event has occurred and is continuing.

As used herein:

A "**Capital Event**" shall be deemed to occur if the Issuer and/or the Guarantor has received, and confirmed in writing to the Agent that it has so received, confirmation from any Rating Agency that the Loan Notes will no longer be eligible for the same, or higher amount of, "equity credit" (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Loan Notes by such Rating Agency at the Issue Date.

"**Future Regulations**" means the solvency margin, regulatory capital or capital regulations (if any) which may be introduced in Switzerland (or if the Issuer becomes domiciled for regulatory purposes in a jurisdiction other than Switzerland, such other jurisdiction) and which are applicable to the Issuer and/or to the Guarantor, which would set out the requirements to be fulfilled by financial instruments in order to be eligible to be included in Tier 2 Capital (or equivalent).

"**ISO**" means the Ordinance on the Supervision of Private Insurance Companies (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen — AVO*) of 9 November 2005, as amended.

"**Rating Agency**" means Standard & Poor's Rating Services, any successor thereof, or another recognised rating agency.

"**Recalculation of Interest Event**" means the occurrence of (i) a recalculation of interest in accordance with Condition 2.3 (*Recalculation of Interest*) or (ii) any other event which requires the Issuer, pursuant to the Terms of the Loan Notes, to pay Additional Amounts in respect of the Loan Notes and this cannot be avoided by the Issuer taking such reasonable measures as the Issuer (acting in good faith) deems appropriate.

"**Regulatory Event**" means the occurrence of any of the following events which occurrence cannot be avoided by the Issuer and/or the Guarantor taking such reasonable measures as the Issuer and/or the Guarantor (acting in good faith) deems appropriate:

- (i) prior to the implementation of the Future Regulations, FINMA or any Successor Authority states that the Loan Notes are no longer eligible to qualify at least as lower additional capital ("*unteres ergänzendes Kapital*") pursuant to article 49 in connection with article 22a ISO, and no longer fulfil the requirements for such category, or equivalent thereof, for group or solo solvency purposes; or
- (ii) with effect from the implementation of the Future Regulations, all or part of the Loan Notes do not qualify as at least Tier 2 Capital (or equivalent) under such Future Regulations (or an official application or interpretation of those regulations including a decision of a court or tribunal),

save, in each case above, where such non-qualification thereof applicable to the Loan Notes is only a result of any applicable limitation on the amount of such capital.

"Special Event" means any of a Capital Event, a Recalculation of Interest Event or a Regulatory Event or any combination of the foregoing.

"Tier 2 Capital" means additional capital ("*ergänzendes Kapital*") pursuant to article 49 ISO or the equivalent under Future Regulations, as applicable.

The Agent is under no obligation to ascertain whether any Special Event has occurred and, until it shall have actual knowledge or notice to the contrary, the Agent may assume that no such Special Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 3.4, the Issuer shall deliver to the Agent a certificate signed by two duly authorised officers of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and that, where such Special Event requires reasonable measures as the Issuer or, as the case may be, the Guarantor may deem appropriate to be taken, the relevant Special Event cannot be avoided by the Issuer or, as the case may be, the Guarantor taking such measures. The Agent shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Loan Noteholders.

3.5. Clean-up Redemption

Subject to 30 (thirty) calendar days' prior notice, the Issuer may redeem, subject to Condition 3.8 (*Conditions for Redemption or Purchase*), all, but not some only, of the Loan Notes at any time after the Issue Date and prior to the First Call Date at the Principal Amount together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest if 80 (eighty) per cent. or more in aggregate Principal Amount of the Loan Notes has been redeemed or purchased and cancelled at the time of such notice.

3.6. Purchases

The Issuer or the Guarantor may, subject to Condition 3.8 (*Conditions for Redemption or Purchase*), at any time purchase Loan Notes in the open market or otherwise and at any price. Loan Notes purchased by the Issuer or the Guarantor may, at the option of the Issuer, be held, resold or surrendered to the Registrar for cancellation. If purchases are made by public tender, tenders for such Loan Notes must be made available to all Loan Noteholders alike, to the extent possible under applicable securities laws and regulations.

3.7. Cancellation

All Loan Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

3.8. Conditions for Redemption or Purchase

Any redemption or purchase of the Loan Notes in accordance with the Terms of the Loan Notes is subject to:

- (i) the Issuer obtaining the prior written consent of FINMA or any Successor Authority thereto provided that such consent is required at that time under applicable capital or solvency regulations;
- (ii) if a Solvency Event has occurred, such Solvency Event has lapsed and FINMA or a Successor Authority has given its consent to the redemption or purchase of the Loan Notes;
- (iii) in the case of any redemption or repurchase of the Loan Notes within 5 (five) years of the Issue Date, such redemption or repurchase being (A) (if and to the extent so required by then applicable capital or solvency regulations) funded out of the proceeds of a new issuance of capital instruments of at least the same quality as the Loan Notes and (B) otherwise permitted by then applicable capital or solvency regulations; and
- (iv) the Issuer complying with any requirements contained in then applicable capital or solvency regulations which relate to the redemption or repurchase of the Loan Notes.

4. Payments

- a. The Issuer undertakes to pay, as and when due, principal and interest on the Loan Notes in EUR. Payment of principal and interest on the Loan Notes shall be made to the Agent or to its order for credit to the relevant account holders of the Agent as of the relevant Record Date.

"Record Date" means the date that is 5 (five) Business Days prior to the relevant Interest Payment Date, First Call Date or date of early redemption pursuant to Condition 3.2 (*Optional Redemption*), 3.3 (*Redemption for Tax Reasons*), 3.4 (*Redemption for Special Events*) or 3.5 (*Clean-up Redemption*).

- b. The Issuer or the Guarantor, as the case may be, shall be discharged by payment to the Agent.
- c. A Certificate may only be presented for payment on a day which is a Business Day. No further payment will be made as a consequence of the day on which the relevant Certificate may be presented for payment falling after the due date.

5. Taxation

- a. All payments of principal and interest in respect of the Loan Notes and all payments by the Guarantor under the Guarantee will be made free and clear of, and without Tax Deduction for any Taxes, unless the Issuer or the Guarantor, as the case may be, is required by law to make such Tax Deduction. If a Tax Deduction is required by law to be made, the Issuer or the Guarantor, as the case may be, will pay such additional amount (the **"Additional Amount"**) as the Loan Noteholders would have received, if no Tax Deduction had been required.
- b. However, no such Additional Amounts or interest recalculated pursuant to Condition 2.3 (*Recalculation of Interest*) shall be payable with respect to such Taxes in respect of any Loan Noteholder:
 - (i) if the Loan Note is presented for payment by or on behalf of a Loan Noteholder which is liable to such Tax in respect of that Loan Note by reason of it having some connection with Switzerland other than the mere holding of that Loan Note;
 - (ii) if the Loan Note is presented for payment more than 30 (thirty) calendar days after the Relevant Date, except to the extent that the relevant Loan Noteholder would have been entitled to payment of such Additional Amounts or interest recalculated pursuant to Condition 2.3 (*Recalculation of Interest*) on presenting such Loan Note for payment on the last day of such period of 30 (thirty) calendar days;
 - (iii) if the payment could have been made without a Tax Deduction if the Loan Noteholders had complied with Condition 7 (*Transfer and Sub-Participation*);
 - (iv) if the payment could have been made to the relevant Loan Noteholder without a Tax Deduction if it was a Qualifying Bank, but on that date that Loan Noteholder is not or has ceased to be a Qualifying Bank other

than as a result of any change after the date it became a Loan Noteholder under the Terms of the Loan Notes in (or in the interpretation, administration, or application of) any law or double taxation treaty, or any published practice or concession of any relevant taxing authority; or

- (v) if any such Taxes are imposed pursuant to or required to be deducted or withheld on a payment pursuant to Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended from time to time (FATCA), any current or future regulations or agreements thereunder, official interpretations of, or any law implementing an intergovernmental approach thereto.
- c. Within 30 (thirty) calendar days of making either a Tax Deduction or a payment required in connection with a Tax Deduction the Issuer or the Guarantor must deliver to the relevant Loan Noteholder evidence satisfactory to that Loan Noteholder (acting reasonably) that the Tax Deduction has been made or (as applicable) the appropriate payment has been paid to the relevant taxing authority.
- d. If the Issuer or the Guarantor must make a Tax Deduction and the relevant Loan Noteholder (acting in good faith) determines that (i) a Tax refund for such Tax Deduction is available to it and it has retained that Tax refund, that Loan Noteholder shall pay within 10 (ten) Business Days after such Tax refund an amount to the Issuer which that Loan Noteholder determines (in its sole discretion) will leave it (after that payment) in the same after-tax position as it would have been if the payment of the Additional Amount or a payment at an interest rate recalculated pursuant to Condition 2.3 (*Recalculation of Interest*) had not been required to be made by the Issuer or the Guarantor.
- e. At the date hereof and for so long as the Loan Notes are outstanding, the Issuer shall ensure that it is in compliance with the Non-Bank Rules, provided that the Issuer will not be in breach of this section (e) of Condition 5 (*Taxation*) if either of the Non-Bank Rules are breached solely by reason of a failure by one or more Loan Noteholders to comply with their respective obligations under Condition 7 (*Transfer and Sub-participation*).

"10 Non-Bank Rule" means the rule that the aggregate number of creditors under the Loan Notes which are not Qualifying Banks must not at any time exceed ten (10), all in accordance with the meaning of the Guidelines or legislation or explanatory notes addressing the same issues that are in force at such time.

"20 Non-Bank Rule" means the rule that the aggregate number of the Issuer's creditors (including Loan Noteholders), other than Qualifying Banks, under all outstanding debts relevant for classification as debenture (*Kassenobligation*) must not at any time exceed twenty (20), all in accordance with the meaning of the Guidelines or legislation or explanatory notes addressing the same issues that are in force at such time.

"Guidelines" means together, the guidelines S-02.122.1 in relation to bonds of April 1999 as issued by the Swiss Federal Tax Administration (*Merkblatt S-02.122.1 vom April 1999 betreffend "Obligationen"*) and S-02.123 in relation to inter-bank transactions of 22 September 1986 as issued by the Swiss Federal Tax Administration (*Merkblatt S-02.123 vom 22. September 1986 betreffend Zinsen von Bankguthaben, deren Gläubiger Banken sind ("Interbankguthaben")*), S-02.128 in relation to syndicated credit facilities of January 2000 (*Merkblatt S-02.128 vom Januar 2000 "Steuerliche Behandlung von Konsortialdarlehen, Schuldscheindarlehen, Wechseln und Unterbeteiligungen"*), and S-02.130.1 in relation to accounts receivable of Swiss debtors of April 1999 (*Merkblatt S-02.130.1 vom April 1999 "Geldmarktpapiere und Buchforderungen inländischer Schuldner"*), circular letter No. 15 in relation to bonds and derivative financial instruments of 7 February 2007 (*Kreisschreiben Nr. 15 vom 7. Februar 2007 betreffend Obligationen und derivative Finanzinstrumente als Gegenstand der direkten Bundessteuer, der Verrechnungssteuer sowie der Stempelabgaben*), circular letter No. 34 of 26 July 2011 (1-034-V-2011) in relation to customer credit balances (*Kreisschreiben Nr. 34 ("Kundenguthaben") vom 26. Juli 2011*) and guideline S-02.132 in relation to issuance stamp duty on fixed deposits of 1 April 1993 (*Merkblatt S-02.132 vom 1. April 1993 betreffend Emissionsabgabe auf Festgeldanlagen bei inländischen Banken*), in each case as issued, amended or replaced from time to time, by the Swiss Federal Tax Administration, and taking into consideration any amendment of the respective legislation (including the ordinance of the Swiss Federal Council of 18 June 2010, amending Swiss withholding tax and Swiss stamp tax regulations entered into force as of 1 August 2010).

"Non-Bank Rules" means, together, the 10 Non-Bank Rule and the 20 Non-Bank Rule.

"Permitted Non-Qualifying Loan Noteholder" means:

- (i) initially, a nominee of a custodian acting on behalf of ELM B.V., Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands ("**ELM**") and
- (ii) a successor of ELM by way of Transfer of all of the Loan Notes (except for Loan Notes held by Qualifying Banks) that is not a Qualifying Bank on the date it becomes a Loan Noteholder, or such successor's custodian or nominee of such custodian on its behalf, provided that:
 - (A) such proposed Permitted Non-Qualifying Loan Noteholder (prior to it becoming a Loan Noteholder) is designated as the Permitted Non-Qualifying Loan Noteholder in writing by ELM with at least 20 (twenty) calendar days' notice to the Issuer before such designation notice is intended to become effective;
 - (B) if the Issuer, on receiving such notification with respect to a proposed Permitted Non-Qualifying Loan Noteholder, believes such proposed Permitted Non-Qualifying Loan Noteholder is more than one person for purposes of the Non-Bank Rules, the Issuer may during such notice period request from that proposed Permitted Non-Qualifying Loan Noteholder (at its cost) a tax ruling of the Swiss Federal Tax Administration that such proposed Permitted Non-Qualifying Loan Noteholder constitutes one person for purposes of the Non-Bank Rules; and
 - (C) following a request under (B) above, such proposed Permitted Non-Qualifying Loan Noteholder shall only be a Permitted Non-Qualifying Loan Noteholder under this section (ii) if (x) the Issuer receives from such proposed Permitted Non-Qualifying Loan Noteholder a certified copy of such tax ruling and such tax ruling confirms, to the Issuer's full satisfaction, that such proposed Permitted Non-Qualifying Loan Noteholder constitutes one person only for purposes of the Non-Bank Rules and (y) such proposed Permitted Non-Qualifying Loan Noteholder confirms to the Issuer that such proposed Permitted Non-Qualifying Loan Noteholder has disclosed all facts relevant to this determination to the Issuer.

The Issuer will confirm within 10 (ten) calendar days of its receipt of any such tax ruling whether or not such tax ruling is satisfactory for this purpose and, in the absence of such confirmation, the Issuer will be deemed to have confirmed that such tax ruling is so satisfactory on the 10th (tenth) calendar day after the Issuer's receipt of such tax ruling; which (in each case) has not ceased to be a Loan Noteholder in accordance with the Terms of the Loan Notes.

"Qualifying Bank" means

- (i) any bank as defined in the Swiss Federal Code for Banks and Savings Banks of 8 November 1934, as amended (*Bundesgesetz über die Banken und Sparkassen*); or
- (ii) a person or entity which effectively conducts banking activities with its own infrastructure and staff as its principal purpose and which has a banking license in full force and effect issued in accordance with the banking laws in force in its jurisdiction of incorporation, or if acting through a branch, issued in accordance with the banking laws in the jurisdiction of such branch, all and in each case within the meaning of the Guidelines.

"Relevant Date" means whichever is the later of the date on which the payment in question first becomes due and, if the full amount payable has not been received by the Agent on or prior to that due date, the date on which notice of receipt of the full amount has been given to the Loan Noteholder in accordance with Condition 14 (*Notices*).

"Swiss Federal Tax Administration" means the tax authorities referred to in article 34 of the Swiss Federal Withholding Tax Act.

"Swiss Federal Withholding Tax Act" means the Swiss Federal Withholding Tax Act on the withholding of tax (*Verrechnungssteuergesetz*), together with the related ordinances, regulations and guidelines.

"Swiss Withholding Tax" means taxes imposed under the Swiss Federal Withholding Tax Act.

"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed, levied, collected, withheld or assessed by or on behalf of Switzerland or any political subdivision thereof or any authority thereof having the power to tax.

"Tax Deduction" means a deduction or withholding for or on account of Tax from a payment under the Loan Notes.

6. Status of the Loan Notes

The Loan Notes constitute direct, subordinated and unsecured obligations of the Issuer and rank *pari passu*, without any preference, among themselves. The claims of the Loan Noteholders rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against the Issuer:

- (i) after the claims of any Senior Creditors;
- (ii) *pari passu* with any other existing or future direct, subordinated and unsecured obligations of the Issuer which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the Loan Noteholders, including but not limited to the CHF 225,000,000 guaranteed dated subordinated fixed to fixed rate bonds due 2044 issued by the Issuer on 17 October 2014, the CHF 400,000,000 guaranteed perpetual subordinated fixed to fixed rate bonds issued by the Issuer on 17 October 2014 and the CHF 300,000,000 guaranteed perpetual subordinated fixed to fixed rate bonds issued by the Issuer on 23 September 2015; and
- (iii) prior to the claims of the holders of all classes of issued shares in the share capital of the Issuer or any other securities issued by the Issuer expressed to rank junior to the claims of the Loan Noteholders.

In the event of a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against the Issuer, there shall be payable in such voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings on each Loan Note, subject to the subordination provisions set out in this Condition 6, an amount equal to the principal amount of such Loan Note together with unpaid Deferred Interest (if applicable) and interest which has accrued up to, but excluding, the date of repayment.

As used herein, **"Senior Creditors"** means creditors of the Issuer (i) who are policyholders or other unsubordinated creditors of the Issuer and (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation, dissolution or winding-up of the Issuer or otherwise) to the claims of policyholders and other unsubordinated creditors of the Issuer, except those whose claims rank, or are expressed to rank, equally with or junior to the claims of the Loan Noteholders.

Neither the Agent nor any Loan Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Loan Notes against any claim that the Issuer may have against the Loan Noteholder and each such Loan Noteholder shall, by virtue of being the Loan Noteholder of any of the Loan Notes, be deemed to have waived all such rights of set-off.

No security of whatever kind is, or will at any time be, provided by the Issuer or any other person securing the rights of the Loan Noteholders under the Loan Notes. No agreement may defeat the subordination pursuant to the provisions set out in

this Condition 6 or shorten any applicable notice period in respect of the Loan Notes as provided in these Terms of the Loan Notes.

The subordination provisions of this Condition 6 are irrevocable.

7. Transfer and Sub-Participation

- a. The Loan Notes may only be assigned and transferred by way of written assignment (*Zession*), including upon an enforcement of any security over the Loan Notes (a "**Transfer**") (and any Transfer is conditional (*aufschiebend bedingt*) and shall only become effective upon due registration of such Transfer by the Registrar in the Register according to section (b) below),
 - (i) in whole or in part, if the Transfer is to a Qualifying Bank, provided that in the case of a Transfer of the Loan Notes in part, the Loan Notes may not be transferred to more than 5 (five) Qualifying Banks, or
 - (ii) in whole but not in part, if the Transfer is to a Permitted Non-Qualifying Loan Noteholder.
- b. Any Transfer of a Loan Note shall be recorded by the Registrar in the Register on production by the transferee at the registered office of the Registrar of:
 - (i) the relevant Certificate representing the relevant Loan Note together with a written assignment declaration duly signed by the transferor (which may be made on the back of the Certificate or in a separate document) and such written assignment declaration must include a representation by the transferee that it is a Qualifying Bank or a Permitted Non-Qualifying Loan Noteholder; and
 - (ii) such other evidence as the Issuer may require to prove the authority of the person signing the written assignment and the transferee's status as a Qualifying Bank or a Permitted Non-Qualifying Loan Noteholder (such evidence to include, if requested by the Issuer, a tax ruling confirmation from the Swiss Federal Tax Administration).
- c. Subject to a permitted Transfer according to section (a) above, no Loan Noteholder shall transfer its credit exposure under the Loan Notes to third parties by way of entering into derivative transactions, sub-participations or similar instruments with such third parties, unless under such arrangement and at any time throughout the life of such arrangement:
 - (i) the relationship between the Loan Noteholder and that other person is that of debtor and creditor (including in the bankruptcy or similar event of the Loan Noteholder or the Issuer);
 - (ii) the other person will have no proprietary interest in the benefit of the Loan Notes or in any monies received by the Loan Noteholder under or in relation to the Loan Notes; and
 - (iii) the other person will under no circumstances, other than permitted Transfers (A) be subrogated to, or substituted in respect of, the Loan Noteholder's claims under the Loan Notes and (B) have otherwise any contractual relationship with, or rights against, the Issuer or the Guarantor under or in relation to the Loan Notes.

8. Grants of Security

Any Loan Noteholder may, without the consent of the Issuer, at any time charge or create a security interest in all or any portion of its rights under the Loan Note to secure obligations of such Loan Noteholder, provided that:

- a. no such charge or creation of a security interest shall:

- (i) substitute any chargee or holder of the benefit of such security interest for such Loan Noteholder as Loan Noteholder except in accordance with the provision of Condition 7 (*Transfer and Sub-Participation*); or
 - (ii) require any payments to be made by the Issuer other than as required by the Loan Notes; and
- b. such charge or creation of a security interest shall in each case provide that upon any assignment or transfer of the interest in the Loan Note or enforcement of such charge or security interest, any resulting assignment or transfer shall be in accordance with Condition 7 (*Transfer and Sub-Participation*); and
- c. the Loan Noteholder promptly notifies the Agent of any such charge or security interest and the secured party's identity and status by delivering to the Agent a notification thereof, which notification the Agent shall promptly forward to the Issuer.

9. Agents

- a. The initial fiscal, paying and calculation agent for the Loan Notes appointed pursuant to the Agency Agreement (the "**Agent**") will be The Bank of New York Mellon, London Branch.
- b. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Agent and/or to appoint other Agents provided that they will at all times maintain
 - (i) an Agent, and
 - (ii) an Agent in a jurisdiction within Europe other than the jurisdiction in which the Issuer or the Guarantor is incorporated, and
 - (iii) if and so long as the Loan Notes are listed on a stock exchange, an Agent with a specified office in such city as may be required by the rules of the relevant stock exchange.
- c. The Agent acts solely as agent of the Issuer and the Guarantor, respectively, and does not assume any obligations towards or relationship of agency or trust for the Loan Noteholder. The Agent is exempt from the restrictions relating to self-dealing.

10. No set-off rights

No Loan Noteholder may set off any claims arising under the Loan Notes against any claims that the Issuer may have against the Loan Noteholders. The Issuer may not set off any claims it may have against any Loan Noteholder against any of its obligations under the Loan Notes.

11. Events of Default

There will be no events of default in respect of the Loan Notes. In case of the Issuer's failure to discharge its payment obligations relating to interest under these Terms of the Loan Notes, Loan Noteholders shall have no right to claim or enforce an early redemption of the Loan Notes. In particular, Loan Noteholders shall not be entitled, and hereby waive any statutory right conferred to them, to file for the opening of bankruptcy proceedings (*Konkursbegehren*) or to make other filings or motions which, if approved, will lead to a redemption of the Loan Notes. However, the Loan Notes shall become immediately due and payable, together with accrued interest thereon, if any, and Deferred Interest, if any, to the date of payment, following a decree or order being made by a court or agency or supervisory authority having jurisdiction in respect of the same, or a resolution being passed, for the opening of bankruptcy proceedings, the dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Issuer in respect of the Loan Notes), liquidation or winding-up of the Issuer.

12. Subordinated Guarantee

- a. As security for the Loan Notes, the Guarantor has issued the following unconditional and irrevocable guarantee (the "**Guarantee**"):

A. Quote

GUARANTEE

(in the meaning of article 111 of the Swiss Federal Code of Obligations (*Obligationenrecht*), the "**Guarantee**")

- (i) Being informed that Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, CH-9001 St. Gallen, Switzerland (the "**Issuer**"), issued and sold guaranteed dated subordinated fixed to floating rate loan notes due 2047 (the "**Loan Notes**") in the aggregate principal amount of EUR 500,000,000, Helvetia Holding AG, Dufourstrasse 40, CH-9001 St. Gallen, Switzerland (the "**Guarantor**"), herewith irrevocably and unconditionally, but on a subordinated basis in accordance with sub-section (ii) below, guarantees to the holders of the Loan Notes (the "**Holders**") in accordance with article 111 of the Swiss Federal Code of Obligations, irrespective of the validity of the Loan Notes, the purchase agreement relating to the Loan Notes between the Issuer, the Guarantor and ELM B.V. dated 6 April 2017 (the "**Purchase Agreement**") and the agency agreement relating to the Loan Notes between the Issuer, the Guarantor and the agents named therein dated 11 April 2017 (together with the Purchase Agreement, the "**Agreements**") and waiving all rights of objection and defence arising from the Loan Notes and the Agreements, the due payment of the amounts payable by the Issuer under and pursuant to the terms and conditions of the Loan Notes. Accordingly, the Guarantor agrees to pay or deliver to The Bank of New York Mellon, London Branch, in its capacity as fiscal, paying and calculation agent in respect of the Loan Notes (the "**Agent**"), on behalf of the Holders, within 7 (seven) calendar days after the receipt by the Guarantor of the Agent's first written demand for payment and the Agent's confirmation in writing that an amount has become due and payable under the Loan Notes which is equivalent to the amount claimed under this Guarantee and has remained unpaid on the due date.
- (ii) This Guarantee will constitute direct, subordinated and unsecured obligations of the Guarantor and rank *pari passu*, without any preference, among themselves. The claims of the Holders under this Guarantee rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Guarantor in respect of the Guarantee) or other similar proceedings of or against the Guarantor:
- (A) after the claims of any Senior Creditors of the Guarantor (as defined below);
- (B) *pari passu* with any other existing or future direct, subordinated and unsecured obligations of the Guarantor which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the Holders, including but not limited to the subordinated guarantees given by the Guarantor to the holders of the CHF 225,000,000 guaranteed dated subordinated fixed to fixed rate bonds due 2044 issued by the Issuer on 17 October 2014, the CHF 400,000,000 guaranteed perpetual subordinated fixed to fixed rate bonds issued by the Issuer on 17 October 2014 and the CHF 300,000,000 guaranteed perpetual subordinated fixed to fixed rate bonds issued by the Issuer on 23 September 2015; and
- (C) prior to the claims of the holders of all classes of issued shares in the share capital of the Guarantor and any other securities issued by the Guarantor expressed to rank junior to the claims of the Holders.

"Senior Creditors of the Guarantor" means creditors of the Guarantor (i) who are unsubordinated creditors of the Guarantor or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation, dissolution or winding-up of the Guarantor or otherwise) to the claims of policyholders or other unsubordinated creditors (including existing and all future unsecured, subordinated obligations of the Guarantor, whether contingent or actual) of the Guarantor but have a fixed maturity, except those whose claims rank, or are expressed to rank, equally with or junior to this Guarantee.

The subordination provisions set out above are irrevocable. The Guarantor may not create or permit to exist any charge or other interest over its assets to secure the obligations of the Guarantor in respect of this Guarantee.

- (iii) Payments under this Guarantee shall be made in euro.

The receipt by the Agent of funds in euro in Switzerland from the Guarantor shall release the Guarantor from its obligations under this Guarantee to the extent of amounts received by the Agent.

- (iv) The Guarantor agrees to be bound by the provisions of section (c) of Condition 2.3 (*Recalculation of Interest*) and Condition 5 (*Taxation*) of the Terms of the Loan Notes as if set out in full in this Guarantee.
- (v) This Guarantee shall give rise to a separate and independent cause of action against the Guarantor and shall apply irrespective of any indulgence granted to the Issuer by the Agent or any Holders from time to time and shall continue in full force and effect notwithstanding any judgement or order against the Issuer and/or the Guarantor. However, when enforcing the Guarantee, Loan Noteholders shall not be entitled, and hereby waive any statutory right conferred upon them, to file for the opening of bankruptcy proceedings (*Konkursbegehren*) or to make other filings or motions which, if approved, will have similar effects on the Guarantor.
- (vi) This Guarantee is governed by Swiss law.
- (vii) Any dispute regarding this Guarantee which may arise between the Agent, on the one hand, and the Guarantor, on the other hand, shall be governed by Swiss law and shall fall within the exclusive jurisdiction of the Commercial Court of the Canton of Zurich, Switzerland, the place of jurisdiction being Zurich 1.
- (viii) Terms and expressions not otherwise defined in this Guarantee shall have the same meaning as defined in the terms and conditions of the Loan Notes.

Unquote

- b. In the Agency Agreement, the Agent has undertaken to call on the Guarantee and to claim from the Guarantor pursuant to the Guarantee any due but unpaid amount. Upon receipt, the Agent has undertaken to forward such amount to the Loan Noteholders, waiving all rights of set-off with respect to such Loan Noteholders. The Agent is, however, entitled to receive compensation from the Guarantor for all reasonable costs and expenses related to the collection of said amount, including court fees and legal fees.

13. Meetings of Loan Noteholders

The provisions of article 1157 et seq. of the Swiss Federal Code of Obligations (*Obligationenrecht*) on meetings of bondholders shall be applicable to the Loan Notes.

14. Notices

- a. Notices to the Loan Noteholders will be valid if published in a national newspaper designated for exchange notices by any stock exchange on which the Loan Notes are then listed. If the Loan Notes are unlisted the Issuer will deliver such notice to the Registrar for communication by the Registrar to the Loan Noteholders. Any notice so given will be deemed to have been validly given on the 3rd (third) calendar day after the date of the first such publication or on the calendar day after which said notice was given to the Registrar, as the case may be.

- b. Provided this complies with the rules of the stock exchange on which the Loan Notes are listed (if any), the Issuer may replace any newspaper notice pursuant to section (a) of this Condition 14 (*Notices*) by delivering the notice to the Registrar for communication by the Registrar to the Loan Noteholders. Any such notice shall be deemed to have been given to the Loan Noteholders on the 7th (seventh) calendar day after the day on which the said notice was given to the Registrar.

15. Prescription

Claims against the Issuer in respect of Loan Notes may become time-barred unless presented for payment within a period of presently 10 (ten) years (in the case of the principal) and within 5 (five) years (in the case of interest) from the appropriate relevant due date, by virtue of the statute of limitations of Swiss law.

16. Governing Law and Jurisdiction

The form, construction and interpretation of the Loan Notes shall be subject to and governed by Swiss law.

Any dispute which might arise between Loan Noteholders on the one hand and the Issuer on the other hand regarding the Loan Notes shall be settled in accordance with Swiss law, the exclusive place of jurisdiction being the courts of the city of Zurich and, if permitted, the Commercial Court of the Canton of Zurich, Switzerland, venue being Zurich 1.

17. Amendments

The Agent may, without the consent of the Loan Noteholders, agree to any modification or arrangement of the Terms of the Loan Notes which, in the opinion of the Agent, is of a formal, minor or technical nature or is made to correct a manifest error.

18. Substitution

- a. The Issuer (or any previous substitute of the Issuer under this Condition 18) may, without the consent of the Loan Noteholders, and provided that no Special Event and no event described in Condition 3.3 (*Redemption for Tax Reasons*) would be triggered by such substitution, be substituted in respect of all rights and obligations arising under or in connection with the Loan Notes by a company all of whose shares carrying voting rights are directly or indirectly held by the Guarantor (the "**New Issuer**"), *provided that*:
 - (i) the Guarantor has issued an irrevocable and unconditional subordinated guarantee as per article 111 of the Swiss Federal Code of Obligations (*Obligationenrecht*) in respect of the obligations of the New Issuer under the Loan Notes which guarantee shall, on a winding up of the Guarantor, have a *pari passu* ranking with the obligations of the Guarantor under the Guarantee prior to the substitution of the Issuer; and
 - (ii) if the New Issuer is a company resident for tax purposes in a jurisdiction other than Switzerland (such jurisdiction, the "**New Residence**"), the conditions set forth in section (c) below are also met.
- b. In addition, any substitution is subject to:
 - (i) the New Issuer having obtained all consents and approvals necessary for its assumption of the duties and liabilities of the Issuer under the Loan Notes, and, if required, the Issuer or any previous New Issuer giving its prior written notice to, and receiving no objection from, FINMA or any Successor Authority;
 - (ii) the Issuer or any previous New Issuer having confirmed that the Loan Notes continue to be rated by each Rating Agency immediately after such substitution, and the ratings assigned to the Loan Notes by such Rating Agency immediately following such substitution are to be no less than those assigned to the Loan Notes immediately prior thereto; and

- (iii) certification being provided by two duly authorised officers of the Issuer stating that the conditions precedent in this Condition 18 have been complied with.
- c. If the New Issuer is a company resident for tax purposes in a New Residence, the following conditions shall also be met:
 - (i) the Loan Notes then outstanding, after a substitution, would constitute legal, valid and binding obligations in the New Residence of such New Issuer;
 - (ii) under the applicable laws and regulations in effect at the date of the substitution, the New Issuer would not be obligated to make any withholding or deduction on any payments in respect of the Loan Notes beyond any withholding or deduction already applicable to payments made by the Issuer in respect of the Loan Notes prior to the substitution (in case such withholding or deduction is introduced after a substitution, section (d) of this Condition 18 will apply); and
 - (iii) the guarantee to be provided by the Guarantor according to Condition 18(a)(i) explicitly also guarantees the payment to the Loan Noteholders of any amounts required to be withheld or deducted by the New Issuer at any time after substitution.
- d. If the New Issuer is resident for tax purposes in a New Residence, the provisions of Condition 5 (*Taxation*) shall apply, with the substitution of references to Switzerland with references to the New Residence.
- e. In the event of a substitution pursuant to this Condition 18, any reference in these Terms of the Loan Notes to the Issuer shall be a reference to the New Issuer and if the New Issuer is resident for tax purposes in a New Residence, any reference to Switzerland shall also be a reference to the New Residence.
- f. Notice of any substitution shall be irrevocably given by the Issuer causing the Agent to deliver a notice to the Loan Noteholders in accordance with Condition 14 (*Notices*). Upon such delivery of notice to the Loan Noteholders, the substitution shall become effective, and the Issuer (and in the event of a repeated application of this Condition 18 any previous New Issuer) shall be discharged from any and all obligations under the Loan Notes.

19. Severability

If at any time any one or more of the provisions of the Terms of the Loan Notes is or becomes unlawful, invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be in any way affected or impaired thereby.

20. Definitions

- 1 "10 Non-Bank Rule" has the meaning given to it in Condition 5(e);
- 2 "20 Non-Bank Rule" has the meaning given to it in Condition 5(e);
- 3 "Additional Amount" has the meaning given to it in Condition 5(a);
- 4 "Agency Agreement" has the meaning given to it in the preamble;
- 5 "Agent" has the meaning given to it in Condition 9(a);
- 6 "Applicable Regulations" has the meaning given to it in Condition 2.7;
- 7 "Assets" has the meaning given to it in Condition 2.7;
- 8 "Loan Notes" has the meaning given to it in the preamble;
- 9 "Loan Noteholder" has the meaning given to it in Condition 1(d);
- 10 "Business Day" has the meaning given to it in Condition 2.2(b);
- 11 "Calculation Amount" has the meaning given to it in Condition 2.1(a);
- 12 "Capital Event" has the meaning given to it in Condition 3.4;

- 13 **"Certificate"** has the meaning given to it in Condition 1(c);
- 14 **"CHF"** means Swiss franc, the lawful currency of Switzerland;
- 15 **"Compulsory Interest Payment Date"** has the meaning given to it in Condition 2.7;
- 16 **"Compulsory Interest Payment Event"** has the meaning given to it in Condition 2.7;
- 17 **"Condition"** has the meaning given to it in the preamble;
- 18 **"Deferral Determination Date"** has the meaning given to it in Condition 2.7;
- 19 **"Deferred Interest"** has the meaning given to it in Condition 2.5(c);
- 20 **"Deferral Notice"** has the meaning given to it in Condition 2.5(a);
- 21 **"Dividend Payment"** has the meaning given to it in Condition 2.7;
- 22 **"ELM"** has the meaning given to it in Condition 5(e);
- 23 **"EUR"** or **"euro"** means the currency introduced at the start of the third stage of European economical monetary union pursuant to the Treaty establishing the European Community, as amended;
- 24 **"EURIBOR"** has the meaning given to it in Condition 2.2(c);
- 25 **"Eurozone"** has the meaning given to it in Condition 2.2(c);
- 26 **"Final Maturity Date"** has the meaning given to it in Condition 3.1;
- 27 **"FINMA"** means the Swiss Financial Market Supervisory Authority FINMA;
- 28 **"First Call Date"** means 29 September 2027;
- 29 **"First Fixed Interest Payment Date"** has the meaning given to it in Condition 2.1(a);
- 30 **"Fixed Rate Day Count Fraction"** means the relevant day-count fraction determined on the basis of the actual number of days in the relevant Fixed Interest Period, from (and including) the date from which interest begins to accrue to (but excluding) the date on which it falls due, divided by the actual number of days in the Fixed Interest Period in which the relevant period falls (including the first such day but excluding the last).
- 31 **"Fixed Interest Payment Date"** has the meaning given to it in Condition 2.1(a);
- 32 **"Fixed Interest Period"** means the period from (and including) the Issue Date to (but excluding) the first Fixed Interest Payment Date and thereafter from (and including) each Fixed Interest Payment Date to (but excluding) the next following Fixed Interest Payment Date;
- 33 **"Fixed Rate of Interest"** has the meaning given to it in Condition 2.1(a);
- 34 **"Floating Interest Payment Date"** has the meaning given to it in Condition 2.2(a);
- 35 **"Floating Interest Period"** has the meaning given to it in Condition 2.2(a);
- 36 **"Floating Rate of Interest"** has the meaning given to it in Condition 2.2(a);
- 37 **"Future Regulations"** has the meaning given to it in Condition 3.4;
- 38 **"Guarantee"** has the meaning given to it in Condition 12;
- 39 **"Guarantor"** has the meaning given to it in the preamble;
- 40 **"Guidelines"** has the meaning given to it in Condition 5(e);
- 41 **"Initial Margin"** has the meaning given to it in Condition 2.2(c);
- 42 **"Interest Determination Date"** has the meaning given to it in Condition 2.2(c);
- 43 **"Interest Payment"** means, with respect to an Interest Payment Date, the interest scheduled to be paid on such Interest Payment Date;
- 44 **"Interest Payment Date"** means a Fixed Interest Payment Date or a Floating Interest Payment Date;
- 45 **"Interest Period"** has the meaning given to it in Condition 2.2(a);
- 46 **"Interest Rate"** means a Fixed Rate of Interest or a Floating Rate of Interest;

47 **"Interpolated Screen Rate"** has the meaning given to it in Condition 2.2(c);

48 **"ISO"** has the meaning given to it in Condition 3.4;

49 **"Issue Date"** means 11 April 2017;

50 **"Issuer"** has the meaning given to it in the preamble;

51 **"Liabilities"** has the meaning given to it in Condition 2.7;

52 **"Loan Noteholders"** has the meaning given to it in Condition 1(d);

53 **"Loan Notes"** has the meaning given to it in the preamble;

54 **"New Issuer"** has the meaning given to it in Condition 18(a);

55 **"New Residence"** has the meaning given to it in Condition 18(a);

56 **"Non-Bank Rules"** has the meaning given to it in Condition 5(e);

57 **"Optional Interest Payment Date"** means any Interest Payment Date other than a Compulsory Interest Payment Date;

58 **"Permitted Non-Qualifying Loan Noteholder"** has the meaning given to it in Condition 5(e);

59 **"Principal Amount"** has the meaning given to it in Condition 1(a);

60 **"Qualifying Bank"** has the meaning given to it in Condition 5(e);

61 **"Rating Agency"** has the meaning given to it in Condition 3.4;

62 **"Recalculation of Interest Event"** has the meaning given to it in Condition 3.4;

63 **"Record Date"** has the meaning given to it in Condition 4(a);

64 **"Reference Bank Rate"** has the meaning given to it in Condition 2.2(c);

65 **"Reference Banks"** has the meaning given to it in Condition 2.2(c);

66 **"Register"** has the meaning given to it in Condition 1(d);

67 **"Registrar"** has the meaning given to it in Condition 1(d);

68 **"Regulatory Event"** has the meaning given to it in Condition 3.4;

69 **"Relevant Date"** has the meaning given to it in Condition 5(e);

70 **"Reopening"** has the meaning given to it in Condition 1(b);

71 **"Scheduled Maturity Date"** has the meaning given to it in Condition 3.1;

72 **"Screen Rate"** has the meaning given to it in Condition 2.2(c);

73 **"Senior Creditors"** has the meaning given to it in Condition 6;

74 **"Shares"** has the meaning given to it in Condition 2.7;

75 **"Solvency Event"** has the meaning given to it in Condition 2.7;

76 **"Solvency Shortfall"** has the meaning given to it in Condition 2.7;

77 **"Special Event"** has the meaning given to it in Condition 3.4;

78 **"Step-up Margin"** has the meaning given to it in Condition 2.2(c);

79 **"Successor Authority"** has the meaning given to it in Condition 2.7;

80 **"Swiss Federal Tax Administration"** has the meaning given to it in Condition 5(e);

81 **"Swiss Federal Withholding Tax Act"** has the meaning given to it in Condition 5(e);

82 **"Swiss Withholding Tax"** has the meaning given to it in Condition 5(e);

83 **"TARGET2"** has the meaning given to it in Condition 2.2(c);

84 **"TARGET Day"** has the meaning given to it in Condition 2.2(c);

- 85 **"Tax"** has the meaning given to it in Condition 5(e);
- 86 **"Tax Deduction"** has the meaning given to it in Condition 5(e);
- 87 **"Terms of the Loan Notes"** has the meaning given to it in the preamble;
- 88 **"Tier 2 Capital"** has the meaning given to it in Condition 3.4; and
- 89 **"Transfer"** has the meaning given to it in Condition 7(a).

THE GUARANTEE

(in the meaning of article 111 of the Swiss Federal Code of Obligations (*Obligationenrecht*), the "**Guarantee**")

- (i) Being informed that Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, CH-9001 St. Gallen, Switzerland (the "**Issuer**"), issued and sold guaranteed dated subordinated fixed to floating rate loan notes due 2047 (the "**Loan Notes**") in the aggregate principal amount of EUR 500,000,000, Helvetia Holding AG, Dufourstrasse 40, CH-9001 St. Gallen, Switzerland (the "**Guarantor**"), herewith irrevocably and unconditionally, but on a subordinated basis in accordance with sub-section (ii) below, guarantees to the holders of the Loan Notes (the "**Holders**") in accordance with article 111 of the Swiss Federal Code of Obligations, irrespective of the validity of the Loan Notes, the purchase agreement relating to the Loan Notes between the Issuer, the Guarantor and ELM B.V. dated 6 April 2017 (the "**Purchase Agreement**") and the agency agreement relating to the Loan Notes between the Issuer, the Guarantor and the agents named therein dated 11 April 2017 (together with the Purchase Agreement, the "**Agreements**") and waiving all rights of objection and defence arising from the Loan Notes and the Agreements, the due payment of the amounts payable by the Issuer under and pursuant to the terms and conditions of the Loan Notes. Accordingly, the Guarantor agrees to pay or deliver to The Bank of New York Mellon, London Branch, in its capacity as fiscal, paying and calculation agent in respect of the Loan Notes (the "**Agent**"), on behalf of the Holders, within 7 (seven) calendar days after the receipt by the Guarantor of the Agent's first written demand for payment and the Agent's confirmation in writing that an amount has become due and payable under the Loan Notes which is equivalent to the amount claimed under this Guarantee and has remained unpaid on the due date.
 - (ii) This Guarantee will constitute direct, subordinated and unsecured obligations of the Guarantor and rank *pari passu*, without any preference, among themselves. The claims of the Holders under this Guarantee rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Guarantor in respect of the Guarantee) or other similar proceedings of or against the Guarantor:
 - (A) after the claims of any Senior Creditors of the Guarantor (as defined below);
 - (B) *pari passu* with any other existing or future direct, subordinated and unsecured obligations of the Guarantor which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the Holders, including but not limited to the subordinated guarantees given by the Guarantor to the holders of the CHF 225,000,000 guaranteed dated subordinated fixed to fixed rate bonds due 2044 issued by the Issuer on 17 October 2014, the CHF 400,000,000 guaranteed perpetual subordinated fixed to fixed rate bonds issued by the Issuer on 17 October 2014 and the CHF 300,000,000 guaranteed perpetual subordinated fixed to fixed rate bonds issued by the Issuer on 23 September 2015; and
 - (C) prior to the claims of the holders of all classes of issued shares in the share capital of the Guarantor and any other securities issued by the Guarantor expressed to rank junior to the claims of the Holders.
- "**Senior Creditors of the Guarantor**" means creditors of the Guarantor (i) who are unsubordinated creditors of the Guarantor or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation, dissolution or winding-up of the Guarantor or otherwise) to the claims of policyholders or other unsubordinated creditors (including existing and all future unsecured, subordinated obligations of the Guarantor, whether contingent or actual) of the Guarantor but have a fixed maturity, except those whose claims rank, or are expressed to rank, equally with or junior to this Guarantee.
- The subordination provisions set out above are irrevocable. The Guarantor may not create or permit to exist any charge or other interest over its assets to secure the obligations of the Guarantor in respect of this Guarantee.
- (iii) Payments under this Guarantee shall be made in euro.

The receipt by the Agent of funds in euro in Switzerland from the Guarantor shall release the Guarantor from its obligations under this Guarantee to the extent of amounts received by the Agent.

- (iv) The Guarantor agrees to be bound by the provisions of section (c) of Condition 2.3 (*Recalculation of Interest*) and Condition 5 (*Taxation*) of the Terms of the Loan Notes as if set out in full in this Guarantee.
- (v) This Guarantee shall give rise to a separate and independent cause of action against the Guarantor and shall apply irrespective of any indulgence granted to the Issuer by the Agent or any Holders from time to time and shall continue in full force and effect notwithstanding any judgement or order against the Issuer and/or the Guarantor. However, when enforcing the Guarantee, Loan Noteholders shall not be entitled, and hereby waive any statutory right conferred upon them, to file for the opening of bankruptcy proceedings (*Konkursbegehren*) or to make other filings or motions which, if approved, will have similar effects on the Guarantor.
- (vi) This Guarantee is governed by Swiss law.
- (vii) Any dispute regarding this Guarantee which may arise between the Agent, on the one hand, and the Guarantor, on the other hand, shall be governed by Swiss law and shall fall within the exclusive jurisdiction of the Commercial Court of the Canton of Zurich, Switzerland, the place of jurisdiction being Zurich 1.
- (viii) Terms and expressions not otherwise defined in this Guarantee shall have the same meaning as defined in the terms and conditions of the Loan Notes.

USE OF PROCEEDS

The net proceeds from the issue of the Loan Notes will be used by the Issuer for general corporate purposes.

DESCRIPTION OF HELVETIA

INFORMATION ON THE ISSUER

Name, Registered Office

Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland

Date of Incorporation and legal form

Helvetia Schweizerische Versicherungsgesellschaft AG was incorporated on 20 February 1883 (date of registration) as a stock corporation with limited liability (*Aktiengesellschaft*), in accordance with art. 620 et seq. of the Swiss Code of Obligations.

Purpose

The articles of association of the Issuer are dated 30 March 2006. According to article 3, the purpose of the Issuer is the offering of any kind of insurance and reinsurance services, excluding life insurance. The Issuer can acquire participations in other companies.

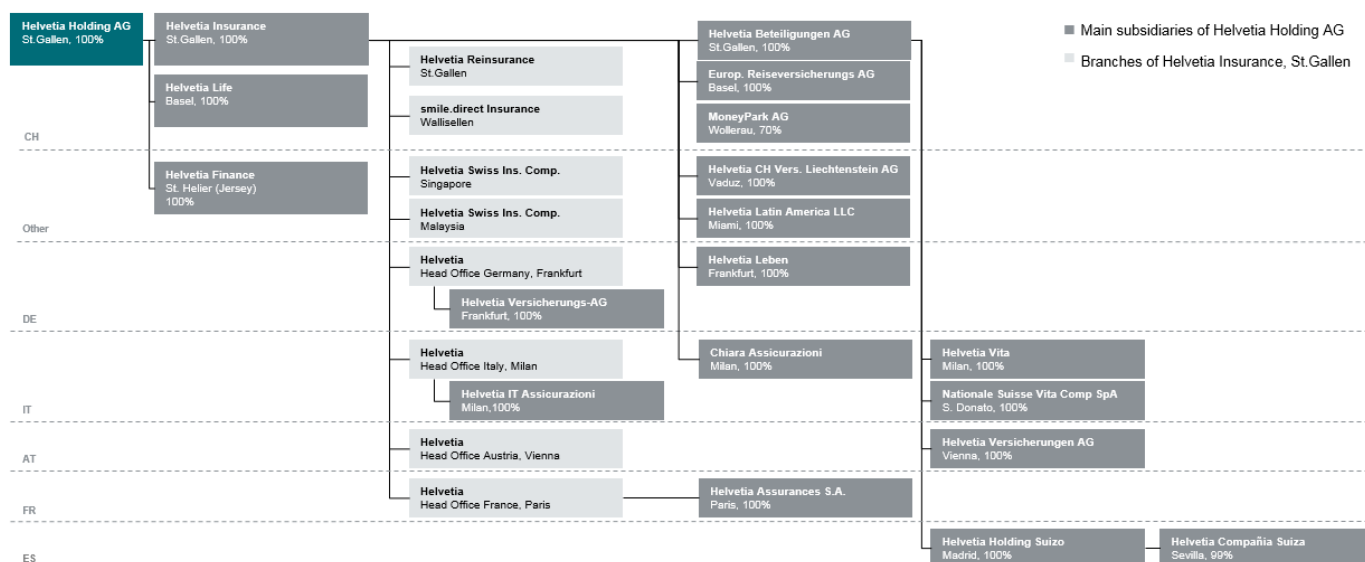
Register

The Issuer is registered in the commercial register of the canton of St. Gallen under the number CHE-101.400.176.

Group

The Issuer is a Swiss company based in St. Gallen with operations in Switzerland. It forms an integral part of Helvetia Group.

The following chart provides an overview of the main companies of Helvetia Group as at 31 December 2016:



Business Activities

The information on insurance activities reflects the Issuer's stand-alone non-life insurance activities in Switzerland and does not take into account any premium volume from the Issuer's subsidiaries or its branch offices.

The Issuer generated in 2016 a gross written premium volume of CHF 1,394 million in Switzerland, representing around 36% of Helvetia Group's non-life gross written premiums for the year ended on 31 December 2016. The principal activities of the Issuer are to carry out business in all lines of non-life business in Switzerland. On the basis of the 2016 gross written premiums, the portfolio is split into the main lines of business as follows: Motor 42%, Property 37%, Liability 11% and Accident and Health 10%.

The Swiss-based non-life premium volume, to which the Issuer contributes the majority, is estimated to be the fifth largest market position in the Swiss non-life insurance market.

In addition to the Issuer's insurance activities in Switzerland, it holds also the majority of Helvetia Groups' subsidiaries. Furthermore, the Issuer has various branches in European countries as well as the reinsurance branch which is based in Switzerland as well as branches in Singapore and Malaysia.

Management

Board of Directors:

Pierin Vincenz	President
Doris Russi Schurter	Vice President
Hans Künzle	Vice President
Hans-Jürg Bernet	Member
Jean-René Fournier	Member
Christoph Lechner	Member
Herbert J. Scheidt	Member
Gabriela Maria Payer	Member
Andreas von Planta	Member
Patrik Giscl	Member

Executive Management for the Group and Swiss operation:

Philipp Gmür	Chief Executive Officer
Paul Norton	Chief Financial Officer
Ralph-Thomas Honegger	Chief Investment Officer
Markus Gempeler	CEO Europe and Head of IT <i>ad interim</i>
David Ribeaud	CEO Specialty Markets
Donald Desax	Head of Group Life Switzerland
Reto Keller	Head of Individual Life Switzerland
Beat Müller	Head of Actuarial Services
Ralph A. Jeitziner	Head of Distribution Switzerland
Hermann Sutter	Head of Non-Life Switzerland <i>ad interim</i> (until 31 March 2017)
Adrian Kolleger	Head of Non-Life Switzerland (as of 2Q 2017)
Achim Baumstark	Head of IT (as of 1 April 2017)

Their business address is c/o Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland.

Auditors

KPMG AG, Badenerstr. 172, 8004 Zurich, Switzerland, were elected as independent auditors for the Issuer and the Guarantor. KPMG AG is a member of the Swiss Institute of Certified Accountants and Tax Consultants and has audited the Issuer's and the Guarantor's financial statements.

Annual Report

The Issuer does not publicly disclose its own financial statements.

Capital Structure

As at 31 December 2016, the Issuer's share capital amounted to CHF 77,480,000, divided into 1,549,600 registered shares with a nominal value of CHF 50.00.

INFORMATION ABOUT HELVETIA HOLDING AG

Helvetia Holding AG is a holding company. For more information on the Helvetia Group, please also refer to the section titled "Company profile" on pages 28 - 54 of the 2016 consolidated annual report incorporated by reference into this Information Memorandum except for the current group structure and the Board of Directors (the Board of Directors of the Issuer and the Guarantor consists of the same persons) please refer to the respective section under Information on the Issuer on pages 56 and 57 of this Information Memorandum.

Information about the Helvetia Group

The internationally active Helvetia is a solid and competitive group with long-standing expertise in the fields of insurance and pension planning. Helvetia has strived to provide reliable insurance services for almost 160 years. Thanks to a careful combination of selected markets and attractive insurance products, Helvetia has grown steadily and sustainably over the years and developed into an international insurance group. Alongside its home market of Switzerland, its core geographic markets also include Germany, Italy, Austria and Spain, which form the "Europe" market area. Helvetia is active in the life and non-life sectors in these markets. With the "Specialty Markets" market area, Helvetia also offers specialty lines coverage and reinsurance in Switzerland, Europe and via selected destinations worldwide. Helvetia's business activities focus on retail customers as well as small and medium-sized companies. Helvetia primarily differentiates itself as a quality provider through its high level of service orientation. The company therefore relies on sales structures geared towards the special features of the individual country markets as well as numerous strong sales partnerships. Helvetia already pursues a multi-channel sales approach, *i.e.* it addresses customers through various sales channels.

Helvetia has 6,481 employees providing services for over 5 million customers and achieved a business volume, which includes non-life and life gross written premiums and investment deposits for life business, of more than CHF 8.5 billion for the 2016 financial year.

Strategy

Helvetia successfully executed its "Helvetia 2015+" strategy by considerably expanding its foothold in its home market Switzerland and further cemented its position in selected European markets. Helvetia improved profitability and increased customer benefits. With the introduction of its "helvetia 20.20" strategy in 2016, Helvetia Group has set itself new objectives:

Helvetia strives to become more digital and more agile and Helvetia will place an even greater emphasis on its customers, building on its core values of trust, dynamism and enthusiasm.

The new strategy systematically focuses on current trends:

- As the customers are becoming more individual and demanding, Helvetia is gearing its activities even more consistently towards their needs: The service offering shall become more personalised, simpler and more convenient.
- The world is becoming more digital – Helvetia is using this fact to drive its development: The company is modernising the way to interact with its customers over a variety of channels, incorporating its partners more closely into its systems. Helvetia is also increasing the use of smart data, which helps to further personalise the market services and determine risks more precisely. Helvetia is also increasingly automating processes.
- The significant changes in the insurance market provide opportunities: Helvetia intends to exploit digitisation to generate sustainable growth in the largely economically stable non-life business, while aligning the life business to more modern and capital-efficient products. Helvetia aims to continue expanding its customer base and sales network in future with targeted acquisitions. Furthermore, Helvetia puts strategic focus on systematic innovation management and corporate ventures.

To efficiently implement the strategy as outlined, Helvetia adopted a new corporate structure with clearly focused segment tasks from 1 January 2017.

The success of the "helvetia 20.20" strategy shall be measured against clear financial objectives:

- Helvetia's ambition is to increase business volumes to around CHF 10 billion on a currency-adjusted basis by 2020, driven by organic growth and targeted acquisitions;
- a disciplined underwriting strategy, the improved use of data and strict cost controls should secure the first-class combined ratio in the non-life business, which prospectively targets to be below 93%. The profit share contributed by the non-life business is expected to range around two thirds. As the non-life business is less sensitive to interest rates, Helvetia intends to build on a stable profit mix supporting its growth ambition;
- in life business, the result is expected to increase due to the focus on technical core expertise and modern, capital-efficient products. The level of dependency on interest rate gains and exposure to capital market volatility is thus being reduced;
- Helvetia is targeting a return on equity of 8% to 11%, based on its underlying earnings; that is net income adjusted for merger effects from the acquisitions of Swiss-based Nationale Suisse Insurance Group and Austrian-based Basler Versicherungs-AG in 2014.

Business Divisions

Helvetia Switzerland

In its home market, Helvetia is a leading Swiss all-line insurer with a top 3 position in Switzerland. Since taking over Nationale Suisse in 2014, Helvetia has been able to benefit from mergers and synergies, for example in expanding its product range, enhancing its access to customers and improving its customer care services. Thanks to a better balance between life and non-life business, as well as new possibilities in the specialty business and in accident and health insurance, the insurance portfolio has overall been optimised. Helvetia has a strong market position in the non-life business, where it ranks fifth in Switzerland. In life, Helvetia has established itself as a top 3 provider in Switzerland. Due to regulations and the low interest rate environment, the focus is on the sale of capital-efficient products. Through its partnership with Swisscanto, Helvetia already has been able to re-

duce exposure to interest rate risk for more than one third of the policies in the group life business (occupational pension business, BVG), which accounts for the largest share of the life business, as it only functions as reinsurer for the risks of death and disability.

Helvetia pursues a multi-channel sales approach and relies also on strong cooperation partners. The distribution partnership with Raiffeisen can be used as an example in this respect: the insurance and pension products of Helvetia supplement the services of its banking partner. Helvetia also cooperates with the cantonal banks and Notenstein La Roche in the area of occupational pension business. With smile.direct Helvetia has a direct insurer in Switzerland that is already well established on the market and repeatedly achieves good results in terms of quality, service and quotes in independent comparison tests. The stable and continued profitable home market is expected to provide a solid foundation for the further development of the Helvetia Group.

Europe

In the Europe market area, Helvetia likewise pursues a consistent position, in particular a single-brand presence across the countries in which it operates. As in Switzerland, the focus is on business with retail customers and small and medium-sized companies. Helvetia offers a wide non-life product range in the Europe market area, while in life business it is promoting capital-efficient products, especially in the current low interest rate environment. Thanks to the establishment of a comprehensive management team for Europe, the use of common IT systems and a common reinsurance structure, it is aiming at exploiting additional synergies within Europe. The Europe segment also contributes to regional diversification by reducing the level of dependency on the Swiss home market.

Specialty Markets

The Specialty Markets segment follows a selective niche strategy, resulting in a strong market position and corresponding profit contribution. It further contributes to Helvetia Group's diversification. The Specialty Market area predominantly focuses on three business segments: engineering (technical insurance), marine (transport) and art in selected countries as well as the international markets such as Asia and Latin America which are bundled together in the market unit Specialty Lines Switzerland/International. In France, Helvetia is an established insurance specialist and ranks second in this segment. Active reinsurance, which also belongs to this segment, is a niche provider characterised by and large long-standing business relations, a stringent underwriting policy and a high level of sector diversification. With its Specialty Markets area, Helvetia not only has a local presence in Switzerland, France and the Principality of Liechtenstein, but also in Turkey and Miami for Latin America as well as in Singapore and Malaysia.

TAXATION

General

This following summary describes the principal tax consequences under the laws of Switzerland of the acquisition, ownership and disposal of Loan Notes for investors who are either Qualifying Banks or Permitted Non-Qualifying Loan Noteholders. This summary does however not address the tax treatment of any other investors.

This summary is based on the tax laws, regulations and regulatory practices of Switzerland, as in effect on the date hereof, which are subject to change (or subject to changes in interpretation), possibly with retroactive effect, and a tax ruling with the Swiss Federal Tax Administration.

Loan Noteholders or prospective Loan Noteholders are advised to consult their own tax advisers in light of their particular circumstances as to the Swiss tax laws, regulations and regulatory practices that could be relevant for them in connection with acquiring, owning and disposing of Loan Notes and receiving interest, principal or other payments under the Loan Notes.

Withholding Tax

Payments by the Issuer of interest on, and repayment of principal of, the Loan Notes, will not be subject to Swiss Federal Withholding Tax (currently levied at a rate of 35%), provided that the aggregate number of holders of Loan Notes who are not Qualifying Banks will not at any time while any Loan Notes are outstanding exceed ten (10 Non-Bank Rule; as defined in the Terms of the Loan Notes), and the aggregate number of lenders to the Issuer (including holders of Loan Notes) under all of the Issuer's financial debt (including Loan Notes) who are not Qualifying Banks will not at any time while any Loan Notes are outstanding exceed twenty (20 Non-Bank Rule). The Terms of the Loan Notes require the Issuer to comply at all times while any Loan Notes are outstanding with the Non-Bank-Rules and require the Loan Noteholders to comply with the restrictions on transfer of Loan Notes and grants of security which, *inter alia*, limit the holders of Loan Notes to one single Permitted Non-Qualifying Loan Noteholder and Qualifying Banks.

Stamp Taxes

The issue and redemption of the Loan Notes by the Issuer are not subject to Swiss federal issuance stamp tax (*Emissionsabgabe*) or Swiss federal transfer stamp tax (*Umsatzabgabe*).

Provided that at all times while any Loan Notes are outstanding the Issuer complies with the Non-Bank Rules and the Loan Noteholders comply with the transfer restrictions provided for in the Terms of the Loan Notes, no Swiss transfer stamp tax (*Umsatzabgabe*) will be payable on a potential transfer or assignment of the Loan Notes (see "Swiss Federal Withholding Tax" above for a summary of the transfer restrictions).

Swiss Corporate Income Tax

Non-resident Holders

A Loan Noteholder who is a corporate entity and not resident in Switzerland (including the Permitted Non-Qualifying Loan Noteholder as defined in the Terms of the Loan Notes) and who during the fiscal year has not engaged in a trade or business carried on through a permanent establishment or a fixed place of business in Switzerland to which the Loan Note is attributable is in respect of such Loan Note not subject to income tax in Switzerland (see "Swiss Federal Withholding Tax" above for a summary on the Swiss Federal Withholding Tax).

Loan Notes held in Switzerland as Swiss business assets

Swiss resident corporate taxpayers and corporate taxpayers resident abroad holding Loan Notes through a permanent establishment or a fixed place of business in Switzerland are required to recognise the payments of interest and any capital gain or loss realised on the sale or other disposal of such Loan Note, in each case converted into Swiss francs at the exchange rate prevailing at the time of payment or sale, as applicable in their income statement for the respective tax period and are taxable on any net taxable earnings for such period.

TRANSFER RESTRICTIONS

General

Transfers of Loan Notes shall be made in accordance with the provisions of Condition 7. A Loan Note may only be assigned or transferred (a "**Transfer**" and "**Transferred**" shall be construed accordingly), in whole or in part, but only if the Transfer is:

- (i) in whole or in part, if the Transfer is to a Qualifying Bank, provided that in the case of a Transfer of the Loan Notes in part, the Loan Notes may not be transferred to more than 5 (five) Qualifying Banks, or
- (ii) in whole but not in part, if the Transfer is to a Permitted Non-Qualifying Noteholder, *i.e.* initially, a nominee of a custodian acting on behalf of ELM B.V., Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands ("**ELM**") and a successor (or such successor's custodian or nominee of such custodian on its behalf) of ELM by way of Transfer of all of the Loan Notes

(in each case subject to the provisions set out in the Terms of the Loan Notes).

Subject to a permitted Transfer, no Loan Noteholder shall transfer its credit exposure under the Loan Notes to third parties by way of entering into derivative transactions, sub-participations or similar instruments with such third parties, unless under such arrangement and at any time throughout the life of such arrangement:

- (i) the relationship between the Loan Noteholder and that other person is that of debtor and creditor (including in the bankruptcy or similar event of the Loan Noteholder or the Issuer);
- (ii) the other person will have no proprietary interest in the benefit of the Loan Notes or in any monies received by the Loan Noteholder under or in relation to the Loan Notes; and
- (iii) the other person will under no circumstances, other than permitted Transfers (A) be subrogated to, or substituted in respect of, the Loan Noteholder's claims under the Loan Notes and (B) have otherwise any contractual relationship with, or rights against, the Issuer or the Guarantor under or in relation to the Loan Notes.

For the avoidance of doubt, the granting of security in accordance with Condition 8 will not be subject to the foregoing limitations.

Title to the relevant Loan Note passes only on due registration in the Register. The Loan Notes will be issued in certificated, registered form, and will bear a legend setting forth the applicable transfer restrictions.

U.S. Securities Law Restrictions

The Loan Notes have not been, and will not be registered, under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The Loan Notes are not being offered in the United States or to U.S. persons.

United Kingdom

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) in connection with the issue or sale of the Loan Notes has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.

In addition, anything done in relation to the Loan Notes in, from or otherwise involving the United Kingdom must be done in compliance with all applicable provisions of the FSMA.

Restrictions Applicable in Switzerland

The Loan Notes may not be publicly offered, sold, or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland.

Neither this Information Memorandum nor any other offering or marketing material relating to the offering of the Loan Notes have been or will be filed with or approved by any Swiss regulatory authority. Investors in the Loan Notes will not benefit from protection or supervision by FINMA or any other Swiss regulatory authority.

Restrictions Applicable in Other Jurisdictions

The distribution of this Information Memorandum in other jurisdictions may be restricted by law and persons into whose possession this Information Memorandum comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of U.S. securities laws or the laws of any such other jurisdictions.

GENERAL INFORMATION

Authorisations

The issuance of the Loan Notes has been authorised by resolutions of the board of directors of the Issuer passed on 7 March 2017. The issuance of the Guarantee has been authorised by resolutions of the Guarantor passed on 7 March 2017.

No Material Adverse Change

Since the publication date of the latest financial statements as incorporated by reference in this Information Memorandum, there has been no material change in the assets and liabilities, financial position or profits or losses of the Issuer or the Guarantor.

Litigation

The Issuer and the Guarantor have not been involved in any litigation, governmental, or arbitration proceedings, including any such proceedings which are pending or threatened of which the Issuer and the Guarantor are aware, during the 12 months preceding the date of this Information Memorandum which may have, or have had in the recent past, a significant effect on Helvetia's financial position.

Auditors

The independent statutory auditors of the Helvetia Group and the Guarantor are KPMG AG, Badenerstr. 172, CH-8004 Zurich, Switzerland. KPMG AG is a member of the Swiss Institute of Certified Accountants and Tax Consultants.

The consolidated financial statements of Helvetia Group are prepared in accordance with IFRS and comply with Swiss law as of and for the years ended 31 December 2015 and 2016 and have been audited by KPMG AG, as stated in its Statutory Auditor's Reports incorporated by reference into this Information Memorandum.

The financial statements of the Guarantor are prepared in accordance with Swiss law and the Guarantor's articles of incorporation as of and for the years ended 31 December 2015 and 2016 and have been audited by KPMG AG, as stated in its Statutory Auditor's Reports incorporated by reference into this Information Memorandum.

Documents Available for Inspection

Printed copies of this Information Memorandum can be obtained free of charge at the offices of the Agent at One Canada Square, London E14 5AL, United Kingdom.

Copies of the annual report 2016 of Helvetia, the audited consolidated financial statements of Helvetia Group (including the notes thereto) and the related Statutory Auditor's Reports as at, and for the years ended 31 December 2015 and 2016 and the audited financial statements of the Guarantor (including the notes thereto) and the related Statutory Auditor's Reports as at, and for the years ended 31 December 2015 and 2016 can be downloaded from the website <https://www.helvetia.com/corporate/content/en/publications.html>.



Registered Office of the Issuer

ELM B.V.
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands

TRUSTEE AND MANAGERS' TRUSTEE

The Law Debenture Trust Corporation p.l.c.
Fifth Floor
100 Wood Street
London EC2V 7EX

**CUSTODIAN, PRINCIPAL PAYING AGENT, ISSUE
AGENT**

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL

REGISTRAR

**The Bank of New York Mellon SA/NV, Luxembourg
(formerly The Bank of New York Mellon (Luxembourg)
S.A.)**
Vertigo Building –
Polaris
24 – rue Eugene Ruppert
L 2 – 453 Luxembourg

CALCULATION AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL

LEGAL ADVISERS

To the Managers as to Dutch law

Simmons & Simmons LLP
PO Box 79023 1070 NB
Claude Debussylaan 247 1082 MC
Amsterdam
The Netherlands

To the Managers as to English law

Simmons & Simmons LLP
CityPoint
One Ropemaker Street
London EC2Y 9SS

IRISH LISTING AGENT

Arthur Cox Listing Services Limited
Earlsfort Centre, Earlsfort Terrace
Dublin 2
Ireland