



Credit Suisse AG, London Branch

**USD 30,000,000 Credit Linked Notes linked to French Republic due June 2031**

**(the "Notes" or "Securities")**

**Series SPLB2016-659**

**(ISIN: XS1396710664)**

**Issue Price: 100 per cent. (100%) of the Aggregate Nominal Amount**

### **Summary and Securities Note**

This document comprises two parts:

- Part One is a summary of the Registration Document and Securities Note (the "**Summary**"); and
- Part Two is a securities note (the "**Securities Note**").

The Summary and Securities Note contain information relating to the above Securities.

### **Registration Document**

The Summary and Securities Note shall be read in conjunction with the registration document dated 20 May 2016 (the "**Registration Document**"), containing information in respect of Credit Suisse AG, acting through its London Branch (the "**Issuer**").

### **Prospectus**

Together, the Registration Document, the Summary and the Securities Note constitute a "prospectus" (the "**Prospectus**") for the Securities, prepared for the purposes of Article 5.3 of Directive 2003/71/EC, as amended from time to time, including by Directive 2010/73/EU (the "**Prospectus Directive**").

### **The Securities**

The Securities are in the form of Notes and are issued by the Issuer under the Structured Products Programme for the issuance of Notes, Certificates and Warrants (the "**Programme**"). The terms and conditions of the Securities will comprise:

- the General Terms and Conditions of Notes (the "**General Conditions**") as set forth below in "**General Terms and Conditions of Notes**";
- the Asset Terms for Credit-linked Securities (the "**Asset Terms**") as set forth below in "**Asset Terms for Credit-linked Securities**"; and
- the specific terms of the Securities, as completing and amending the General Conditions and the Asset Terms, as set forth in "**Specific Terms**" below.

### **Risk Factors**

**Depending on the performance of the underlying, you may lose some or all of your investment in the Securities.**

Before purchasing any Securities, you should consider, in particular, the "Risk Factors" below together with the relevant Risk Factors set out in the Registration Document.

15 August 2016

## IMPORTANT NOTICES

### Potential for Discretionary Determinations by the Issuer under the Securities

Under the terms and conditions of the Securities, following the occurrence of certain events outside of its control, the Issuer (or the Calculation Agent on its behalf) may determine in its discretion to take one or more of the actions available to it in order to deal with the impact of such event on the Securities or the Issuer or both. It is possible that any such discretionary determination by the Issuer (or the Calculation Agent on its behalf) could have a material adverse impact on the value of and return on the Securities.

**No other person is authorised to give information on the Securities:** In connection with the issue and sale of the Securities, no person is authorised by the Issuer to give any information or to make any representation not contained in the Registration Document, the Summary or the Securities Note, and neither the Issuer nor the Dealer accepts responsibility for any information or representation so given that is not contained in the Registration Document, the Summary or the Securities Note.

**Not an offer:** The Prospectus does not constitute an offer to the public of Securities, and may not be used for the purposes of an offer to the public or solicitation by anyone, in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Securities to the public or the distribution of the Prospectus in any jurisdiction where any such action is required except as specified herein.

**Restrictions on distribution:** The distribution of the Prospectus and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession the Registration Document, the Summary or the Securities Note comes are required by the Issuer to inform themselves about, and to observe, such restrictions. For a description of certain restrictions on offers or sales of the Securities and the distribution of the Prospectus and other offering materials relating to the Securities, please refer to the section entitled "Selling Restrictions" herein.

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

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

**No post-issuance information:** The Issuer will not be providing any post-issuance information, except if required by any applicable laws and regulations.

**No rating:** The Securities have not been rated.

**Programme Memorandum:** Any reference herein to "Programme Memorandum" refers to the Programme Memorandum dated 9 July 2015 relating to the structured products programme for the issuance of notes, certificates and warrants of the Issuer.

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## PART ONE

### SUMMARY

Summaries are made up of disclosure requirements known as "**Elements**". These Elements are numbered in sections A – E (A.1 – E.7).

This Summary contains all the Elements required to be included in a summary for this type of Securities and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of Securities and Issuer, it is possible that no relevant information can be given regarding such Element. In this case a short description of the Element is included in the summary and marked as "Not applicable".

| Section A – Introduction and Warnings |   |  |
|---------------------------------------|---|--|
| A.1                                   | Introduction and Warnings:  | <p>This Summary should be read as an introduction to the Prospectus. Any decision to invest in Securities should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the relevant Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability only attaches to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Securities.</p> |
| A.2                                   | Consent(s):   | Not applicable, no consent has been granted by the Issuer in relation to the use of this Prospectus for any subsequent resale or final placement of securities by financial intermediaries.  |
| Section B - Issuer                    |   |  |
| B.1                                   | Legal and commercial name of the Issuer:  | Credit Suisse AG (" <b>CS</b> "), acting through its London Branch (the " <b>Issuer</b> ").  |
| B.2                                   | Domicile and legal form of the Issuer, legislation under which the Issuers operates and country of incorporation of Issuer: | CS is a Swiss bank and joint stock corporation established under Swiss law on 5 July 1856 and operates under Swiss law. Its registered head office is located at Paradeplatz 8, CH-8001, Switzerland.  |
| B.4b                                  | Known trends with respect to the Issuer and the industries in which it operates:  | Not applicable - there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the prospects of the Issuer for its current financial year.  |

|      |   |  |         |   |                             |
|------|---|--|---------|---|-----------------------------|
| B.5  | Description of group and Issuers' position within the group:  | CS is a wholly owned subsidiary of Credit Suisse Group AG. CS has a number of subsidiaries in various jurisdictions. |         |   |                             |
| B.9  | Profit forecast or estimate:  | Not applicable; no profit forecasts or estimates have been made by the Issuer.                                       |         |   |                             |
| B.10 | Qualifications in audit report on historical financial information:   | Not applicable; there were no qualifications in the audit report on historical financial information.                |         |   |                             |
| B.12 | Selected key financial information; no material adverse change and description of significant change in financial position of the Issuer: | <u>CS</u>  |         |   |                             |
|      |   | In CHF million   |         | Year ended 31 December                  |                             |
|      |   |  | 2015    | 2014                                    |                             |
|      |   | Selected income statement data   |         |   |                             |
|      |   | Net revenues   | 23,211  | 25,589                                  |                             |
|      |   | Total operating expenses   | 25,873  | 22,503                                  |                             |
|      |   | Net income/(loss)  | (3,377) | 1,764                                   |                             |
|      |   | Selected balance sheet data  |         |   |                             |
|      |   | Total assets   | 803,931 | 904,849                                 |                             |
|      |   | Total liabilities  | 759,241 | 860,208                                 |                             |
|      |   | Total equity   | 44,690  | 44,641                                  |                             |
|      |   | In CHF million   |         | Three months ended 31 March (unaudited) |                             |
|      |   |  | 2016    | 2015                                    |                             |
|      |   | Selected income statement data   |         |   |                             |
|      |   | Net revenues   | 4,366   | 6,539                                   |                             |
|      |   | Total operating expenses   | 4,983   | 5,098                                   |                             |
|      |   | Net income/(loss)  | (457)   | 972                                     |                             |
|      |   | Selected balance sheet data  |         | Three months ended 31 March 2016        | Year ended 31 December 2015 |

|                               |   |   |  |             |  |              |         |         |                   |         |         |              |        |        |
|-------------------------------|---|---|--|-------------|--|--------------|---------|---------|-------------------|---------|---------|--------------|--------|--------|
|                               |   | <table> <tr> <td></td><td>(unaudited)</td><td></td></tr> <tr> <td>Total assets</td><td>796,661</td><td>803,931</td></tr> <tr> <td>Total liabilities</td><td>751,798</td><td>759,241</td></tr> <tr> <td>Total equity</td><td>44,863</td><td>44,690</td></tr> </table> <p>There has been no material adverse change in the prospects of the Issuer and its consolidated subsidiaries since 31 December 2015.</p> <p>There has been no significant change in the financial position of the Issuer and its consolidated subsidiaries since 31 March 2016.</p> |  | (unaudited) |  | Total assets | 796,661 | 803,931 | Total liabilities | 751,798 | 759,241 | Total equity | 44,863 | 44,690 |
|                               | (unaudited)   |   |  |             |  |              |         |         |                   |         |         |              |        |        |
| Total assets                  | 796,661   | 803,931   |  |             |  |              |         |         |                   |         |         |              |        |        |
| Total liabilities             | 751,798   | 759,241   |  |             |  |              |         |         |                   |         |         |              |        |        |
| Total equity                  | 44,863  | 44,690  |  |             |  |              |         |         |                   |         |         |              |        |        |
| <b>B.13</b>                   | <b>Recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency:</b> | Not applicable; there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.   |  |             |  |              |         |         |                   |         |         |              |        |        |
| <b>B.14</b>                   | <b>Issuer's position in its corporate group and dependency on other entities within the corporate group:</b>                      | See Element B.5 above.<br><br>Not applicable; CS is not dependent upon other members of its group.  |  |             |  |              |         |         |                   |         |         |              |        |        |
| <b>B.15</b>                   | <b>Issuer's principal activities:</b>   | CS' principal activities are the provision of financial services in the areas of investment banking, private banking and asset management.  |  |             |  |              |         |         |                   |         |         |              |        |        |
| <b>B.16</b>                   | <b>Ownership and control of the Issuer:</b>   | CS is a wholly owned subsidiary of Credit Suisse Group AG.  |  |             |  |              |         |         |                   |         |         |              |        |        |
| <b>Section C – Securities</b> |   |   |  |             |  |              |         |         |                   |         |         |              |        |        |
| <b>C.1</b>                    | <b>Type and class of securities being offered and security identification number(s):</b>  | <p>The securities (the "<b>Securities</b>") are Notes. The Securities are Credit-linked Securities linked to the credit risk of the French Republic (the "<b>Reference Entity</b>").</p> <p>The Securities of a Series will be uniquely identified by <b>ISIN</b>: XS1396710664; <b>Common Code</b>: 139671066; <b>Swiss Security Number</b>: 32061244.</p>   |  |             |  |              |         |         |                   |         |         |              |        |        |
| <b>C.2</b>                    | <b>Currency:</b>  | The currency of the Securities will be United States Dollar (" <b>USD</b> ") (the " <b>Settlement Currency</b> ").  |  |             |  |              |         |         |                   |         |         |              |        |        |
| <b>C.5</b>                    | <b>Description of restrictions on free transferability of the Securities:</b>   | <p>The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "<b>Securities Act</b>") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act and applicable state securities laws.</p> <p>No offers, sales or deliveries of the Securities, or distribution of any</p>   |  |             |  |              |         |         |                   |         |         |              |        |        |

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|      |  | <p>offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations.</p> <p>Subject to the above, the Securities will be freely transferable.</p>   |
| C.8  | <p><b>Description of rights attached to the securities, ranking of the securities and limitations to rights:</b></p> | <p><b>Rights:</b> The Securities will give each holder of Securities (a "<b>Securityholder</b>") the right to receive a potential return on the Securities (see Element C.18 below). The Securities will also give each Securityholder the right to vote on certain amendments.</p> <p><b>Ranking:</b> The Securities are unsubordinated and unsecured obligations of the Issuer and will rank equally among themselves and with all other unsubordinated and unsecured obligations of the Issuer from time to time outstanding.</p> <p><b>Limitation to Rights:</b></p> <ul style="list-style-type: none"> <li>• The Issuer may redeem the Securities early for illegality reasons or following an event of default. In such case, the amount payable in respect of each Security on such early redemption will be equal to the <b>Unscheduled Termination Amount</b>, and no other amount shall be payable in respect of each Security on account of interest or otherwise, where "<b>Unscheduled Termination Amount</b>" means, in respect of each Security, an amount (which may be greater than or equal to zero) equal to the value of such Security immediately prior to its redemption, as calculated by the calculation agent using its internal models and methodologies. For the avoidance of doubt, if a Security is redeemed following an event of default, the <b>Unscheduled Termination Amount</b> shall not take into account the financial position of the Issuer immediately prior to the event of default, and the Issuer shall be presumed to be able to fully perform its obligations under such Security for such purposes.</li> <li>• The terms and conditions of the Securities contain provisions for convening meetings of Securityholders to consider any matter affecting their interests, and any resolution passed by the relevant majority at a meeting will be binding on all Securityholders, whether or not they attended such meeting or voted for or against the relevant resolution. In certain circumstances, the Issuer may modify the terms and conditions of the Securities without the consent of Securityholders.</li> <li>• The Securities are subject to the following events of default: if the Issuer fails to pay any amount due in respect of the Securities within 30 days of the due date, or if any events relating to the insolvency or winding up of the Issuer occur.</li> <li>• The Issuer may at any time, without the consent of the Securityholders, substitute for itself as Issuer under the Securities any company with which it consolidates, into which it merges or to which it sells or transfers all or substantially all of its property.</li> <li>• <b>Governing Law:</b> The Securities are governed by English law.</li> </ul> |
| C.11 | <b>Admission to</b>  | <p>Application has been made to admit the Securities to trading on the</p>   |



|             |   |  |
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|             | <b>trading:</b>   | Regulated Market of the Irish Stock Exchange.  |
| <b>C.15</b> | <b>Effect of the underlying instrument(s) on value of investment:</b> | <p>The value of the Securities is linked to a hypothetical credit default swap (the "<b>Reference CDS</b>") pursuant to which the Issuer is deemed to be "Buyer" and a notional counterparty is "Seller". The Seller under the Reference CDS (and accordingly, the Securityholders under the Securities) are exposed to the credit default swap exposure on the Reference Entity.</p> <p>Payments of interest and principal on the Securities are dependent on whether one or more of a number of specified events occurs in relation to the Reference Entity (referred to as "<b>Credit Events</b>") and whether, as a result, an Event Determination Date occurs.</p> <p>If an Event Determination Date occurs with respect to the Securities, the entire nominal amount of each Security will be reduced to zero and the Securities will be redeemed in whole by payment of a reduced cash amount (the "<b>Credit Event Settlement Amount</b>"). The Credit Event Settlement Amount will be determined based on the price of certain eligible obligations of the Reference Entity, which may be determined either by reference to a price determined by way of a credit derivatives auction sponsored by the International Swaps and Derivatives Association ("<b>ISDA</b>") (the "<b>Auction</b>") or, where there is no auction, on the basis of bid quotations received by the calculation agent from third party dealers.</p> <p>In addition, following the occurrence of an Event Determination Date, interest will cease to accrue on the Securities, with effect from and including the first day of the interest period during which the Event Determination Date occurred, where "<b>Event Determination Date</b>" means either:</p> <ul style="list-style-type: none"> <li>(a) following a public announcement by ISDA to the effect that a Credit Derivatives Determinations Committee ("<b>CDDC</b>") has resolved that a Credit Event has occurred in relation to a Reference Entity, and, if so required for the purposes of the Reference CDS, following the delivery by the calculation agent of a relevant notice to Securityholders for the purposes of the Reference CDS, the date which would be determined as such for the purposes of the Reference CDS in accordance with its terms; or</li> <li>(b) in the absence of any announcement as referred to above, the calculation agent delivers a relevant notice to Securityholders for the purposes of the Reference CDS;</li> </ul> <p>See Element C.18 below.</p> |
| <b>C.16</b> | <b>Scheduled Maturity Date or Settlement Date:</b>                    | Each of the scheduled Maturity Date and the scheduled termination date of the Reference CDS is scheduled to be 20 June 2031.   |
| <b>C.17</b> | <b>Settlement Procedure:</b>  | <p>The Securities will be delivered by the Issuer against payment of the issue price. Settlement procedures will depend on the clearing system for the Securities and local practices in the jurisdiction of the investor.</p> <p>The Securities are cleared through Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme.</p>   |

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| <b>C.18</b>              | <b>Return on Derivative Securities:</b>           | <p>Interest is payable annually on the Securities at a fixed rate of interest of 4.26 per cent. per annum from and including the issue date to but excluding 20 June 2031 (the "<b>Scheduled Maturity Date</b>"), subject to early redemption, and subject to cessation of interest if an Event Determination Date occurs (see C.15). If redemption of the Securities is extended beyond the Scheduled Maturity Date and it is ultimately determined that an Event Determination Date has not occurred, a compensation interest payment calculated by reference to the overnight rate for USD deposits will be payable on the Extended Maturity Date, where "<b>Extended Maturity Date</b>" means a date selected by the calculation agent and falling not later than five business days after the date on which it is no longer possible for an Event Determination Date to occur (or any earlier date selected by the calculation agent for such purpose).</p> <p>Unless an Event Determination Date has occurred, each Security will redeem at par on the Scheduled Maturity Date or Extended Maturity Date, as applicable.</p> <p>If an Event Determination Date has occurred, the entire nominal amount of each Security will be reduced to zero and the Securities will be redeemed in whole by payment of the Credit Event Settlement Amount (see C.15). The Credit Event Settlement Amount payable in respect of a Security will be equal to each Security's pro-rata proportion of an amount equal to:</p> <ul style="list-style-type: none"> <li>(a) the nominal amount of the Securities less</li> <li>(b) (subject to a minimum of zero) the product of (i) 100 per cent. minus the price (expressed as a percentage) determined through the Auction or by the calculation agent on the basis of bid quotations, as applicable, for certain obligations of the Reference Entity and (ii) the nominal amount of the Securities.</li> </ul> <p><b>The return on the Securities may be a negative amount and investors may lose some or all of their original invested amount.</b></p> |
| <b>C.19</b>              | <b>Final reference price of underlying:</b>       | The auction final price or final price determined by dealer poll of the Reference Entity.   |
| <b>C.20</b>              | <b>Type of underlying:</b>                        | The Reference Entity is the French Republic. More information on the Reference Entity is available at <a href="http://www.gouvernement.fr/">http://www.gouvernement.fr/</a> . This website does not form part of the terms and conditions of the Securities.  |
| <b>Section D – Risks</b> |   |   |
| <b>D.2</b>               | <b>Key risks that are specific to the Issuer:</b> | <p>The Securities are general unsecured obligations of the Issuer. Investors in the Securities are exposed to the risk that the Issuer could become insolvent and fail to make the payments owing by it under the Securities.</p> <p>The profitability of the Issuer will be affected by, among other things, changes in global economic conditions, inflation, interest/exchange rates, capital risk, liquidity risk, market risk, credit risk, risks from estimates and valuations, risks relating to off-balance sheet entities,</p>   |

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|  |  | <p>cross-border and foreign exchange risks, operational risks, legal and regulatory risks and competition risks.</p> <p>The Issuer is exposed to a variety of risks that could adversely affect its operations and/or financial condition:</p> <ul style="list-style-type: none"> <li>• <b>Liquidity risk:</b> The Issuer's liquidity could be impaired if it were unable to access the capital markets or sell its assets, and the Issuer expects its liquidity costs to increase. If the Issuer is unable to raise funds or sell its assets, or has to sell its assets at depressed prices, this may adversely affect its financial condition. The Issuer's businesses rely significantly on its deposit base for funding; however, if deposits cease to be a stable source of funding, the Issuer's liquidity position may be adversely affected and it may be unable to meet its liabilities or fund new investments. Changes to the Issuer's credit ratings may also adversely affect the Issuer's business.</li> <li>• <b>Market risk:</b> The Issuer may incur significant losses on its trading and investment activities due to market fluctuations and volatility in financial and other markets. Its businesses are subject to the risk of loss from adverse market conditions and unfavourable economic, monetary, political, legal and other developments in the countries it operates in around the world. The Issuer's real estate-related businesses could be adversely affected by any downturn in real estate markets and the economy as a whole. The Issuer has significant risk concentration in the financial services industry which may cause it to suffer losses even when economic and market conditions are generally favourable for others in the industry. Further, the Issuer's hedging strategies may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk. Market risk may also increase the other risks that the Issuer faces.</li> <li>• <b>Credit risk:</b> The Issuer may suffer significant losses from its credit exposures across a wide range of transactions. The Issuer's exposure to credit risk may be increased by adverse economic or market trends or increased volatility in the markets. The Issuer may be unable to sell its positions, which may increase its capital requirements, which could adversely affect its businesses. Defaults or concerns about a default by a large financial institution could also adversely affect the Issuer and financial markets generally. The information which the Issuer uses to manage its credit risk (such as the credit or trading risks of a counterparty) may also be inaccurate or incomplete.</li> <li>• <b>Risks from estimates and valuations:</b> The Issuer makes estimates and valuations that affect its reported results; these estimates are based upon judgment and available information, and the actual results may differ materially from these estimates. To the extent the Issuer's models and processes become less predictive due to unforeseen market conditions, illiquidity or volatility, the Issuer's ability to make accurate estimates and valuations could be adversely affected.</li> <li>• <b>Risks relating to off-balance sheet entities:</b> The Issuer may enter into transactions with certain special purpose entities which are not consolidated and whose assets and liabilities</li> </ul> |
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|  |  | <p>are off-balance sheet. If the Issuer is required to consolidate a special purpose entity for any reason, this could have an adverse impact on the Issuer's operations and capital and leverage ratios.</p> <ul style="list-style-type: none"> <li> <b>Country and currency exchange risk:</b> Country risks may increase the market and credit risks that the Issuer faces. Economic or political pressures in a country or region may adversely affect the ability of the Issuer's clients or counterparties in that country or region to perform their obligations to the Issuer, which may in turn have an adverse impact on the Issuer's operations. A key element of the Issuer's new strategy is to scale up its private banking businesses in emerging market countries, which will increase its exposure to these countries. Economic and financial disruptions in these countries may adversely affect its businesses in these countries. A substantial portion of the Issuer's assets and liabilities are denominated in currencies other than the Swiss franc and fluctuations in exchange rates may adversely affect the Issuer's results. </li> <li> <b>Operational risk:</b> The Issuer is exposed to a wide variety of operational risks, including risks from errors made in execution or settlement of transactions or information technology risk due to dependencies on information technology and third party supplies. The Issuer may also suffer losses due to employee misconduct. </li> <li> <b>Risk management:</b> The Issuer's risk management procedures and policies may not always be effective, and may not fully mitigate its risk exposure in all markets or against all types of risk. </li> <li> <b>Legal and regulatory risks:</b> The Issuer faces significant legal risks in its businesses. The Issuer and its subsidiaries are subject to a number of legal proceedings, regulatory actions and investigations, where an adverse result could have a material adverse effect on the operations and results of the Issuer. Regulatory changes may adversely affect the Issuer's business and ability to execute its strategic plans. The Issuer (and the financial services industry) continue to be affected by significant uncertainty over the scope and content of regulatory reform. Under Swiss banking laws, FINMA has broad powers in the case of resolution proceedings with respect to a Swiss bank such as the Issuer, and since 1 January 2016 to a Swiss parent company of a financial group, such as Credit Suisse Group AG, and such proceedings may adversely affect the Issuer's shareholders and creditors. The Issuer is subject to resolution planning requirements in Switzerland, the U.S. and the UK and may face similar requirements in other jurisdictions. Changes in monetary policies adopted by relevant regulatory authorities and central banks may directly impact the Issuer's costs of funding, capital raising and investment activities, and may impact the value of financial instruments held by the Issuer and the competitive and operating environment for the financial services industry. Legal restrictions on the Issuer's clients may also adversely affect the Issuer by reducing the demand for the Issuer's services. </li> </ul> |
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|     |  | <ul style="list-style-type: none"> <li>• <b>Competition risks:</b> The Issuer faces intense competition in all financial services markets and for the products and services it offers. The Issuer's competitive position could be harmed if its reputation is damaged due to any failure (or perceived failure) in its procedures and controls to address conflicts of interest, prevent employee misconduct, etc. The continued public focus on compensation in the financial services industry and related regulatory changes may adversely impact the Issuer's ability to attract and retain highly skilled employees. The Issuer also faces competition from new trading technologies which may adversely affect its revenues and businesses.</li> <li>• <b>Risks relating to strategy:</b> The Issuer may not achieve all of the expected benefits of its strategic initiatives. The ability of the Credit Suisse group to implement its new strategic direction, structure and organisation is based on a number of key assumptions. If any of these assumptions prove to be inaccurate in whole or in part, or if there are factors beyond the control of the Issuer, this could limit the ability of the Issuer to achieve some or all of the expected benefits of its strategic initiatives. The strategy also involves a change in focus of certain areas of the Credit Suisse group's business, which may result in unanticipated negative effects on other parts of the business, and an adverse effect on the business as a whole. The implementation of the strategy would also increase its exposure to risks such as credit risks, market risks, operational risks and regulatory risks. The Issuer has announced a program to change its legal entity structure; however, this is subject to uncertainty regarding feasibility, scope and timing. Legal and regulatory changes may require the Issuer to make further changes to its legal structure, and such changes may potentially increase operational, capital, funding and tax costs, as well as the Issuer's counterparties' credit risk.</li> </ul> |
| D.6 | Key risks that are specific to the Securities and risk warning that investors may lose value of entire investment or part of it: | <p>The Securities are subject to the following key risks:</p> <ul style="list-style-type: none"> <li>• A secondary market for the Securities may not develop and, if it does, it may not provide the investors with liquidity and may not continue for the life of the Securities. Illiquidity may have an adverse effect on the market value of the Securities. The price in the market for a Security may be less than its issue price or its offer price and may reflect a commission or a dealer discount, which would further reduce the proceeds you would receive for your Securities.</li> <li>• The market value of the Securities will be affected by many factors beyond the control of the Issuer (including, but not limited to, the creditworthiness of the Issuer, the interest rates and yield rates in the market, the volatility of the underlying asset(s) (if any), etc.). Some or all of these factors will influence the value of the Securities in the market.</li> <li>• The issue price or the offer price of the Securities may be more than the market value of such Securities as at the issue date, and more than the price at which the Securities can be sold in secondary market transactions.</li> <li>• The levels and basis of taxation on the Securities and any reliefs from such taxation will depend on an investor's</li> </ul>   |

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|  |  | <p>individual circumstances and could change at any time. The tax and regulatory characterisation of the Securities may change over the life of the Securities. This could have adverse consequences for investors.</p> <ul style="list-style-type: none"> <li>• In certain circumstances (for example, if the Issuer determines that its obligations under the Securities have become unlawful or illegal or following an event of default the Securities may be redeemed prior to their scheduled maturity. In such circumstances, the Unscheduled Termination Amount payable may be less than the original purchase price and could be as low as zero. No other amounts shall be payable in respect of the Securities on account of interest or otherwise following such determination by the Issuer.</li> <li>• Following early redemption of Securities, investors may not be able to reinvest the redemption proceeds at a comparable return and/or at an effective interest rate as high as the interest rate or yield on the Securities being redeemed and may only be able to do so at a significantly lower rate. Investors in Securities should consider such reinvestment risk in light of other investments available at that time.</li> <li>• Investors should note that the Issuer will not be obliged to maintain the listing of the Securities in certain circumstances, such as a change in listing requirements.</li> <li>• The Issuer may modify the terms and conditions of the Securities without the consent of Securityholders for the purposes of (a) curing any ambiguity or correcting or supplementing any provision if the Issuer determines it to be necessary or desirable, provided that such modification is not prejudicial to the interests of Securityholders, or (b) correcting a manifest error.</li> <li>• The Issuer may be substituted without the consent of Securityholders in favour of any affiliate of the Issuer or another company with which it consolidates, into which it merges or to which it sells or transfers all or substantially all of its property.</li> <li>• The Securities issued on the basis of the Asset Terms are credit-linked securities. In addition to the credit risk of the Issuer, payments on the Securities are subject to the credit risk of the Reference Entity.</li> <li>• The terms of the Reference CDS are used solely for the purposes of determining the amounts payable under the Securities, the timing of any such payments and other matters specified in the terms of the Securities. As an investor in the Securities, a Securityholder will not acquire any interest in, or rights under an actual credit default swap, either in relation to the Securities or otherwise. Furthermore, Securityholders may not benefit from rights that would be available to a seller of credit risk protection under a Reference CDS. In particular, Securityholders will not have the right (which would be available to a seller of credit risk protection under a Reference CDS) to trigger settlement of the Securities following the occurrence of a "Restructuring" Credit Event; such right will be exercisable solely by the calculation agent acting in the Issuer's interests on behalf of the buyer of credit protection</li> </ul> |
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|  |  | <p>under the Reference CDS. Securityholders will not have any rights against any Reference Entity.</p> <ul style="list-style-type: none"> <li>• If an Event Determination Date occurs in respect of the Reference Entity, the entire outstanding nominal amount of each Security will be reduced to zero and the Securityholders will receive a cash amount equal to the Credit Event Settlement Amount, which is likely to be less than the par value of the Securities and may be zero. In this regard, if Auction settlement applies, the outcome of any Auction is likely to reflect the prevailing price of the cheapest relevant obligation of the Reference Entity. If Auction settlement does not apply, the Issuer, as buyer of protection in respect of the Securities, will be entitled to select the cheapest Deliverable Obligation(s) for valuation. This could result in a lower recovery value and hence greater losses for investors in the Securities. Securityholders will accordingly suffer a loss of part or all of their investment in such circumstances. In addition, if an Event Determination Date occurs, interest will cease to accrue from the start of the then-current interest accrual period. Securityholders will accordingly suffer a loss of interest.</li> <li>• Redemption may be delayed if the Reference CDS will or may terminate after the Scheduled Maturity Date of the Securities. Any such delay may be material. Even where an Event Determination Date does not occur, interest payable to Securityholders for the period following the Scheduled Maturity Date may be substantially lower than the fixed rate applicable to the Securities prior to such date. The obligations of the Issuer under the Securities may be suspended pending a resolution of a Credit Derivatives Determinations Committee as to whether a Credit Event has occurred. Securityholders will not be compensated for any such delay.</li> <li>• In making determinations for the purposes of the Securities, the calculation agent does not owe any duty to the Securityholders. In making determinations or exercising a discretion for the purposes of the Reference CDS on behalf of: (i) the buyer of credit protection thereunder, the calculation agent will act in the interests of the Issuer and not in the interests of the Securityholders, and (ii) the calculation agent under the Reference CDS, the calculation agent will act in good faith and in a commercially reasonable manner.</li> <li>• The Issuer is subject to a number of conflicts of interest, including: <ul style="list-style-type: none"> <li>(a) in making certain calculations and determinations, there may be a conflict of interest between the Securityholders and the Issuer;</li> <li>(b) in the ordinary course of its business the Issuer (or an affiliate) may effect transactions for its own account and may enter into hedging transactions with respect to the Securities or the underlying which may have a negative impact on the liquidity or value of the Securities;</li> <li>(c) the Issuer (or an affiliate, or any employees thereof) may have confidential information in relation to the Reference Entity or a derivative instrument referencing</li> </ul> </li> </ul> |
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|                          |  | <p>the Reference Entity or which may be material to an investor, but which the Issuer is under no obligation (and may be subject to legal prohibition) to disclose; and</p> <p>(d) the Issuer or its affiliates may act as a participation bidder in an Auction relating to the obligations of the Reference Entity and, in such capacity, may take certain actions which may influence the auction final price of the Auction and such participation may have a material adverse effect on the Securities.</p> <ul style="list-style-type: none"> <li>• The levels and basis of taxation on the Securities and any reliefs from such taxation will depend on an Securityholder's individual circumstances and could change at any time. The tax and regulatory characterisation of the Securities may change over the life of the Securities. This could have adverse consequences for Securityholders.</li> <li>• The investor may be exposed to currency risk, because the Securities are denominated, or may have a payment in a currency other than that of the country in which the investor is resident. The value of the investment may therefore increase or decrease based on currency fluctuations.</li> </ul> |
| <b>Section E – Other</b> |  |   |
| <b>E.2b</b>              | <b>Reasons for the offer and use of proceeds:</b>                        | Not applicable; the net proceeds from the issue of the Securities will be used by the Issuer for its general corporate purposes (including hedging arrangements).   |
| <b>E.3</b>               | <b>Terms and conditions of the offer:</b>                                | Not applicable, the Securities will not be offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive.   |
| <b>E.4</b>               | <b>Interests material to the issue/offer:</b>                            | The Issuer and/or any of its affiliates may engage in trading activities (including hedging activities) related to interests underlying any Securities and other instruments or derivative products based on or related to interests underlying any Securities for their proprietary accounts or for other accounts under their management. The Issuer and its affiliates may also issue other derivative instruments in respect of interests underlying any Securities for their proprietary accounts or for other accounts under their management. The Issuer and its affiliates may also act as underwriter in connection with future offerings of shares or other securities of, or guaranteed by, the Reference Entity or otherwise related to an issue of Securities may act as a lender and/or agent or trustee with respect to any loan or other financing to, or guaranteed by, the Reference Entity, and/or may act as financial adviser to companies whose securities impact the return on the Securities. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of the Securities.                  |
| <b>E.7</b>               | <b>Estimated expenses charged to the investor by the Issuer/offeror:</b> | Not applicable; there are no estimated expenses charged to the investor by the Issuer.  |



**PART TWO**  
**SECURITIES NOTE**

## **RISK FACTORS**

*Capitalised terms used herein and not otherwise defined shall have the meanings given to them in the General Note Conditions and Asset Terms for Credit Linked Securities.*

The Securities involve complex risks, which include, among other things, share price risks, credit risks, foreign exchange risks, exchange rate risks, interest rate risks and/or political risks. Before buying the Securities, investors should carefully consider, among other things, (i) the trading price of the Securities, (ii) the value and volatility of the Reference Entity, (iii) the depth of the market or liquidity of the Securities, and (iv) any related transaction costs. An investment in the Securities is only suitable for investors who (either alone or in conjunction with an appropriate financial adviser) are capable of evaluating the merits and risks of such an investment. Investors should consult their own financial, tax, legal or other advisers as they consider appropriate and carefully review and consider such an investment decision in the light of the foregoing and their personal circumstances.

**Investors may lose the value of their entire investment or part of it.**

### **1. GENERAL CONSIDERATIONS**

The purchase of Securities involves substantial risks and an investment in the Securities is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them (either alone or in conjunction with an appropriate financial adviser) to evaluate the risks and merits of an investment in the Securities and who have sufficient resources to be able to bear any losses that may result therefrom. The Issuer is acting solely in the capacity of an arm's length contractual counterparty and not as an investor's financial adviser or fiduciary in any transaction.

Before making any investment decision, prospective investors in the Securities should ensure that they understand the nature of the Securities and the extent of their exposure to risks involved.

The Issuer believes that the factors described below may affect its ability to fulfil its obligations under the Securities. Most of these factors are contingencies which may or may not occur and which could have a material adverse effect on the Issuer's businesses, operations, financial condition or prospects, which, in turn, could have a material adverse effect on the return investors will receive on the Securities. The Issuer does not express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below are material for the purpose of assessing the market risks associated with the Securities and represent the material risks inherent in investing in the Securities, but these are not the only risks that the Issuer faces or that may arise under the Securities. There will be other risks that the Issuer does not currently consider to be material, or risks that the Issuer is currently not aware of, or risks that arise due to circumstances specific to the investor, and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive of all such risks.

More than one investment risk may have simultaneous effect with regard to the value of the Securities and the effect of any single investment risk may not be predictable. In addition, more than one investment risk may have a compounding effect and no assurance can be given as to the effect that any combination of investment risks may have on the value of Securities.

### **2. RISK ASSOCIATED WITH THE CREDITWORTHINESS OF THE ISSUER**

The Securities are general unsecured obligations of the Issuer. Securityholders are exposed to the credit risk of the Issuer. The Securities will be adversely affected in the event of (i) a

default, (ii) a reduced credit rating of the Issuer, (iii) increased credit spreads charged by the market for taking credit risk on the Issuer, or (iv) a deterioration in the solvency of the Issuer.

If the Issuer fails or is otherwise unable to meet its payment obligations, you may lose up to the entire value of your investment. The Securities are not deposits and are not protected under any deposit insurance or protection scheme.

The profitability of the Issuer will be affected by, among other things, changes in global economic conditions, inflation, interest/exchange rates, capital risk, liquidity risk, market risk, credit risk, risks from estimates and valuations, risks relating to off-balance sheet entities, cross-border and foreign exchange risks, operational risks, legal and regulatory risks and competition risks. These risks are discussed in further detail below.

These risk factors should be read together with the risk factors in respect of Credit Suisse AG listed on pages 40 to 48 of the Exhibit (Annual Report 2015) to the Form 20-F dated 24 March 2016 (as defined in the Registration Document). Such risk factors are risk factors that are material to the Securities in order to assess the market risk associated with them or which may affect the Issuer's ability to fulfil its obligations under them.

### **3. RISKS RELATING TO SECURITIES GENERALLY**

#### **3.1 Loss of investments**

As the Securities do not provide for scheduled repayment in full of an amount at least equal to the issue or purchase price, investors may lose some or all of their investment.

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

#### **3.2 Limited liquidity**

A secondary market for the Securities may not develop and if one does develop, it may not provide the holders of the Securities with liquidity or may not continue for the life of the Securities. A decrease in the liquidity of the Securities may cause, in turn, an increase in the volatility associated with the price of such issue of the Securities. Illiquidity may have a severe adverse effect on the market value of Securities.

The Issuer may, but is not obliged to, purchase Securities at any time at any price in the open market or by tender or private treaty and may hold, resell or cancel them. The market for Securities may be limited. The only way in which a Securityholder can realise value from a Security prior to its maturity or expiry is to sell it at its then market price in the market which may be less than the amount initially invested. The price in the market for a Security may be less than its Issue Price even though the value of the Underlying Asset(s) (if any) may not have changed since the Issue Date. Accordingly, Securityholders will bear the risk of being unable to liquidate the Securities or having to do so at a price which reflects the prevailing price for the credit risk of the Reference Entity which may lead to a loss of the amount invested. Further, the price at which a Securityholder sells its Securities in the market may reflect a commission or a dealer discount, which would further reduce the proceeds such Securityholder would receive for its Securities.

Any secondary market price quoted by the Issuer may be affected by several factors including, without limitation, prevailing market conditions, credit spreads and the remaining time to maturity of the Securities. The Securities are also subject to selling restrictions and/or transfer restrictions that may limit a Securityholder's ability to resell or transfer its Securities. Accordingly, the purchase of Securities is suitable only for investors who can bear the risks associated with a lack of liquidity in the Securities and the financial and other risks associated

with an investment in the Securities. Any investor in the Securities must be prepared to hold such Securities for an indefinite period of time or until redemption or expiry of the Securities.

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

The Issue Price in respect of the Securities may be more than the market value of such Securities as at the Issue Date, and more than the price, if any, at which the Dealer or any other person is willing to purchase such Securities in secondary market transactions. In particular, the Issue Price in respect of the Securities and the terms of such Securities may take into account, where permitted by law, fees, commissions or other amounts relating to the issue, distribution and sale of such Securities, or the provision of introductory services. Such fees, commissions or other amounts may be paid directly to the relevant distributor or, if the Securities are sold to the relevant distributor at a discount, may be retained by the relevant distributor out of the Issue Price paid by investors. In addition, the Issue Price in respect of the Securities and the terms of such Securities may also take into account (i) the expenses incurred by the Issuer in creating, documenting and marketing the Securities (including its internal funding costs) and (ii) amounts relating to the hedging of the Issuer's obligations under such Securities.

### **3.4 The market value of the Securities will be affected by many factors and cannot be predicted**

The market value of the Securities will be affected by many factors beyond the control of the Issuer, including, but not limited to, the following:

- (i) the creditworthiness of the Issuer (whether actual or perceived), including actual or anticipated downgrades in its credit rating;
- (ii) the remaining time to maturity of the Securities;
- (iii) interest rates and yield rates in the market;
- (iv) the volatility (i.e., the frequency and size of changes in the value) of the Underlying Asset(s) (if any);
- (v) factors specific to the Securities, which may include:
  - (A) the financial condition and perceived creditworthiness of the Reference Entity;
  - (B) the availability and payment profile of debt obligations of the Reference Entity;
  - (C) liquidity and other technical factors affecting pricing in the credit default swap market;
  - (D) the views of analysts at rating agencies;
  - (E) economic, financial, political, regulatory or judicial events that affect the Reference Entity or the markets for debt securities of the Reference Entity;
- (vi) the value of the Underlying Asset(s) to which the Securities are linked (if any);
- (vii) if the Securities are linked to a Share, the dividend rate on such Share or if the Securities are linked to an Index, the dividend rate on the Components underlying such Index;
- (viii) if the Securities are linked to a Commodity or a Commodity Index, supply and demand trends and market prices at any time for such Commodity or the futures contracts on such Commodity (or, in respect of a Commodity Index, the commodity(ies) or the futures contracts on the commodity(ies) underlying such Commodity Index);

- (ix) national and international economic, financial, regulatory, political, military, judicial and other events that affect the value of the Underlying Asset(s) or the relevant market(s) generally; and
- (x) the exchange rate between the currency in which the Securities are denominated and the currency in which the Underlying Asset(s) is denominated.

Some or all of the above factors will influence the value of the Securities in the market. Some of these factors are inter-related in a complex way, and as a result, the effect of any one factor may be offset or magnified by the effect of another factor. If you sell your Securities prior to maturity or expiry, the price you will receive may be substantially lower than the original purchase price and you may lose some or all of your investment. Even where a Credit Event has not occurred, the market value of the Securities may be adversely affected when the probability or perceived probability of a Credit Event occurring in respect of the specified Reference Entity increases.

### 3.5 **The market value of Securities may be highly volatile**

Where the Securities reference any Underlying Asset(s), the Securityholders are exposed to the performance of such Underlying Asset(s). The price, performance or investment return of the Underlying Asset(s) may be subject to sudden and large unpredictable changes over time and this degree of change is known as "volatility". The volatility of an Underlying Asset may be affected by national and international economic, financial, regulatory, political, military, judicial or other events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the value of the Securities.

### 3.6 **Tax**

Potential investors in the Securities should take note of the information set out in the section headed "Taxation" of this Prospectus. Potential investors in the Securities should conduct such independent investigation and analysis regarding the tax treatment of the Securities as they deem appropriate to evaluate the merits and risks of an investment in the Securities in light of their individual circumstances. Tax risks include, without limitation, a change in any applicable law, treaty, rule or regulation or the interpretation thereof by any relevant authority which may adversely affect payments in respect of the Securities. The level and basis of taxation on the Securities and on the Securityholders and any reliefs from such taxation depend on the Securityholder's individual circumstances and could change at any time. The tax and regulatory characterisation of the Securities may change over the life of the Securities. This could have adverse consequences for Securityholders. Potential Securityholders will therefore need to consult their own tax advisers to determine the specific tax consequences of the purchase, ownership, transfer and redemption or enforcement of the Securities.

### 3.7 **Proposed Financial Transaction Tax**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a participating Member State or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective investors in Securities are advised to seek their own professional advice in relation to the FTT.

### **3.8 The Securities may be redeemed prior to their scheduled maturity**

In certain circumstances (for example, if the Issuer determines that its obligations under the Securities have become unlawful or illegal or following an event of default or where the Issuer decides to make adjustments to the terms of the Securities or redeem or cancel them at their Unscheduled Termination Amount, without the consent of the Securityholders), the Securities may be redeemed early prior to their scheduled maturity. In such circumstances, the Unscheduled Termination Amount payable under the Securities may be less than the original purchase price of the Securities and could be as low as zero.

In making any such adjustments or determinations, the Issuer in such capacity will (whether or not already expressed to be the case in the Conditions) act in good faith and in a commercially reasonable manner and (where there is a corresponding applicable regulatory obligation) shall take into account whether fair treatment is achieved by any such adjustments or determinations in accordance with the applicable regulatory obligations.

Following early redemption of Securities, the Holders of such Securities may not be able to reinvest the redemption proceeds at a comparable return and/or at an effective interest rate as high as the interest rate or yield on the Securities being redeemed and may only be able to do so at a significantly lower rate. Prospective investors in Securities should consider such reinvestment risk in light of other investments available at that time.

### **3.9 Risk of cancellation of issue of Securities**

The Issuer may determine to cancel the issue of Securities for reasons beyond its control, such as extraordinary events, substantial change of the political, financial, economic, legal, monetary or market conditions at national or international level and/or adverse events regarding the financial or commercial position of the Issuer and/or the other relevant events that in the determination of the Issuer may be prejudicial to the issue of the Securities. In such case, where an investor has already paid or delivered subscription monies for the relevant Securities, the investor will be entitled to reimbursement of such amounts, but will not receive any interest that may have accrued in the period between their payment or delivery of subscription monies and the reimbursement of the amount paid for such Securities.

### **3.10 Issue of further Securities**

If additional securities or options with the same terms and conditions or linked to the same Underlying Asset(s) as the Securities are subsequently issued, either by the Issuer or another issuer, the supply of securities with such terms and conditions or linked to such Underlying

Asset(s) in the primary and secondary markets will increase and may cause the secondary market price of the Securities to decline.

**3.11 No obligation to maintain listing**

Investors should note that where the Securities are listed on a market, the Issuer will not be obliged to maintain the listing of the Securities in certain circumstances, such as a change in listing requirements.

**3.12 The Issuer of Securities may be substituted without the consent of Securityholders**

The Issuer of the Securities may be substituted without the consent of the Securityholders in favour of any Affiliate of the Issuer or another company with which it consolidates or into which it merges or to which it sells or transfers all or substantially all of its property, subject to certain conditions being fulfilled.

**3.13 The terms and conditions of the Securities may be modified without the consent of Securityholders**

The terms and conditions of the Securities may be modified without the consent of Securityholders for the purposes of (i) curing any ambiguity or correcting or supplementing any provision if the Issuer determines it to be necessary or desirable, provided that such modification is not prejudicial to the interests of Securityholders, or (ii) correcting a manifest error.

**3.14 Eurosystem eligibility for Securities which are issued in NGN Form and Registered Securities held under the new safekeeping structure**

Securities which are issued in NGN Form or Registered Securities held under the NSS may be issued with the intention that such Securities may be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. Such recognition will depend upon satisfaction of the relevant Eurosystem eligibility criteria as specified by the European Central Bank, and there is no guarantee that such Securities will be recognised as eligible collateral for the Eurosystem. Securities that are not issued in NGN form or held under the NSS are not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day operations.

**3.15 Risks relating to the Euro and the Euro zone**

The ongoing deterioration of the sovereign debt of several countries, in particular Greece, together with the risk of contagion to other, more stable, countries, such as France and Germany, has raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union and may result in changes to the composition of the Euro zone.

Concerns persist regarding the risk that other Euro zone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Cyprus, Greece, Ireland, Italy, Spain and Portugal, together with the risk that some countries could leave the Euro zone (either voluntarily or involuntarily). The impact of these events on Europe and the global financial system could be severe and could have a negative impact on the Securities.

Furthermore, concerns that the Euro zone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Euro zone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. The departure or risk of departure from the Euro by one or more Euro zone countries and/or the abandonment of the Euro as a currency could have major negative effects on the Issuer and the Securities (including the risks of currency losses arising out of redenomination). Should the Euro dissolve entirely, the legal and contractual consequences for holders of Euro-denominated Securities would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the

Securities. It is difficult to predict the final outcome of the Euro zone crisis. Investors should carefully consider how changes to the Euro zone may affect their investment in the Securities.

### **3.16 Interest rate risks**

Where Securities bear interest at a fixed rate, subsequent changes in market interest rates may adversely affect the value of the Securities.

Where interest on Securities is subject to floating rates of interest that will change subject to changes in market conditions, such changes could adversely affect the interest amount(s) received on the Securities. As the interest income on Securities which bears interest at a floating rate will vary, it is not possible to determine a fixed yield on such Securities at the time of investment and to compare the return on investment of such Securities with investments bearing interest at a fixed rate. If the terms and conditions of the Securities provide for frequent interest payment dates, the Securityholder may only be able to reinvest the interest amount(s) paid to it at the prevailing interest rates, which may be lower if market interest rates decline. Further, if the floating rate becomes negative, any positive margin specified to be applicable to a floating rate will be reduced accordingly, and as such, the resulting rate of interest on the Securities may be less than the positive margin, or may be zero (or such other minimum rate of interest) as specified in the Specific Terms.

## **4. CREDIT-LINKED SECURITIES GENERALLY**

### **4.1 Investors will be exposed to the credit risk of the Reference Entity**

The Securities issued on the basis of the Asset Terms are credit-linked securities. In addition to the credit risk of the Issuer, payments on the Securities are subject to the credit risk of the Reference Entity.

Unless principal protection applies, if an Event Determination Date occurs, the Securities will be redeemed or cancelled in full or in part, as set out in the Asset Terms, by payment of the Credit Event Settlement Amount and the outstanding nominal amount of the Securities will be reduced by the related Credit Event Writedown Amount.

In the case of Securities which are linked to a single Reference Entity, the Credit Event Writedown Amount will be equal to the entire outstanding nominal amount of each Security. The Credit Event Settlement Amount is likely to be considerably less than the entire outstanding nominal amount of each Security which means that Securityholders will accordingly suffer a loss of principal in such case.

In addition, if an Event Determination Date has occurred, interest will cease to accrue on an amount equal to the Credit Event Writedown Amount as a result of such Event Determination Date from the start of the then-current interest accrual period. Securityholders will accordingly suffer a loss of interest in such case.

### **4.2 A Credit Event may occur even if the Issuer does not suffer any loss**

The Issuer's obligations under the Securities are irrespective of any loss which the Issuer may suffer as a result of the circumstances giving rise to a Credit Event. The Issuer is not required to suffer any such loss as a condition to making a determination as to the occurrence of a Credit Event, nor is it required to have any credit exposure to the Reference Entity at any time.

### **4.3 Credit Events and events which may lead to the determination of a Successor may occur prior to the Trade Date**

An Event Determination Date may occur, or one or more successor Reference Entities be determined, as a result of a Credit Event, determination of a successor or a Sovereign



Succession Event, as applicable, that took place prior to the Trade Date. The Issuer shall have no obligation to notify Securityholders as to whether or not a Credit Event, determination of a successor or a Sovereign Succession Event has, or may have, taken place prior to the Trade Date.

The Credit Event Backstop Date (as defined in the 2014 Definitions) may fall before the Trade Date and therefore a Credit Event may have occurred prior to the Trade Date. The Trade Date of the Reference CDS will be prior to the Issue Date of the Securities (and therefore before any payment date in respect of the Securities).

Securityholders should conduct their own review of any recent developments with respect to a Reference Entity by consulting publicly available information. If a request has been delivered to ISDA prior to the Trade Date of the Reference CDS to determine whether a Credit Event has occurred with respect to a Reference Entity, details of such request may be found on the ISDA website at [www.isda.org/credit](http://www.isda.org/credit) (or any successor site).

#### **4.4 The Reference Entity may change as a result of the determination of a successor Reference Entity or of Sovereign Succession Events**

Following the occurrence of:

- (a) certain corporate events relating to a corporate entity identified as the Reference Entity, such as a merger of the Reference Entity with another entity, a transfer of assets or liabilities by the Reference Entity or other similar event in which an entity succeeds to the obligations of another entity; or
- (b) certain specified events designated as Sovereign Succession Events relating to a sovereign entity identified as the Reference Entity, such as where two sovereign entities are unified to form a single sovereign entity or where a sovereign entity is split as a result of part of such entity becoming independent or declaring political independence,

in each case whether by operation of law or pursuant to any agreement, ISDA may publicly announce that a CDDC has resolved to treat a different entity or entities as the successor(s) to such original entity. If the Issuer determines that such CDDC resolution would apply for purposes of the Reference CDS, then the identity of the Reference Entity will be amended accordingly and Securityholders will be exposed to the credit risk of such successor Reference Entity in place of the original Reference Entity. Alternatively, absent a resolution of the CDDC, the Calculation Agent may, but will not be obliged to, make a determination that a different entity has become successor to the original Reference Entity. The effect of such amendment may be a material increase in the risk associated with an investment in the Securities, for example where the successor Reference Entity is more indebted than the original Reference Entity or is exposed to different business risks.

If the Reference Entity has more than one successor entity, then Securityholders will be exposed to the creditworthiness of multiple Reference Entities instead of or in addition to the original Reference Entity. The effect may be to materially increase the likelihood of a loss of principal and interest under the Securities as a result of a Credit Event occurring with respect to a number of Reference Entities rather than just one Reference Entity.

**4.5 Investors will not have a claim against the Reference Entity or in respect of any Reference Obligations**

A purchase of Securities does not constitute a purchase of the Reference Obligations or any other debt obligations of the Reference Entity, or of any interest in any such obligations. Securityholders will have rights solely against the Issuer of the Securities and will not have any rights against the Reference Entity. In particular, Securityholders will not have:

- (a) the right to vote or give or withhold from giving any consent in relation to any Reference Obligation or any other obligation of the Reference Entity;
- (b) the right to receive any coupons, fees or other distributions which may be paid by the Reference Entity to holders of the Reference Obligation or any of the other debt obligations of the Reference Entity; or
- (c) the right to receive any information from the Reference Entity.

Accordingly, an investment in the Securities is not equivalent to an investment in any Reference Obligation or any other debt obligation of the Reference Entity.

**5. RISKS RELATING TO THE REFERENCE CDS**

**5.1 Investors should ensure they understand the terms of the Reference CDS and associated risks**

The terms of the Securities refer to a hypothetical credit default swap referencing the Reference Entity (the "**Reference CDS**"). The rights and options of the buyer of credit risk protection under the Reference CDS shall be exercised by the Issuer (or, the Calculation Agent on its behalf). Where the terms of the Reference CDS require or entitle the calculation agent thereunder to make a determination, such determination shall be made or exercised by the Calculation Agent, acting in good faith and in a commercially reasonable manner.

Prior to purchasing any Securities, investors should ensure that they understand the terms of the Reference CDS and the risks associated with entry into such transaction.

**5.2 An investment in the Securities is not equivalent to entry into a Reference CDS**

The terms of the Reference CDS are used solely for the purposes of determining the amounts payable under the Securities, the timing of any such payments and other matters specified in the terms of the Securities. As an investor in the Securities, a Securityholder will not acquire any interest in, or rights under an actual credit default swap, either in relation to the Securities or otherwise. Furthermore, Securityholders may not benefit from rights that would be available to a seller of credit risk protection under a Reference CDS. In particular:

- (a) Securityholders will not have the right (which would be available to a seller of credit risk protection under a Reference CDS) to trigger settlement of the Securities following the occurrence of a "Restructuring" Credit Event; such right will be exercisable solely by the Calculation Agent acting in the Issuer's interests; and
- (b) following such a Credit Event, where, as a result of limitations of the maturity of eligible debt obligations the Reference CDS would not automatically be settled by reference to an Auction sponsored by ISDA, Securityholders will not have the right (which would be available to a seller of credit protection under a Reference CDS) to elect that an auction being held for purposes of settling credit default swaps having a longer maturity than the Reference CDS be taken into account for such purposes.

**6. RISKS RELATING TO SETTLEMENT FOLLOWING A CREDIT EVENT**

## 6.1 **Investors are likely to suffer a loss of principal as a result of a Credit Event**

If an Event Determination Date occurs with respect to the Reference Entity there will be a reduction in the outstanding nominal amount of each Security. A Securityholder will receive a cash amount (the "**Credit Event Settlement Amount**"), which may be zero. The value Securityholders receive may be considerably less than the related reduction in the outstanding nominal amount of the Security, in which case Securityholders may suffer a loss on their investment in the Securities.

If the outstanding nominal amount of a Security is reduced to zero following the occurrence of an Event Determination Date, upon the performance by the Issuer of its obligations under these Asset Terms with respect to such Event Determination Date, the Issuer will be discharged from its obligations and liabilities to Securityholders in respect of such Security, and such Security will be cancelled.

## 6.2 **Cash settlement may be less advantageous to the investor than physical delivery of assets**

Payments (if any) on the Securities following the occurrence of an Event Determination Date will be in cash and will reflect the value of relevant obligations of the affected Reference Entity at a given date. Such payments may be less than the recovery which would ultimately be realised by a holder of debt obligations of the affected Reference Entity, whether by means of enforcement of rights following a default or receipt of distributions following the commencement of insolvency proceedings or otherwise.

## 6.3 **Risks relating to settlement by reference to an auction sponsored by ISDA**

- (a) Where, following the occurrence of an Event Determination Date, ISDA sponsors an Auction in relation to the Reference Entity and the Calculation Agent determines for purposes of the Securities that such Auction would apply for purposes of settlement of a Reference CDS, the Credit Event Settlement Amount will be determined according to a bidding process to establish the value of certain eligible obligations of the Reference Entity, which may be loans, bonds or other obligations issued directly by the Reference Entity or obligations in respect of which the Reference Entity acts as guarantor or certain eligible assets. The Issuer or its affiliates may act as a participating bidder in any such auction and, in such capacity, may take certain actions which may influence the Auction Final Price including (without limitation) submitting bids, offers and physical settlement requests with respect to the obligations of the Reference Entity. If the Issuer or its affiliates participate in an Auction, then they will do so without regard to the interests of Securityholders, and such participation may have a material adverse effect on the outcome of the relevant Auction and/or on the Securities. Securityholders will have no right to submit bids and/or offers in an Auction.
- (b) The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the specified Reference Entity or its obligations. In particular, the Auction process may be affected by technical factors or operational errors which would not otherwise apply or may be the subject of actual or attempted manipulation. The Issuer will have no responsibility to dispute any determination of an Auction Final Price or to verify that any Auction has been conducted in accordance with its rules.
- (c) Following a Restructuring Credit Event in relation to which ISDA sponsors multiple concurrent auctions, but where there is no auction relating to credit derivative transactions with a maturity of the Reference CDS, if the Calculation Agent exercises the right of the buyer of credit risk protection under the Reference CDS to elect that the Auction Final Price is determined by reference to an alternative Auction, the Auction

Final Price so determined may be lower than the amount which would have been determined based on quotations sought from third party dealers.

#### **6.4 Risk relating to settlement by reference to bid prices obtained by the Calculation Agent**

If (and only if) the Calculation Agent determines that there is or will be no relevant Auction, the Credit Event Settlement Amount will be determined by reference to the value of certain obligations of, or guaranteed by, the affected Reference Entity or eligible assets. Such value will be determined by reference to quotations obtained for such obligations or assets from third party dealers. Any quotations used in the calculation of the Cash Settlement Amount may be affected by factors other than just the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between dates on which such quotations are sought. The obligations or assets valued for these purposes may be illiquid and such illiquidity may be more pronounced following the occurrence of a Credit Event, thereby adversely affecting the value of such obligation which in turn will reduce the Credit Event Settlement Amount of the Securities for such Event Determination Date. Such quotations will also be subject to bid-offer spreads, which may be particularly significant in distressed markets. The Issuer, exercising the rights and options of the buyer of credit risk protection under the Reference CDS, will be entitled to select obligations or assets for the purposes of valuation and in so doing will be entitled to select the eligible obligations or assets with the lowest value in the market at the relevant time. This will operate to reduce the Credit Event Settlement Amount payable to Securityholders.

#### **6.5 Risks relating to the delivery of asset packages**

In certain circumstances where (a) "Financial Reference Entity Terms" and "Governmental Intervention" applies in respect of the Reference Entity and there is (i) a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such Restructuring does not constitute a Governmental Intervention or (b) a Restructuring Credit Event occurs in respect of a Sovereign, then a related asset package may also be deliverable. The asset package would be treated as having the same outstanding principal as the corresponding prior deliverable obligation or package observable bond. An asset package may be comprised of obligations or instruments which are less valuable than the obligations which such asset package replaces, and there may be no market for such obligations or instruments.

If the resulting asset package is deemed to be zero where there are no resulting assets, the related credit loss will be 100 per cent. notwithstanding the recovery value on any other obligations of the Reference Entity.

The "Risks relating to settlement by reference to an Auction sponsored by ISDA" and "Risks relating to settlement otherwise than by reference to bid prices obtained by the Calculation Agent" above would apply to any asset or asset package.

If an asset in the asset package is a non-transferable instrument or non-financial instrument, the value of such asset will be the market value determined by reference to a specialist valuation or in accordance with methodology determined by the CDDC. The "Risks relating to Credit Derivatives Determinations Committees" below would apply to valuation in accordance with CDDC methodology.

## **7. POSTPONEMENT OF REDEMPTION AND SETTLEMENT SUSPENSION**

### **7.1 Redemption of the Securities may be deferred**

- (a) Prospective investors should note that redemption may be delayed if the Reference CDS will or may terminate after the Scheduled Maturity Date of the Securities. This may occur, for example, where:
  - (i) a potential Credit Event such as a Failure to Pay or Repudiation/Moratorium has occurred prior to the Scheduled Termination Date of the Reference CDS and the termination of the Reference CDS is extended for a certain period beyond the Scheduled Termination Date; or
  - (ii) a resolution of a CDDC is pending.

This may have an adverse effect, amongst other things, on the accrual of interest in respect of the Securities. Any such delay may be material. Even where an Event Determination Date does not occur, interest payable to Securityholders for the period following the Scheduled Maturity Date may be substantially lower than any coupon rate applicable to the Securities prior to such date.

### **7.2 Settlement Deferral**

- (a) "Settlement Deferral" is specified as applicable in the Specific Terms. Consequently, following the occurrence of an Event Determination Date, any consequent payment or delivery to the Securityholders (including, if applicable, the redemption in full of the Securities) will be deferred until the Deferred Settlement Date as specified in the Specific Terms. In such case, interest will not accrue on the Credit Event Settlement Amount.
- (b) It should also be noted that the amounts payable in respect of the Securities will continue to be determined by reference to the settlement provisions (and related timing) under the Reference CDS. Accordingly the Securityholders will not benefit from any subsequent increase in the value of any obligations used to determine the Credit Event Settlement Amount.

### **7.3 Settlement Suspension**

The obligations of the Issuer under the Securities (including any obligation to deliver any notices, pay any interest, principal or settlement amount or to make any delivery) may be suspended for a material period pending a resolution of a CDDC as to whether a Credit Event has occurred. Securityholders will not be compensated for any such delay and no interest shall accrue on any payments which are suspended.

## **8. RISKS RELATING TO CREDIT DERIVATIVES DETERMINATIONS COMMITTEES**

### **8.1 Resolutions of a CDDC may bind Securityholders**

Credit Derivative Determinations Committees established by ISDA (referred to in the terms of the Securities as "CDDCs") may make determinations as to the occurrence or non-occurrence of certain events in respect of credit default swap transactions. Such determinations include the occurrence or non-occurrence of Credit Events, the determination as to whether one or more entities should be treated as successors to the Reference Entity, whether one or more Auctions should take place in relation to the Reference Entity and the range of obligations of such Reference Entity, which may be direct loans, bonds or other obligations issued by the Reference Entity itself, or obligations in respect of which the

Reference Entity is a guarantor, that should be taken into account in any such Auction. A CDDC may also resolve any other matter of contractual interpretation that is relevant to the credit derivatives market generally. To the extent that any such CDDC resolution would be effective for the purposes of a Reference CDS, such resolution will apply for the purposes of the Securities and will be binding on the Securityholders. In purchasing Securities, Securityholders are therefore subject to the risk that a third party body may make binding decisions which could be adverse to their interests. The Issuer will not have any liability to the Securityholders as a result of any determination of the CDDC that would affect the Reference CDS.

**8.2 Members of a CDDC may vote on their own interests and are not bound by precedent**

Institutions serving on a CDDC have no duty to research or verify the veracity of information on which a specific determination is based. Institutions serving on a CDDC are under no obligation to vote other than in accordance with their own interests. In addition, a CDDC is not obliged to follow previous determinations and, therefore, could reach a conflicting determination on a similar set of facts.

The Issuer or its affiliates may be a member of a CDDC and as such may have conflicts of interest. In such case, the interests of the Issuer or its affiliates may be opposed to the Securityholders' interests and they will be entitled to and will act without regard to the Securityholders' interests as a holder of Securities.

**8.3 Securityholders will have no control over the composition of a CDDC**

The Securityholders will have no role in the composition of any CDDC. The composition of the CDDC will change from time to time, as the term of a member institution may expire or a member institution may be required to be replaced. The Securityholders will have no control over the process for selecting institutions to participate on the CDDC and, to the extent provided for in the Securities, will be subject to the determinations made by such selected institutions in accordance with the Rules.

**8.4 Securityholders will have no right to submit questions to a CDDC**

The Securityholders will not have any right to submit questions to or provide information to a CDDC, to challenge any CDDC resolution or determination of a CDDC or to request that any such determination or CDDC resolution be submitted for external review.

**8.5 Securityholders will have no recourse against ISDA or the members of a CDDC**

The Securityholders will have no recourse against ISDA, the institutions serving on the CDDC or any external reviewers. None of ISDA, the institutions serving on the CDDC or the external reviewers owe any duty to the Securityholders.

**8.6 Securityholders must inform themselves of the proceedings of the CDDCs**

The Securityholders will be responsible for obtaining information relating to the proceedings of CDDCs. None of the Issuer, the Calculation Agent or any of their respective affiliates will be obliged to inform the Securityholders of such information. Failure by the Securityholders to be aware of information relating to determinations of a CDDC will have no effect under the Securities.

9. **INFORMATION ON THE REFERENCE ENTITY**

9.1 **This Prospectus does not provide detailed information with respect to the Reference Entity**

This Prospectus does not provide detailed information with respect to the Reference Entity. Unless otherwise indicated, any information in relation to a Reference Entity will be obtained from publicly available sources. In particular, this Prospectus does not describe any financial or other risks relating to the business or operations of the Reference Entity in general, or the debt obligations of the Reference Entity in particular. The Issuer does not make any representation or give any assurance as to the risks associated with the Reference Entity or an investment in the Securities which is subject to the credit risk of the Reference Entity.

Prior to purchasing any Securities, Securityholders should ensure that they have made any investigations that they consider necessary as to the risks associated with the Reference Entity.

9.2 **Public information relating to the Reference Entity may be incomplete, inaccurate or misleading**

Publicly available information in relation to the Reference Entity may be incomplete, inaccurate or misleading. The Issuer does not have any obligation to verify the accuracy of any such information. The Issuer does not make any representation that any such information is complete or accurate or not misleading.

Furthermore, the Issuer gives no assurance that all events occurring prior to the Trade Date or Issue Date (including events that would affect the accuracy or completeness of any publicly available documents) that would affect the creditworthiness of the Reference Entity have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of, or failure to disclose, material future events concerning the Reference Entity could affect its creditworthiness and therefore the market value of the Securities, the likelihood of an Event Determination Date occurring in relation to the Reference Entity and the resulting Credit Event Settlement Amount.

9.3 **The Issuer or its affiliates may have or obtain information about the Reference Entity that will not be shared with the Securityholders**

The Issuer or its affiliates may currently or in the future engage in business with the Reference Entity, including acting as lender or advisor, dealing in each Obligation and accepting deposits from, making loans or otherwise extending credit to, and generally engaging in any kind of commercial or investment banking or other business with, the Reference Entity. The Issuer or its affiliates will pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for the Securityholders should its actions adversely impact the amount payable to Securityholders. The Issuer or its affiliates may have, or in the course of its business may acquire, non-public information with respect to the Reference Entity that is, or may be, material in the context of the Securities. The Issuer may be prevented from, disclosing any such information to the Securityholders by law, regulation, the order of a court or tribunal.

The Issuer is not under any obligation (i) to review on the Securityholders' behalf, the business, financial conditions, prospects, creditworthiness, status or affairs of the Reference Entity or conduct any investigation or due diligence into the Reference Entity or (ii) other than as may be required by applicable rules and regulations relating to the Securities, to make available (a) any information relating to the Securities or (b) any non-public information they may possess in respect of the Reference Entity.

Past performance of the Reference Entity cannot be considered to be a guarantee of, or a guide to, the future performance of the Reference Entity.

## **10. POTENTIAL CONFLICTS OF INTEREST**

### **10.1 Calculations and determinations under the Securities**

In making calculations and determinations with regard to the Securities, there may be a difference of interest between the Securityholders, on the one hand, and the Issuer and the Calculation Agent, on the other. Save where otherwise provided in the terms and conditions, the Issuer and the Calculation Agent are required to act in good faith and in a commercially reasonable manner but do not have any obligations of agency or trust for any investors and have no fiduciary obligations towards them. In particular, the Issuer, the Calculation Agent and their affiliated entities may have interests in other capacities (such as other business relationships and activities). Prospective investors should be aware that rights or options exercised by the Issuer or determinations made by the Calculation Agent may have a negative impact on the value of the Securities. The Issuer, the Calculation Agent and/or any of their affiliates may engage in trading activities (including hedging activities) related to interests underlying any Securities and other instruments or derivative products based on or related to interests underlying any Securities for their proprietary accounts or for other accounts under their management. For example, the Issuer, the Calculation Agent and their affiliates may also issue other derivative instruments in respect of interests underlying any Securities for their proprietary accounts or for other accounts under their management.

The Issuer, the Calculation Agent or any of their respective affiliates may have existing or future business relationships with each other (including, but not limited to, lending, depository, derivative counterparty, risk management, advisory and banking relationships), and may pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for a Securityholder. For example, the Issuer, the Calculation Agent or their affiliates may act as underwriter in connection with future offerings of shares or other securities of, or guaranteed by, the Reference Entity or otherwise related to an issue of Securities may act as a lender and/or agent or trustee with respect to any loan or other financing to, or guaranteed by, the Reference Entity, and/or may act as financial adviser to companies whose securities impact the return on the Securities. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of the Securities.

### **10.2 Hedging and dealing activities in relation to the Securities and Reference Entity**

In the ordinary course of its business the Issuer, the Calculation Agent and/or any of their affiliates may effect transactions for its own account or for the account of its customers and may enter into one or more hedging transactions with respect to the Securities or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Calculation Agent and/or any of their affiliates, the Issuer, the Calculation Agent and/or any of their affiliates may enter into transactions in or in respect of the Reference Entity or its obligations or related derivatives which may affect the market price, liquidity or value of the Securities and which could be adverse to the interest of the relevant Securityholders. For example, the Issuer (itself or through an affiliate) may hedge the Issuer's obligations under the Securities by purchasing credit default swaps referencing the Reference Entity or any of them or bonds of the Reference Entity or any of them. The Issuer (or an affiliate) may adjust its hedge by, among other things, purchasing or selling any of the foregoing on or before the maturity or settlement date (as applicable) for the Securities. The Issuer (or affiliate) may also enter into, adjust and unwind hedging transactions relating to other securities whose returns are linked to the Reference Entity or its obligations. Any of these hedging activities may adversely affect the value of the obligations of the Reference Entity directly or indirectly and therefore the value of



the Securities. It is possible that the Issuer (or affiliate) could receive substantial returns with respect to such hedging activities while the value of the Securities may decline.

Moreover, the Issuer (or affiliate) may also engage in trading in one or more of the obligations of the Reference Entity or related instruments or derivatives for its proprietary accounts, for other accounts under its management or to facilitate transactions on behalf of customers. Any of these activities of the Issuer (or affiliate) could adversely affect the value of the obligations of the Reference Entity directly or indirectly and therefore, the value of the Securities. The Issuer (or affiliate) may issue or underwrite, other securities or financial or derivative instruments with returns linked to the Reference Entity or its obligations. By introducing competing products into the marketplace in this manner, the Issuer (or affiliate) could adversely affect the value of the Securities.

## **11. CALCULATION AGENT DETERMINATIONS**

### **11.1 Calculation Agent determinations will be binding on the Securityholders**

Any determination and/or calculation by the Calculation Agent shall, in the absence of manifest error, be final and binding on the Issuer and the Securityholders.

### **11.2 The Calculation Agent does not act for the Securityholders**

In making determinations for the purposes of the Securities, the Calculation Agent does not owe any duty to the Securityholders. It will act in the interests of the Issuer and not in the interests of the Securityholders in such regard.

## SPECIFIC TERMS

The Securities will be subject to the General Terms and Conditions of Notes (the "**General Note Conditions**") set out herein, as supplemented and modified by the Asset Terms for Credit-linked Securities (the "**Asset Terms**") set out herein and also to the following provisions (the "**Specific Terms**"). Each reference in such General Note Conditions, Annex and Addendum to the General Note Conditions and Asset Terms to the "Pricing Supplement" shall be deemed to be deleted and replaced by the "Specific Terms". In the case of a discrepancy or conflict with such General Note Conditions or Asset Terms, the Specific Terms shall prevail.

Not applicable means an item is not applicable at the date of the Specific Terms, subject to amendment as provided in the Asset Terms. Words in italics do not form any part of the Specific Terms.

- |     |   |   |
|-----|---|---|
| 1.  | <b>Issuer:</b>                                    | Credit Suisse AG  |
|     | <b>Branch:</b>                                    | London Branch   |
| 2.  | <b>Series Number:</b>                             | SPLB2016-659  |
| 3.  | <b>Tranche Number:</b>                            | Not applicable  |
| 4.  | <b>Applicable General Terms and Conditions:</b>   | General Note Conditions   |
| 5.  | <b>Settlement Currency:</b>                       | United States dollar (" <b>USD</b> ")   |
| 6.  | <b>Institutional:</b>                             | Not applicable  |
| 7.  | <b>Aggregate Nominal Amount:</b>                  |   |
|     | (i) Series:                                       | USD 30,000,000  |
|     | (ii) Tranche:                                     | Not applicable  |
| 8.  | <b>Issue Price:</b>                               | 100 per cent. of the Aggregate Nominal Amount   |
| 9.  | <b>Specified Denominations:</b>                   | USD 100,000   |
| 10. | <b>Minimum Transferable Number of Securities:</b> | Not applicable  |
| 11. | <b>Minimum Trading Lot:</b>                       | USD 100,000   |
| 12. | <b>Issue Date:</b>                                | 31 May 2016   |
| 13. | <b>Maturity Date:</b>                             | 20 June 2031 (the " <b>Scheduled Maturity Date</b> ") subject to the Business Day Convention, provided that, the maturity of the Securities shall be subject to the Asset Terms for Credit-linked Securities and subject to paragraph 43 below. |
| 14. | <b>Interest Basis:</b>                            | Fixed Rate  |
| 15. | <b>Premium Basis:</b>                             | Not applicable  |
| 16. | <b>Redemption/Payment Basis:</b>                  | Credit-linked   |

17. **Principal Protection:** Not applicable
18. **Put/Call Options:** Not applicable

**PROVISIONS RELATING TO INTEREST AND PREMIUM**

19. **Fixed Rate Provisions (General Note Condition 4):** Applicable
- (i) Rate of Interest: 4.26 per cent. per annum
  - (ii) Interest Commencement Date: Issue Date
  - (iii) Interest Payment Date(s): 20 June in each calendar year commencing on, and including, 20 June 2017 and ending on, and including, the Scheduled Maturity Date, in each case, subject to adjustment in accordance with the Business Day Convention.
  - (iv) Interest Period: Unadjusted
  - (v) Business Day Convention: Following Business Day Convention
  - (vi) Interest Amount(s) per Security: Not applicable
  - (vii) Day Count Fraction: 30/360 (unadjusted)
  - (viii) Determination Date : Not applicable
  - (ix) Other terms relating to the method of calculating interest for Fixed Rate Securities:
 

The reference in General Note Condition 4(a) (*Interest on Fixed Rate Securities*) to "the outstanding nominal amount" shall be deleted and replaced with "the Outstanding Nominal Amount (as at the last day of the relevant Interest Period)".

The reference in General Note Condition 4(f) (*Calculations*) to "the outstanding nominal amount of such Security" shall be deleted and replaced with "the Outstanding Nominal Amount (as at the last day of the relevant Interest Period) of such Security".
20. **Floating Rate Provisions (General Note Condition 4):** Not applicable
21. **Premium Provisions:** Not applicable

## PROVISIONS RELATING TO REDEMPTION

- |     |  |  |
|-----|--|--|
| 22. | <b>Redemption Amount:</b>                                      | The Redemption Amount in respect of each Security will be the amount determined in accordance with the Conditions. |
| 23. | <b>Physical Settlement Provisions:</b>                         | Not applicable   |
| 24. | <b>Details relating to Instalment Securities:</b>              | Not applicable   |
| 25. | <b>Call Option:</b>  | Not applicable   |
| 26. | <b>Put Option:</b>   | Not applicable   |
| 27. | <b>Unscheduled Termination Amount:</b>                         |  |
|     | (i)      Unscheduled Termination at Par:                       | Not applicable   |
|     | (ii)     Minimum Payment Amount:                               | Not applicable   |
|     | (iii)    Deduction for Hedge Costs:                            | Not applicable   |
| 28. | <b>Payment Disruption:</b>                                     | Not applicable   |
| 29. | <b>Interest and Currency Rate Additional Disruption Event:</b> | Not applicable   |

## UNDERLYING ASSET(S)

- |     |                                   |                |
|-----|-----------------------------------|----------------|
| 30. | <b>List of Underlying Assets:</b> | Not applicable |
|-----|-----------------------------------|----------------|

## ASSET TERMS

- |     |   |                |
|-----|---|----------------|
| 31. | <b>Equity-linked Securities:</b>          | Not applicable |
| 32. | <b>Equity Index-linked Securities:</b>    | Not applicable |
| 33. | <b>Commodity-linked Securities:</b>       | Not applicable |
| 34. | <b>Commodity Index-linked Securities:</b> | Not applicable |
| 35. | <b>ETF-linked Securities:</b>             | Not applicable |
| 36. | <b>Fund-linked Securities:</b>            | Not applicable |
| 37. | <b>FX-linked Securities:</b>              | Not applicable |
| 38. | <b>FX Index-linked Securities:</b>        | Not applicable |

|        |   |  |
|--------|---|--|
| 39.    | <b>Inflation Index-linked Securities:</b>   | Not applicable   |
| 40.    | <b>Interest Rate Index -linked Securities:</b>  | Not applicable   |
| 41.    | <b>Cash Index-linked Securities:</b>  | Not applicable   |
| 42.    | <b>Multi-Asset Basket-linked Securities:</b>  | Not applicable   |
| 43.    | <b>Credit-linked Securities:</b>  | Applicable   |
| (i)    | Type:   | Single Name Credit linked Securities   |
| (ii)   | Trade Date:   | 17 May 2016  |
| (iii)  | Scheduled Termination Date:   | 20 June 2031   |
| (iv)   | Reference Entity(ies):  | French Republic  |
| (v)    | Reference Entity Notional Amount(s):  | As determined in accordance with the Asset Terms for Credit-linked Securities. |
| (vi)   | Reference Obligation(s):  | Standard Reference Obligation: Applicable<br>Seniority Level: Senior Level     |
| (vii)  | Transaction Type:   | Applicable: Standard Western European Sovereign                                |
| (viii) | Leveraged Credit-linked Securities:   | Not applicable   |
|        | Leverage Factor:  | Not applicable   |
| (ix)   | Principal Protected Credit-linked Securities:   | Not applicable   |
| (x)    | Zero Recovery Credit-linked Securities:   | Not applicable   |
| (xi)   | Settlement Deferral:  | Applicable   |
| (xii)  | Additional provisions relating to Credit-linked Securities, including any amendment or variation to the Reference CDS or Asset Terms for Credit-linked Securities | Not applicable   |

## GENERAL PROVISIONS

- |     |  |   |
|-----|--|---|
| 44. | (i) Form of Securities:  | Bearer Securities   |
|     | (ii) Global Security:  | Applicable  |
|     | (iii) NGN Form/Held under the NSS:   | Not applicable  |
|     | (iv) Intended to be held in manner which would allow Eurosystem eligibility:   | No  |
|     | (v) The Issuer intends to permit indirect interests in the Securities to be held through CREST Depository Interests to be issued by the CREST Depository:  | Not applicable  |
| 45. | <b>Financial Centre(s):</b>  | London and for the avoidance of doubt New York  |
| 46. | <b>Business Centre(s):</b>   | London and for the avoidance of doubt New York  |
| 47. | <b>Listing and Admission to Trading:</b>   | Applicable  |
|     | (i) Stock exchange(s) to which application will initially be made to list the Securities (Application may subsequently be made to other stock exchange(s)) | Irish Stock Exchange  |
|     | (ii) Admission to trading:   | Application has been made for the Securities to be listed on the Official List of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange after the Issue Date provided, however, no assurance can be given that the Securities will be admitted to trading on the regulated market of the Irish Stock Exchange or listed on the Official List of the Irish Stock Exchange after the Issue Date. |
| 48. | <b>Security Codes and Ticker Symbols:</b>  |   |
|     | ISIN Code:   | XS1396710664  |
|     | Common Code:   | 139671066   |

- |                        |                |
|------------------------|----------------|
| Swiss Security Number: | 32061244       |
| Telekurs Ticker:       | Not applicable |
| WKN number:            | Not applicable |
49. **Clearing and Trading:**
- |   |  |
|---|--|
| Clearing System(s) and any relevant identification number(s): | Euroclear Bank S.A./N.V. and Clearstream Banking, SA, Luxembourg |
|---|--|
50. **Delivery:** Delivery against payment
51. **Agents:**
- |                    |   |
|--------------------|---|
| Calculation Agent: | Credit Suisse International<br>One Cabot Square<br>London E14 4QJ                                       |
| Fiscal Agent:      | The Bank of New York Mellon, acting through its<br>London Branch<br>One Canada Square<br>London E14 5AL |
| Paying Agent(s):   | The Bank of New York Mellon, acting through its<br>London Branch<br>One Canada Square<br>London E14 5AL |
| Additional Agents: | Not applicable  |
52. **Dealer(s):** Credit Suisse International
53. **Additional steps that may only be taken following approval by Extraordinary Resolution:** Not applicable
54. **Specified newspaper for the purposes of notices to Securityholders:** Not applicable
55. **Additional Provisions**

TEFRA does not apply as Securities cannot be issued in definitive bearer form.

Investors resident inside the European Economic Area should be advised that they can only purchase Securities for a minimum consideration which is at least the equivalent of EUR 100,000.

#### **Amendments to Selling Restrictions**

##### **United Kingdom**

Limb (c) of the selling restriction in the Programme Memorandum shall be deleted and

replaced with the following:

"(c) the Securities shall not be sold to residents of the United Kingdom."



## **INFORMATION RELATING TO THE REFERENCE ENTITY**

Publicly available information on the Reference Entity is available at <http://www.gouvernement.fr/> (but the information appearing on such website does not form part of this Prospectus or the terms and conditions of the Securities).

Details of the past and further performance and volatility of the Reference Entity may be obtained from the Issuer upon request or Bloomberg and the Bloomberg ticker in respect of the Reference Entity as at the date of this document is CFRT1U10. However past performance is not indicative of future performance.

## GENERAL INFORMATION

1. **Authorisation:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Securities. The issue of the Securities will be in accordance with the Organizational Guidelines and Regulations of the Issuer and Credit Suisse Group AG dated 19 June 2014. No specific resolution of the Board of Directors of the Issuer is required.
2. **Approval:** This Summary and Securities Note has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Summary and Securities Note as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Securities which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to The Irish Stock Exchange plc (the "**Irish Stock Exchange**") for the Securities to be admitted to the Official List and trading on its regulated market. There can be no assurance that such listing and admission to trading will be granted. The regulated market of the Irish Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).
3. **Responsibility Statement:** The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
4. Copies of the agency agreement and deeds of covenant of the Programme will be available, in physical and electronic form, for inspection during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the offices of the Paying Agents. In addition, copies of the following will be available, in physical and electronic form, free of charge during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the offices of the Paying Agents and at the registered office of the Issuer or its London Branch, if applicable:
  - (a) the Memorandum and Articles of Association of the Issuer;
  - (b) the audited accounts and unaudited interim accounts of the Issuer for the last two financial years;
  - (c) the Registration Document; and
  - (d) the Summaries and Securities Note.
5. The appointed Irish listing agent in respect of the Securities is Maples and Calder.
6. There has been no material adverse change in the prospects of the Issuer and its consolidated subsidiaries since 31 December 2015.

There has been no significant change in the financial position of the Issuer and its consolidated subsidiaries since 31 March 2016.

Please see "Risk Factors" on pages 40 to 48 (pages 64 to 72 of the PDF) of the Annual Report 2015, which is attached as an exhibit to the Form 20-F Dated 24 March 2016 (each as defined in the Registration Document) for the risk factors that may affect the future results of operations or financial condition of Credit Suisse Group AG and its consolidated subsidiaries.

Please see "Operating Environment" on pages 50 to 52 (pages 74 to 76 of the PDF) of the

Annual Report 2015, which is attached as an exhibit to the Form 20-F Dated 24 March 2016 (each as defined in the Registration Document) and "Operating environment" on pages 7 to 9 (pages 17 to 19 of the PDF) of the exhibit (Credit Suisse Financial Report 1Q16) to the Form 6-K Dated 10 May 2016 for information relating to the economic environment that may affect the future results of operations or financial condition of Credit Suisse Group AG and its consolidated subsidiaries.

7. Save as disclosed in the Form 6-K Dated 10 May 2016 under the heading "Litigation" (note 31 to the condensed consolidated financial statements of the Group on pages 151 to 152 (pages 161 to 162 of the PDF) of the exhibit (Credit Suisse Financial Report 1Q16) to the Form 6-K dated 10 May 2016) and in the Annual Report 2015, which is attached as an exhibit to the Form 20-F Dated 24 March 2016 (each as defined in the Registration Document) under the heading "Litigation" (note 39 to the condensed consolidated financial statements of the Group on pages 375 to 382 (pages 399 to 406 of the PDF) of the Annual Report 2015, which is attached as an exhibit to the Form 20-F Dated 24 March 2016 (each as defined in the Registration Document), which is incorporated by reference in the Registration Document), there are no, and have not been during the period of 12 months preceding the date of this document, governmental, legal or arbitration proceedings which may have, or have had in the past, significant effects on the Issuer's financial position or profitability, and the Issuer is not aware of any such proceedings being either pending or threatened.
8. Further information about the members of the Board of Directors and the Executive Board can be found on pages 192 to 212 (pages 216 to 236 of the PDF) of Annual Report 2015, which is attached as an exhibit to the Form 20-F Dated 24 March 2016 and the Form 6-K Dated 29 April 2016 (each as defined in the Registration Document).
9. KPMG AG, Badenerstrasse 172, 8004 Zurich, Switzerland, have audited the accounts of the Issuer. KPMG AG is licensed by the Federal Audit Oversight Authority, which is responsible for the licensing and supervision of audit firms and individuals which provide audit services in Switzerland.  
  
Further information on the Issuer's auditor may be found on page 214 (page 238 of the PDF) of the Annual Report 2015, which is attached as an exhibit to the Form 20-F Dated 24 March 2016 (each as defined in the Registration Document).
10. The Issuer's registered head office is located at Paradeplatz 8, CH-8001, Zurich, Switzerland and the telephone number is +41 44 333 11 11. The London branch is located at One Cabot Square, London E14 4QJ, England and the telephone number is +44 207 888 8888.

## ASSET TERMS FOR CREDIT-LINKED SECURITIES

The following asset terms (the "**Asset Terms**") modify the General Note Conditions and shall, subject to the relevant General Note Conditions as modified and the provisions of the Pricing Supplement, apply to Securities if stated in the Pricing Supplement to be "**Credit-linked Securities**".

### 1. THE REFERENCE CDS

#### 1.1 The Reference CDS is a Hypothetical Credit Default Swap

For the purposes of making calculations under the Securities only (and for no other purpose), the Issuer is assumed to have entered into a hypothetical credit default swap transaction (the "**Reference CDS**") as a buyer of credit risk protection on the Trade Date specified in the Pricing Supplement with a market counterparty of the highest creditworthiness.

#### 1.2 Terms of the Reference CDS

The terms of the Reference CDS are determined as follows:

- (a) The Reference CDS is assumed to have been entered into on the basis of the 2014 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc. (together with any successors, "**ISDA**") (the "**2014 Definitions**") and as further supplemented or amended or amended as may be set out in the Pricing Supplement. The Reference CDS is assumed to be subject to English law.
- (b) Where the Pricing Supplement specifies a "Transaction Type" in relation to a Reference Entity, the relevant terms of the Reference CDS as applicable to such Reference Entity shall, except to the extent otherwise specified in the Pricing Supplement, be determined by reference to a Credit Derivatives Physical Settlement Matrix published by ISDA.
- (c) Where the Securities are Nth to Default Credit-linked Securities (as specified in the Pricing Supplement), the Nth to Default Standard Terms Supplement (as published by ISDA on September 22, 2011) (the "**Nth to Default Standard Terms Supplement**") shall, except to the extent specified in the Pricing Supplement, apply, for which purpose "N" shall be the number specified as such in the Pricing Supplement).
- (d) Any remaining terms of the Reference CDS shall be as set out in the Pricing Supplement.
- (e) The terms of a Reference CDS shall be assumed to have been amended in accordance with any protocol published by ISDA which amends the terms of credit default swap transactions of the same type (including as to the applicable Reference Entity) as the Reference CDS generally, provided that the Issuer and its affiliates have adhered to such protocol in respect of credit derivatives transactions to which they are a party generally. In such case the Issuer shall, without the requirement for the consent of the Securityholders, amend the terms of the Securities as it considers necessary, acting reasonably, to take account of such modification to the Reference CDS. The Issuer shall notify the Securityholders (in accordance with Condition 13) of any such modifications, as soon as reasonably practicable upon becoming aware thereof.

#### 1.3 Rights, Options and Determinations under the Reference CDS

The rights and options of the buyer of credit protection under the Reference CDS shall be exercised by the Issuer (or the Calculation Agent on its behalf).

Where the terms of the Reference CDS require or entitle the calculation agent thereunder to make a determination, such determination shall be made or exercised by the Calculation Agent, acting in good faith and in a commercially reasonable manner.

Neither the Issuer nor the Calculation Agent shall be entitled to and they shall not exercise any right or option or make any determination which would be a right or option of the

protection seller under the Reference CDS or, as applicable, would be a determination which the protection seller would be entitled to make thereunder.

## 2. REDEMPTION

### 2.1 Redemption on Scheduled Maturity Date

Unless previously redeemed, or purchased by the Issuer and cancelled and subject to the remaining provisions of this Asset Term 2, each Security shall be redeemed on the Scheduled Maturity Date by the Issuer at its Outstanding Nominal Amount (as reduced in accordance with Asset Term 2.2 (*Reduction in Outstanding Nominal Amount*)) less a pro rata proportion of the Reference Entity Notional Amount (or, if applicable, the relevant Exercise Amount) of any Reference Entity for which an Event Determination Date has occurred under the Reference CDS but the related Credit Event Settlement Date has not yet occurred.

### 2.2 Reduction in Outstanding Nominal Amount following Event Determination Date

On each Event Determination Date (save where the Pricing Supplement specifies that the Credit Event Backstop Date is the Trade Date, in which case an Event Determination Date relating to a Credit Event which occurred prior to the Trade Date shall not be taken into account for the purposes of the Securities), the Outstanding Nominal Amount of each Security will be reduced by an amount equal to the applicable Credit Event Writedown Amount for such Security. If the Outstanding Nominal Amount of a Security is reduced to zero on an Event Determination Date then, upon the performance by the Issuer of its obligations under these Asset Terms with respect to such Event Determination Date and all prior occurring Event Determination Dates (including payment of any related Credit Event Settlement Amount (if applicable)), the Issuer will be discharged from its obligations and liabilities to the Securityholder in respect of such Security, and such Security will forthwith be cancelled by the Paying Agent.

### 2.3 Payment of Credit Event Settlement Amount

On each Credit Event Settlement Date, unless such payment is deferred in accordance with Asset Term 2.8 (*Settlement Deferral*) or suspended in accordance with Asset Term 2.9 (*Settlement Suspension*) below, the Issuer shall pay to each Securityholder the relevant Credit Event Settlement Amount (as defined below) related to each Security.

### 2.4 Redemption at Extended Maturity Date

If, as at the Scheduled Maturity Date, an Event Determination Date could, under the terms of the Reference CDS, occur or be determined following the Scheduled Maturity Date in respect of any Reference Entity (including in relation to a Credit Event which has occurred on or prior to such date), redemption of the Securities in accordance with Asset Term 2.1 (*Redemption on Scheduled Maturity Date*) will be deferred, to the extent of the maximum possible Credit Event Writedown Amount which could be determined as a result, to a date (the "**Extended Maturity Date**") selected by the Calculation Agent and falling not later than five Business Days after the date on which it is no longer possible for an Event Determination Date to occur (or any earlier date selected by the Calculation Agent for such purpose). In such case:

- (a) the Calculation Agent, acting on behalf of the Issuer, will, within ten Business Days of becoming aware of any deferral of maturity as set out above, use reasonable endeavours to give notice to the Securityholders of such deferral, briefly describing the facts or events which have given rise to such deferral. The Calculation Agent may give multiple such notices;
- (b) Asset Terms 2.2 (Reduction in Outstanding Nominal Amount following Event Determination Date) and 2.3 (Payment of Credit Event Settlement Amount) shall continue to apply; and
- (c) subject to Asset Term 2.2 (*Reduction in Outstanding Nominal Amount following Event Determination Date*), the Issuer shall pay to Securityholders on the Extended Maturity Date an additional amount representing interest on the amount paid on such date in

redemption of the Securities from and including the Scheduled Maturity Date to but excluding the Extended Maturity Date at the relevant overnight rate for deposits in the Settlement Currency. Save as set out above, no further interest shall be payable on the Securities in respect of any period commencing on or after the Scheduled Maturity Date.

## **2.5 Nth to Default Credit-Linked Securities**

If the Securities are Nth to Default Credit-linked Securities, Asset Terms 2.2 (*Reduction in Outstanding Nominal Amount following Event Determination Date*) and 2.3 (*Payment of Credit Event Settlement Amount*) shall apply solely to the Nth to Default Reference Entity.

## **2.6 Principal Protected Credit-Linked Securities**

Notwithstanding the occurrence of one or more Event Determination Dates under the Reference CDS, if the Pricing Supplement specifies that the Securities are "Principal Protected Credit-Linked Securities", each Security shall be redeemed on the Scheduled Maturity Date by the Issuer at:

- (a) 100 per cent. of its Specified Denomination, if the Securities are "Fully Principal Protected" (as specified in the Pricing Supplement); or
- (b) the specified portion of its Specified Denomination, if the Securities are "Partially Principal Protected" (as specified in the Pricing Supplement).

## **2.7 Zero Recovery Credit-Linked Securities**

Notwithstanding Asset Term 2.3 (*Payment of Credit Event Settlement Amount*) no Credit Event Settlement Amount is payable in respect of Zero Recovery Credit-Linked Securities.

## **2.8 Settlement Deferral**

If "Settlement Deferral" is specified as applicable in the Pricing Supplement then, notwithstanding the occurrence of an Event Determination Date on or prior to the Deferred Settlement Date, payment of the Credit Event Settlement Amount and any other amount otherwise payable on the Credit Event Settlement Date will be deferred to the Deferred Settlement Date. For clarification, the amounts which are payable under the Securities will continue to be determined by reference to the settlement provisions of the Reference CDS, and at the times and in the manner provided for therein and in these Asset Terms and the Outstanding Nominal Amount of each Security shall continue to be reduced by the applicable Credit Event Writedown Amount with effect from and including the Event Determination Date.

No additional payments (including, without limitation, any interest on the related Credit Event Settlement Amount) shall be made, or compensation otherwise provided, in respect of any Security in respect of which the provisions of this Asset Term 2.8 (*Settlement Deferral*) apply.

## **2.9 Settlement Suspension**

If the Calculation Agent determines that, under the terms of the Reference CDS, the obligations of the parties would be suspended pending a resolution of a CDDC, then, subject to Asset Term 2.4 (*Redemption at Extended Maturity Date*), all of the obligations of the Issuer under each Security (including any obligation to deliver any notices, pay any interest, principal or settlement amount or to make any delivery) shall, be and remain suspended up to (but excluding) the Business Day following the day ISDA publicly announces that the relevant CDDC has resolved the matter in question or not to determine such matters. No interest shall accrue on any payments which are suspended in accordance with the above. The Calculation Agent shall notify the Securityholders (in accordance with Condition 13) as soon as reasonably practicable upon becoming aware of any such suspension.

## **2.10 Credit Event Notice after Restructuring Credit Event**

Where the terms of the Reference CDS permit the protection buyer to trigger settlement of the Reference CDS in relation to an amount (the "**Exercise Amount**") that is less than all of the Notional Amount of the Reference CDS, then, the provisions of this Asset Term 2 (*Redemption*) shall, with respect to such Event Determination Date, be deemed to apply to the Exercise Amount only, the Reference Entity Notional Amount in respect of such Reference Entity shall be deemed to be reduced by the applicable Exercise Amount and one or more further Event Determination Dates (and related settlements under the provisions of this Asset Term 2 (*Redemption*)) may occur with respect to the applicable Reference Entity.

In the case of Nth to Default Credit-linked Securities, if an Event Determination Date has occurred in respect of the Nth to Default Reference Entity as a result of a "Restructuring" Credit Event and notwithstanding that the Exercise Amount may be less than the Reference Entity Notional Amount, no Event Determination Date may occur in respect of any Reference Entity other than the Nth to Default Reference Entity.

#### 2.11 **Accrual of interest**

Notwithstanding the General Conditions, with respect to each Event Determination Date, interest shall cease to accrue on the amount by which the Outstanding Nominal Amount of a Security is reduced pursuant to Asset Term 2.2 (*Reduction in Outstanding Nominal Amount following Event Determination Date*) as a consequence of such Event Determination Date from and including the first day of the Interest Period during which such Event Determination Date occurred (or, if such Event Determination Date occurred before the first Interest Period, from and including the Interest Commencement Date, or where redemption of the Securities has been deferred to the Extended Maturity Date, from and including the Scheduled Maturity Date).

#### 2.12 **Call option**

If "Call Option" is specified to be applicable in the Pricing Supplement and unless expressly provided otherwise in the Pricing Supplement, if an Event Determination Date occurs following notification of an Optional Redemption Date but prior to redemption of the Securities pursuant to such notification, then the relevant notice relating the Call Option will be deemed to have nil effect and notwithstanding any provisions relating to the Call Option in the General Note Conditions, the provisions of Asset Term 2 (*Redemption*) shall apply.

### 3. **SUCCESSORS**

- 3.1 Where ISDA publicly announces that a relevant CDDC has resolved that any one or more entities has been identified as a successor to a Reference Entity, and such resolution would be applicable to the Reference CDS, such successor entity or entities shall thereupon be the successor(s) to the relevant Reference Entity for the purposes of the Securities. Where there is more than one such successor to any Reference Entity, and, accordingly, the Reference CDS would be divided into a corresponding number of "New Credit Derivative Transactions", each referencing one of such successors, the Securities shall be deemed to be split into a number of classes equal to the number of such successors and each such New Credit Derivative Transaction shall become the Reference CDS with respect to one such class.
- 3.2 Where multiple classes of the Securities exist as a result of this Asset Term 3, then the provisions of Asset Term 2 (*Redemption*) shall apply only in respect of the relevant class(es) of Securities for which the Applicable Entity is a Reference Entity and, accordingly, all references to "the Securities" in Asset Term 2.8 (*Settlement Deferral*) shall be read and construed as references to "the relevant class(es) of Securities for which the Applicable Entity is a Reference Entity".
- 3.3 If two or more Reference Entities are subject to one or more events which would lead to the determination of a Successor Reference Entity simultaneously or the order of such events cannot be determined, then each such Reference Entity shall be deemed to have been subject to a separate event, with all such events occurring in the order determined by the Calculation Agent by reference to the ordering applied for the purposes of settlement of credit derivatives transactions to which the Issuer and its affiliates are party generally.

#### 4. **ADJUSTMENTS TO EVENT DETERMINATION DATE AND RELATED PAYMENTS**

If, following the determination by a CDDC that an Event Determination Date has occurred, ISDA publicly announces that the relevant CDDC has resolved that such Event Determination Date occurred on a date that is different from the date first determined or that no Event Determination Date occurred, or such Event Determination Date is determined to have occurred prior to the immediately preceding Interest Payment Date (and such determination would be effective pursuant to the terms of the Reference CDS), the Calculation Agent will determine, acting in a commercially reasonable manner, any additional amount payable to the Securityholder(s) to reflect any scheduled payment that would have been due on the basis of such announcement but was not paid in respect of the Securities or any reduction in any subsequent amount that would otherwise subsequently be payable to the Securityholders to reflect any payment that was paid but would not have been due on the basis of such announcement in respect of the Securities. No accruals of interest shall be taken into account when calculating any such adjustment payment.

In the case of Securities represented by a Global Security or a Global Certificate, if an amount would be payable to a Securityholder as set out above, but such amount is not determined until after the date on which the Securities are redeemed in full, the Issuer shall make such payment to the persons who are shown in the records of the Clearing Systems as being the Accountholder at, failing which immediately prior to, the time of redemption, subject to receipt from such persons of such evidence and indemnities as the Issuer may require.

#### 5. **CALCULATION AGENT AND CDDC**

##### 5.1 **The Calculation Agent**

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

##### 5.2 **Resolutions of CDDCs**

Resolutions of the Credit Derivatives Determinations Committees ("**CDDCs**" and each a "**CDDC**") established by ISDA will be binding on the Issuer and the Securityholders if and to the extent that such resolutions would be binding on the parties to the Reference CDS. Neither the Issuer nor the Calculation Agent will have any liability to the Securityholders or any other person as a result of relying on any resolution of a CDDC.

#### 6. **DEFINITIONS**

In these Asset Terms:

"**2014 Definitions**" has the meaning given in Asset Term 1.2 (*Terms of the Reference CDS*);

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

"**Aggregate Nominal Amount**" means, at any time, an amount equal to the aggregate of the Outstanding Nominal Amounts of all Securities at that time;

"**Auction**" means a credit derivatives auction sponsored by ISDA relating to the Reference Entity and Credit Event in question or, if multiple auctions are conducted in relation to such Reference Entity and Credit Event, the auction which would be relevant for purposes of settlement of the Reference CDS, taking into account the terms thereof and any exercise of rights thereunder;



**"Auction Final Price"** means the price, expressed as a percentage, determined pursuant to the Auction and published by ISDA;

**"Basket Credit-linked Security"** means a Security specified as such in the Pricing Supplement;

**"CDDC"** has the meaning given in Asset Term 5.2 (Resolutions of CDDCs);

**"Credit Event"** means any of the events specified as such in the Pricing Supplement (including by cross-reference to a matrix published by ISDA);

**"Credit Event Loss Amount"** means, in relation to an Event Determination Date, an amount, subject to a minimum of zero, equal to the product of:

- (a) 100 per cent. minus the Auction Final Price or, if applicable, Final Price;
- (b) the Leverage Factor; and
- (c) the Reference Entity Notional Amount (or, as applicable, the Exercise Amount);

**"Credit Event Settlement Amount"** means, in respect of a Security and with respect to an Event Determination Date such Security's pro rata proportion of, an amount equal to:

- (a) the Reference Entity Notional Amount (or, as applicable, the Exercise Amount); minus
- (b) the Credit Event Loss Amount;

**"Credit Event Settlement Date"** means, in respect of a Security and with respect to an Event Determination Date, the later of the date falling (a) five Business Days following the Issue Date and (b) 10 Business Days after the date on which the Auction Final Price is determined (or where the Credit Event Settlement Amount is determined by reference to a Final Price, the date on which the Final Price is determined);

**"Credit Event Writedown Amount"** means, in respect of a Security and with respect to an Event Determination Date, an amount equal to the lesser of:

- (a) the Outstanding Nominal Amount of such Security; and
- (b) the Reference Entity Notional Amount of the relevant Reference Entity which is the subject of such Event Determination Date (or, if applicable, the relevant Exercise Amount) multiplied by the Relevant Proportion as of the Event Determination Date,

in each case determined immediately prior to such Event Determination Date;

**"Deferred Settlement Date"** means the date specified as such in the Pricing Supplement or, if no such date is specified, the latest of: (a) the Scheduled Maturity Date; (b) the Extended Maturity Date; and (c) the Credit Event Settlement Date;

**"Event Determination Date"** means either:

- (a) following a public announcement by ISDA to the effect that a CDDC has resolved that a Credit Event has occurred in relation to a Reference Entity, and, if so required for the purposes of the Reference CDS, following the delivery by the Calculation Agent of a notice to Securityholders which would constitute a "Credit Event Notice" (as defined in the 2014 Definitions) for the purposes of the Reference CDS, the date which would be determined as such for the purposes of the Reference CDS in accordance with its terms; or
- (b) in the absence of any announcement as referred to above, the Calculation Agent delivers a notice to Securityholders which would constitute a "Credit Event Notice" and "Notice of Publicly Available Information" (each as defined in the 2014 Definitions) for the purposes of the Reference CDS;

**"Extended Maturity Date"** has the meaning given to it in Asset Term 2.4 (*Redemption at Extended Maturity Date*);

**"Final Price"** means, where the Calculation Agent determines that no Auction Final Price has been or will be determined in relation to an Event Determination Date, the price, expressed as a percentage, determined by the Calculation Agent as follows:

- (a) on any Business Day (as selected by the Calculation Agent) falling within five Business Days following the "Physical Settlement Date" (as defined in the 2014 Definitions) which would apply to the Reference CDS as determined by the Calculation Agent, if it were subject to physical settlement (the "**Valuation Date**"), and, if necessary, on one or more of the succeeding five Business Days, at or about a time selected by the Calculation Agent as being the time at which the relevant market is likely to be most liquid (the selected time, the "**Valuation Time**"), the Calculation Agent shall attempt to obtain quotations from five or more third party dealers in the relevant market in respect of any combination of the obligations of the Reference Entity, which may be direct loans, bonds or other obligations issued directly by the Reference Entity or obligations in respect of which the Reference Entity acts as guarantor or, where permitted under the terms of a Reference CDS, one or more specified obligations, equity, amount of cash, security, fee (including any "early-bird" or other consent fee), right and/or other asset (or any value which was realized or capable of being realized in circumstances where the right and/or other asset no longer exists) (which may be or may be deemed to be zero) (each an "**Asset**") selected by the Issuer, which the Calculation Agent determines would be eligible for delivery in settlement of the Reference CDS (each selected obligation and/or Asset, a "**Valuation Obligation**").
- (b) the Calculation Agent shall seek bid quotations for Valuation Obligations in the amount which would be permitted to be delivered under the Reference CDS (or, as applicable, the portion of such amount in respect of which settlement is triggered).
- (c) if at least two firm bid quotations for the entire selected amount of a Valuation Obligation are available on the same Business Day, the Final Price of that Valuation Obligation will be determined by using the highest such quotation received. If the Calculation Agent is unable to obtain two or more such quotations in relation to a Valuation Obligation on the same Business Day within five Business Days of the Valuation Date, then the Final Price for such Valuation Obligation will be an amount determined by the Calculation Agent in its commercially reasonable discretion as the prevailing market value of the Valuation Obligation in question.
- (d) quotations will be expressed as a percentage of the selected amount of each Valuation Obligation for purposes of determining the Final Price (including where quotes actually received are expressed as a percentage of amounts payable at maturity of the relevant Valuation Obligation, if different).
- (e) if there is more than one selected Valuation Obligation, then the Final Price will be the average of the Final Prices determined in relation to each such Valuation Obligation, each such price being weighted by reference to the amount of each such Valuation Obligation (or, as the case may be, the amount of the obligation (to which such Asset corresponds) immediately prior to the relevant Asset Package Credit Event (as defined under the terms of the Reference CDS) valued for such purpose.
- (f) notwithstanding the above, where under the terms of the Reference CDS the valuation of any Asset permitted in settlement of such Reference CDS would be deemed to be zero or required to be determined by reference to an applicable specified valuation or CDDC methodology, the Final Price will be the value established accordingly

**"Leverage Factor"** has the meaning given in the Pricing Supplement, or if no such meaning is given, one;

**"M(M)R Restructuring"** means a Restructuring Credit Event in respect of which either "Mod R" or "Mod Mod R" is applicable in respect of the relevant Reference Entity.

**"Nth to Default Credit-linked Security"** means a Security specified as such in the Pricing Supplement;

**"Nth to Default Reference Entity"** has the meaning given in the Nth to Default Standard Terms Supplement;

**"Nth to Default Standard Terms Supplement"** has the meaning given in Asset Term 1.2 (*Terms of the Reference CDS*);

**"Outstanding Nominal Amount"** means, in respect of a Security, an amount equal to its Specified Denomination as reduced from time to time in accordance with Asset Term 2.2 (*Reduction in Outstanding Nominal Amount following Event Determination Date*);

**"Reference Entity Notional Amount"** means, in respect of any Reference Entity, the notional amount for the time being of credit protection which is purchased under the terms of the Reference CDS in relation to a Reference Entity, being, as of the Issue Date (and unless otherwise specified in the Pricing Supplement):

- (a) if the Securities are Single Name Credit-linked Securities, the Aggregate Nominal Amount;
- (b) if the Securities are Nth-to-Default Credit-linked Securities, the Aggregate Nominal Amount;
- (c) if the Securities are Basket Credit-linked Securities, the product of (i) the Aggregate Nominal Amount and (ii) the quotient of (A) the related Reference Entity Weighting (or, if no Reference Entity Weighting is specified in the Pricing Supplement, the Aggregate Nominal Amount divided by the number of Reference Entities) and (B) the sum of the Reference Entity Weightings of each Reference Entity as of the Trade Date without regard to any Credit Event that may have occurred after the relevant Credit Event Backstop Date; and
- (d) otherwise, the amount specified as such in relation to a Reference Entity in the Pricing Supplement,

subject in each case to the provisions of the Reference CDS and Asset Term 3 (*Successors*) relating to the determination of successor Reference Entities and provided that, where the Securities are subject to redemption or purchase and cancellation in part, or where further securities are issued which are fungible with the Securities, the Reference Entity Notional Amount shall be reduced or, as applicable, increased, proportionately;

**"Reference Entity Weighting"** means, in respect of a Reference Entity, the percentage specified as such in relation to that Reference Entity in the Pricing Supplement;

**"Relevant Proportion"** means, in respect of any day, an amount, expressed as a fraction, equal to the Outstanding Nominal Amount of the Security as of such day, divided by the aggregate of the Outstanding Nominal Amounts of all Securities then outstanding;

**"Single Name Credit-linked Security"** means a Security specified as such in the Pricing Supplement; and

**"Zero Recovery Credit-linked Security"** means a Security in respect of which "Zero Recovery Credit Linked Securities" is specified as applicable in the Pricing Supplement.

## GENERAL TERMS AND CONDITIONS OF NOTES

*The following is the text of the general terms and conditions ("**General Note Conditions**") that, together with (where applicable) the annex to the General Note Conditions (the "**Annex**") and/or the addendum to the General Note Conditions (the "**Addendum**"), any applicable Asset Terms (as specified in the relevant Pricing Supplement) and subject to the provisions of the relevant Pricing Supplement, shall be applicable to Securities for which the relevant General Terms and Conditions are specified in the relevant Pricing Supplement as being those of "Notes". References in the Conditions to "Securities" are to the Securities of one series only, not to all Securities that may be issued under the Programme. Definitions used in these General Note Conditions shall not apply in relation to any of the other General Terms and Conditions contained in this Programme Memorandum.*

The Securities (which expression shall include any Securities issued pursuant to General Note Condition 13) are issued pursuant to an agency agreement dated 30 June 2015 (as amended, restated or supplemented from time to time, the "**Agency Agreement**") between the Issuers, The Bank of New York Mellon, acting through its London Branch (or such other entity as may be specified in the relevant Pricing Supplement) as fiscal agent and the other agents named in it and with the benefit of a deed of covenant dated 30 June 2015 (as amended or supplemented as at the Issue Date, the "**CS Deed of Covenant**") executed by Credit Suisse AG ("**CS**") in relation to Securities issued by CS or a deed of covenant dated 30 June 2015 (as amended or supplemented as at the Issue Date, the "**CSi Deed of Covenant**") executed by Credit Suisse International ("**CSi**") in relation to Securities issued by CSi, as the case may be. The fiscal agent, the registrar, the transfer agents, the calculation agent(s) and the paying agents for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Registrar**", the "**Transfer Agents**", the "**Calculation Agent(s)**" and the "**Paying Agents**" (which expression shall include the Fiscal Agent, the Registrar, the Transfer Agents and the Calculation Agent(s) and together with any other agents specified in the relevant Pricing Supplement, the "**Agents**"). The Securityholders (as defined in General Note Condition 1) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement, the CS Deed of Covenant and the CSi Deed of Covenant are, and, so long as any Security remains outstanding, will be available for inspection during normal business hours at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

The Securities of any Series are subject to these General Note Conditions (including (where applicable) the Annex and/or the Addendum hereto), as modified and/or supplemented by any applicable Asset Terms, and the relevant pricing supplement (the "**Pricing Supplement**") containing the final terms relating to the relevant Securities (together, the "**Terms and Conditions**" or the "**Conditions**").

Expressions used herein and not defined shall have the meaning given to them in the Annex and/or the Addendum (where applicable), any applicable Asset Terms or the relevant Pricing Supplement. In the event of any inconsistency between the General Note Conditions (including (where applicable) the Annex and/or the Addendum hereto), the applicable Asset Terms and the relevant Pricing Supplement, the prevailing terms will be determined in accordance with the following order of priority (where (a) prevails over the other terms):

- (a) the relevant Pricing Supplement;
- (b) the applicable Asset Terms; and
- (c) the General Note Conditions (including (where applicable) the Annex and/or Addendum hereto).

Except in relation to General Note Conditions 8, 11 and 19 references herein to the "Issuer" shall be to CS acting through its London Branch, its Nassau Branch or its Singapore Branch (each a "**Branch**") or CSi, as the case may be, (as specified in the relevant Pricing Supplement). In relation to General Note Conditions 8, 11 and 19, references to "Issuer" shall be to CS or CSi, as the case may be, (as specified in the relevant Pricing Supplement).

## 1. Form, Denomination and Title

The Securities are issued in bearer form ("**Bearer Securities**") or in registered form ("**Registered Securities**") in each case with a nominal amount (the "**Nominal Amount**") equal to the Specified Denomination(s) specified in the relevant Pricing Supplement.

All Registered Securities shall have the same Specified Denomination.

Bearer Securities are represented by a bearer global security (a "**Global Security**"). No definitive Bearer Securities will be issued.

Notes which are Registered Securities ("**Registered Notes**") are represented by registered certificates ("**Certificates**") and, save as provided in General Note Condition 2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder. Where Registered Notes are held by or on behalf of one or more Clearing Systems, a global certificate (a "**Global Certificate**") will be issued in respect of them.

Title to the Global Security shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Security shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

For so long as any of the Securities is represented by a Global Security or a Global Certificate held by or on behalf of one or more clearing systems specified in the relevant Pricing Supplement (each a "**Clearing System**"), each person (other than one Clearing System to the extent that it appears on the books of another Clearing System) who is for the time being shown in the records of the relevant Clearing System as the holder of a particular nominal amount of such Securities (in which regard any certificate or other document issued by the relevant Clearing System as to the nominal amount of such Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error), shall be treated by the Issuer and each Agent as the holder of such nominal amount of such Securities for all purposes other than with respect to the right to payment on such nominal amount or interest (if any) of such Securities, the right to which shall be vested, as against the Issuer and any Agent, solely in the bearer of the relevant Global Security or the person in whose name the Registered Security is registered in accordance with and subject to its terms (and the expressions "**Securityholder**" and "**holder**" of Securities and related expressions shall be construed accordingly). Rights in respect of Securities which are held by or on behalf of a Clearing System will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System and, if so specified in the relevant Pricing Supplement, will be subject to a Minimum Transferable Number of Securities or a Minimum Trading Lot, as specified in the relevant Pricing Supplement.

Where a Global Security is held by or on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), and together with Euroclear, the "**ICSDs**" and each, an "**ICSD**", the Global Security may be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"), or if the Global Security is issued in new global note form ("**NGN Form**"), as specified in the relevant Pricing Supplement, such Global Security will be delivered on or prior to the Issue Date to a common safekeeper for the ICSDs (the "**Common Safekeeper**").

Where a Global Certificate is held by or on behalf of Euroclear and Clearstream, Luxembourg, the Global Certificate may be registered in the name of a nominee for

Euroclear and Clearstream, Luxembourg and delivered to the Common Depositary, or if the Global Certificate is to be held under the new safekeeping structure ("**NSS**"), as specified in the relevant Pricing Supplement, such Global Certificate will be registered in the name of a nominee of the Common Safekeeper and delivered on or about the Issue Date to the Common Safekeeper.

Any reference to a Clearing System shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer.

## 2. **Transfers of Registered Securities**

### (a) ***Transfer of Registered Securities***

One or more Registered Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (which shall be available at the specified office of the Registrar or the Transfer Agent) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed, and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Securities and entries on the Register will be made subject to the regulations concerning transfers of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any holder of a Registered Security upon request.

### (b) ***Exercise of Options or Partial Redemption in Respect of Registered Securities***

In the case of an exercise of an Issuer's or Securityholders' option in respect of, or a partial redemption of, a holding of Registered Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Securities to a person who is already a holder of Registered Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

### (c) ***Delivery of New Certificates***

Each new Certificate to be issued pursuant to General Note Conditions 2(a) or (b) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in General Note Condition 5(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance

as it may specify. In this General Note Condition 2(c), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) **Transfers Free of Charge**

The transfer of Registered Securities and Certificates shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) **Closed Periods**

No Securityholder may require the transfer of a Registered Security to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Security, (ii) during the period of 15 days before any date on which Securities may be called for redemption by the Issuer at its option pursuant to General Note Condition 5(d), (iii) after any such Security has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

3. **Status**

The Securities are unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* and rateably without any preference among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer from time to time outstanding.

4. **Interest and Premium**

(a) **Interest on Fixed Rate Securities**

Each Fixed Rate Security bears interest on its outstanding nominal amount from and including the Interest Commencement Date either (i) at the rate per annum (expressed as a percentage) equal to the Rate of Interest or (ii) in an Interest Amount, such interest being payable in arrear on each Interest Payment Date. If so specified in the relevant Pricing Supplement, the Rate of Interest or Interest Amount may be different for different Interest Periods.

(b) **Premium**

If so specified in the relevant Pricing Supplement, the Issuer shall pay a premium in respect of the derivative element of the Securities. Such premium shall be payable in respect of each Security on its outstanding nominal amount from the Premium Commencement Date either (i) at the rate per annum (expressed as a percentage) equal to the Rate of Premium or (ii) in an amount equal to a fixed Premium Amount, such premium being payable in arrear on each Premium Payment Date. If so specified in the relevant Pricing Supplement, the Rate of Premium or Premium Amount may be different for different Premium Periods.

(c) **Interest on Floating Rate Securities**

(i) **Interest Payment Dates**

Each Floating Rate Security bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date specified in the relevant Pricing Supplement.

(ii) **Business Day Convention**

If any date that is specified in the relevant Pricing Supplement to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding Business Day and (2) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Securities*

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

- (A) the Floating Rate Option is as specified in the relevant Pricing Supplement;
- (B) the Designated Maturity is a period so specified in the relevant Pricing Supplement; and
- (C) the relevant Reset Date is (1) if the applicable Floating Rate Option is based on LIBOR or EURIBOR, the first day of that Interest Period or such days as so specified in the relevant Pricing Supplement, or (2) if the applicable Floating Rate Option is neither based on LIBOR nor EURIBOR, such other day as so specified in the relevant Pricing Supplement,

provided that if the Issuer determines that such ISDA Rate cannot be determined in accordance with the ISDA Definitions read with the above provisions, the value of the ISDA Rate for an Interest Period shall be such rate as is determined by the Calculation Agent in good faith and in a commercially reasonable manner having regard to comparable benchmarks then available.

For the purposes of this sub-paragraph (iii), "**Floating Rate**", "**Floating Rate Option**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(d) ***Accrual of Interest and Premium***

Interest and Premium shall cease to accrue on each Security on the due date for redemption unless payment is improperly withheld or refused, in which event interest and premium shall continue to accrue (both before and after judgment) in the manner provided in this General Note Condition 4 to the Relevant Date (as defined in General Note Condition 7).

(e) ***Maximum/Minimum Rates of Interest, Rate Multipliers and Rounding***



- (i) If any rate multiplier (a "**Rate Multiplier**") is specified in the relevant Pricing Supplement (either (A) generally, or (B) in relation to one or more Interest Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Periods, in the case of (B), calculated in accordance with (c) above by multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (B) all figures shall be rounded to seven significant figures (with halves being rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of (1) any currency amounts denominated in Japanese yen, which shall be rounded down to the nearest Japanese yen, or (2) any currency amounts payable in respect of Securities where the Specified Denomination or Nominal Amount (as the case may be) is specified in the relevant Pricing Supplement to be 1.00 in any currency, which shall be rounded up to 4 decimal places. For these purposes "unit" means the lowest transferable amount of such currency.

(f) **Calculations**

The amount of interest or premium payable in respect of any Security for any period shall be calculated by multiplying the product of the Rate of Interest or Rate of Premium and the outstanding nominal amount of such Security by the Day Count Fraction, unless an Interest Amount or Premium Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest or premium payable in respect of such Security for such period shall be equal to such Interest Amount or Premium Amount (or be calculated in accordance with such formula).

(g) **Determination and Publication of Rates of Interest/Premium and Interest/Premium Amounts**

On such date as the Issuer may be required under this General Note Condition 4 to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate, calculate such amounts, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amount and/or the Rate of Premium and Premium Amount for each Interest Period and Premium Period and the relevant Interest Payment Date and Premium Payment Date to be notified to the Fiscal Agent, the Issuer (if the Issuer is not the Calculation Agent), each of the Agents, the Securityholders and, if the Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than the fourth Business Day after such determination. Where any Interest Payment Date or Premium Payment Date is subject to adjustment pursuant to General Note Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date or Premium Amount and Premium Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period or Premium Period. If the Securities become due and payable under General Note Condition 8, the accrued interest and the Rate of Interest and/or Rate of Premium payable in respect of the Securities shall nevertheless continue to be calculated as previously in accordance with this General Note Condition 4 but no publication of the Rate of Interest and/or Rate of Premium or the Interest Amount or Premium Amount so calculated need be made.

(h) **Definitions**

Unless the context otherwise requires and subject to the relevant Pricing Supplement, the following terms shall have the meanings set out below:

**"Aggregate Nominal Amount"** means the aggregate nominal amount of the Securities set out in the relevant Pricing Supplement.

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

- (i) if **"Actual/Actual"** or **"Actual/Actual – ISDA"** is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/365 (Fixed)"** is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iii) if **"Actual/360"** is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (iv) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**"Y<sub>1</sub>"** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**"Y<sub>2</sub>"** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**"M<sub>1</sub>"** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**"M<sub>2</sub>"** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

**"D<sub>1</sub>"** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**"D<sub>2</sub>"** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (v) if **"30E/360"** or **"Eurobond Basis"** is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vi) if "**30E/360 (ISDA)**" is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if "**Actual/Actual-ICMA**" is specified in the relevant Pricing Supplement:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

- (1) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of

(aa) the number of days in such Determination Period and (bb) the number of Determination Periods normally ending in any year; and

- (2) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (aa) the number of days in such Determination Period and (bb) the number of Determination Periods normally ending in any year;

where:

**"Designated Maturity"** means the period set out in the relevant Pricing Supplement;

**"Determination Date"** means each date so specified in the relevant Pricing Supplement or, if none is so specified, each Interest Payment Date and/or Premium Payment Date; and

**"Determination Period"** means the period from and including a Determination Date in any year to but excluding the next Determination Date.

**"Interest Amount"** means the amount of interest (which shall not be less than zero) payable in respect of a Security on an Interest Payment Date as specified in the relevant Pricing Supplement or calculated under this General Note Condition 4.

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified in the relevant Pricing Supplement.

**"Interest Payment Date"** means each date so specified in the relevant Pricing Supplement, and if so specified in the relevant Pricing Supplement, subject to adjustment in accordance with the Business Day Convention.

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date, and if the relevant Pricing Supplement specifies that the Interest Period(s) or any particular Interest Period(s) shall be (i) "Adjusted", then each such Interest Period shall commence on or end on, as the case may be, the relevant Interest Payment Date after all applicable adjustments to such Interest Payment Date pursuant to the General Note Conditions, or (ii) "Unadjusted", then each such Interest Period shall commence on or end on, as the case may be, the date on which the relevant Interest Payment Date is scheduled to fall, disregarding all applicable adjustments to such Interest Payment Date pursuant to the General Note Conditions.

**"ISDA Definitions"** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.

**"Premium Amount"** means the amount of any premium (which shall not be less than zero) payable in respect of a Security on a Premium Payment Date as specified in the relevant Pricing Supplement or calculated under this General Note Condition 4.

**"Premium Commencement Date"** means the Issue Date or such other date as may be specified in the relevant Pricing Supplement.

**"Premium Payment Date"** means each date so specified in the relevant Pricing Supplement.

**"Premium Period"** means the period beginning on (and including) the Premium Commencement Date and ending on (but excluding) the first Premium Payment Date and each successive period beginning on (and including) a Premium Payment Date and ending on (but excluding) the next succeeding Premium Payment Date.

**"Rate of Interest"** means the rate of interest payable from time to time in respect of a Security as specified in the relevant Pricing Supplement or calculated under this General Note Condition 4.

**"Rate of Premium"** means the rate of premium payable from time to time in respect of a Security as specified in the relevant Pricing Supplement.

5. **Redemption, Purchase and Options**

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

(i) Unless previously redeemed or purchased and cancelled, each Security that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Pricing Supplement. The outstanding nominal amount of each such Security shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Security, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed or purchased and cancelled or unless the Securities are to be redeemed by way of physical settlement pursuant to General Note Condition 5(f), each Security shall be redeemed on the Maturity Date specified in the relevant Pricing Supplement at its Redemption Amount (which, unless otherwise provided, shall be its Nominal Amount) or, in the case of a Security falling within paragraph (i) above, its final Instalment Amount.

(b) ***Early Redemption***

The amount payable in respect of any Security upon redemption of such Security pursuant to General Note Condition 5(c) or upon any Security becoming due and payable as provided in General Note Condition 8, shall be the amount determined by the Issuer that, in the case of redemption pursuant to General Note Condition 5(c) on a day prior to the due date for redemption selected by the Issuer in its discretion or, in the case of redemption pursuant to General Note Condition 8, on the due date for redemption of such Security, is equal to the Unscheduled Termination Amount.

(c) ***Redemption for Illegality Reasons***

If the Issuer shall have determined, acting in good faith and in a commercially reasonable manner, that the performance of any of its obligations under the Securities or that any arrangement made to hedge its obligations under the Securities shall have or will become, in whole or in part, unlawful, illegal, or otherwise contrary to any present or future law, rule, regulation, judgment, order, directive, policy or request of any governmental, administrative, legislative or judicial authority or power (but, if not having the force of law, only if compliance with it is in accordance with the general practice of persons to whom it is intended to apply), or any change in the interpretation thereof (an "**Illegality**"), then the Issuer may, if and to the extent permitted by applicable law, either (i) make such adjustment to the Conditions as may be permitted by any applicable Asset Terms or (ii) having given notice to Securityholders as soon as practicable in accordance with General Note Condition 14, redeem the Securities at their Unscheduled Termination Amount. In the case of (ii) no payment of the Redemption Amount (or physical delivery of the Share Amount or payment of the Fractional Cash Amount, as applicable) or any other amounts on account of interest or otherwise shall be made after such notice has been given.

(d) ***Redemption at the Option of the Issuer***

If "**Call Option**" is specified in the relevant Pricing Supplement, the Issuer may (i) on giving not less than 15 nor more than 30 days' irrevocable notice to the

Securityholders (or such other notice period as may be specified in the relevant Pricing Supplement), or (ii) on exercising its call option on an Optional Redemption Exercise Date by giving notice to the Securityholders on or before such Optional Redemption Exercise Date, as specified in the relevant Pricing Supplement, redeem all or, if so provided, some of the Securities on any Optional Redemption Date specified in the relevant Pricing Supplement at their Optional Redemption Amount specified in the relevant Pricing Supplement. Any such redemption must relate to Securities of a nominal amount at least equal to the minimum nominal amount to be redeemed and no greater than the maximum nominal amount to be redeemed, as specified in the relevant Pricing Supplement. All Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this General Note Condition 5(d).

In the case of a partial redemption, the Securities to be redeemed shall be selected in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange, the rules and procedures of any Clearing System (in the case of Global Securities in NGN Form and Global Certificates held under the NSS, such partial redemption shall be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and other relevant requirements, and holders of Registered Notes shall be notified separately if their Securities have been selected.

(e) ***Redemption at the Option of Securityholders***

If "**Put Option**" is specified in the relevant Pricing Supplement, the Issuer shall, at the option of the holder of any such Security, upon the holder of such Security giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Pricing Supplement) redeem such Security on the Optional Redemption Date(s) specified in the relevant Pricing Supplement at its Optional Redemption Amount specified in the relevant Pricing Supplement. No such option may be exercised if the Issuer has given notice of redemption of the Securities.

In the case of Securities not held in or on behalf of a Clearing System, to exercise such option the holder must deposit a duly completed option exercise notice ("**Exercise Notice**") substantially in the form set out in the Agency Agreement (or such other form as the Issuer, the Fiscal Agent and the Registrar may approve) within the notice period together with the Certificate representing such Registered Securities with the Registrar or any Transfer Agent at its specified office. In the case of Bearer Securities, the holder must deposit an Exercise Notice with the Fiscal Agent at the same time presenting the Global Security representing such Bearer Securities to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation according to the terms set out in such Global Security.

(f) ***Delivery of Shares (Physical Settlement)***

If Physical Settlement Provisions are specified to be applicable in the relevant Pricing Supplement, the terms and conditions contained in the Annex hereto shall apply.

(g) ***Purchases***

The Issuer and any subsidiary or affiliate of the Issuer may at any time purchase Securities (provided that such Securities are purchased with all rights to receive all future payments of interest and Instalment Amounts (if any)) in the open market or otherwise at any price and may hold, resell or cancel them.

(h) ***Reference to Principal***

References to "**principal**" shall be deemed to include, wherever the context so admits, any amounts payable under the Securities other than by way of interest.

## 6. **Payments**

### (a) ***Bearer Securities***

Payments in respect of Bearer Securities shall be made against presentation and annotation or, if no further payment is to be made, surrender of the Global Security at the specified office of any Paying Agent outside the United States by transfer to an account denominated in the Settlement Currency with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

In the case of Bearer Securities represented by a Global Security issued in NGN Form, the Issuer shall procure that the details of each such payment shall be entered in the records of the ICSDs. Any failure to make such entries in the records of the ICSDs shall not affect the discharge of the Issuer's obligations in respect thereof.

### (b) ***Registered Securities***

Payments in respect of Registered Securities shall be made to the person shown on the Register at the close of business on the date (the "**Record Date**") which is (i) in the case of Securities represented by a Global Certificate held by or on behalf of one or more Clearing Systems, the Clearing System Business Day immediately prior to the due date for payment thereof, where "**Clearing System Business Day**" means each day from Monday to Friday inclusive except 25 December and 1 January and (ii) otherwise, the fifteenth day before the due date for payment thereof, and if no further payment is to be made, against presentation and surrender of the relevant Certificates at the specified office of any Transfer Agent or the Registrar. Payments on each Registered Security shall be made in the Settlement Currency by cheque drawn on a bank and mailed to the holder (or to the first-named of joint holders) of such Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment may be made by transfer to an account in the Settlement Currency specified by the payee with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

In the case of Registered Securities represented by a Global Certificate to be held under the NSS, the Issuer shall procure that the details of each such payment shall be entered in the records of the ICSDs. Any failure to make such entries in the records of the ICSDs shall not affect the discharge of the Issuer's obligations in respect thereof.

### (c) ***Discharge of Obligation***

The holder of a Global Security or Global Certificate shall be the only person entitled to receive payments in respect of Securities represented by such Global Security or Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Security or Global Certificate in respect of each amount so paid. Each of the persons shown in the records of the relevant Clearing System as the holder of a particular nominal amount of Securities represented by such Global Security or Global Certificate must look solely to such Clearing System for its share of each payment so made. No person other than the holder of such Global Security or Global Certificate shall have any claim against the Issuer in respect of any payments due on that Global Security or Global Certificate.

### (d) ***Payments Subject to Laws***

All payments are subject in all cases to any applicable fiscal and other laws, regulations and directives.

### (e) ***Appointment of Agents***

The Agents initially appointed by the Issuer and their respective specified offices are specified in the relevant Pricing Supplement. The Agents act solely as agents of the Issuer and neither the Issuer nor any of the Agents assumes any obligation or relationship of agency or trust or of a fiduciary nature for or with any Securityholder. The Issuer may at any time vary or terminate the appointment of any Agent and appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Securities, (iii) a Transfer Agent in relation to Registered Securities, and (iv) so long as the Securities are listed on any stock exchange and the rules of that stock exchange or the relevant competent authority so require, such Paying Agents or other agents as may be required by the rules of such stock exchange or competent authority.

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

(f) **Non-Business Days**

If any date for payment in respect of any Security 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 paragraph, "**business day**" means a day which is a Currency Business Day and, where presentation is required, a Banking Day in the relevant place of presentation.

(g) **Payment Disruption**

This General Note Condition 6(g) shall apply only to each Series of Securities in respect of which "Payment Disruption" is specified to be applicable in the relevant Pricing Supplement.

(i) If the Issuer determines that a Payment Disruption Event has occurred in relation to any amount due (or shortly to be due) in respect of the Securities, the Issuer shall give notice as soon as practicable to Securityholders of such determination in accordance with General Note Condition 14.

(ii) Upon the occurrence of a Payment Disruption Event:

(A) the relevant Interest Payment Date, Maturity Date or any other date on which any amount may be due and payable (and the Issuer's obligation to pay the relevant Interest Amount, Redemption Amount or such other amounts in respect of the Securities) shall be postponed to a date (the "**Extended Date**") falling on the earlier of:

- (1) two Business Days following the date on which the Issuer (acting in good faith and in a commercially reasonable manner) determines that the Payment Disruption Event is no longer continuing; and
- (2) the date falling 45 calendar days following the original Interest Payment Date, Maturity Date or other payment date, as the case may be (the "**Cut-Off Date**").

(B) In the event that the Payment Disruption Event is still occurring on the second Currency Business Day immediately preceding the Cut-Off Date, then:

- (1) if "Payment in Alternate Currency" is specified to be applicable in the relevant Pricing Supplement, the Issuer shall, on giving notice as soon as practicable to Securityholders in accordance with General Note Condition 14, make payment of the Equivalent Amount on the relevant Extended Date; or



- (2) if "Payment of Adjusted Amount" is specified to be applicable in the relevant Pricing Supplement, the Issuer shall make payment of the relevant Interest Amount, Redemption Amount or such other amount payable under the Securities on the relevant Extended Date, and in such case, the Issuer may make such adjustment to such amount as it shall determine in good faith and in a commercially reasonable manner to be appropriate to account for any difference between the amount originally payable and the amount that a hypothetical investor would receive if such hypothetical investor were to enter into and maintain any theoretical hedging arrangements in respect of the Securities.

Upon the payment of the Equivalent Amount or the relevant Interest Amount, Redemption Amount or such other amount (as the case may be) pursuant to this General Note Condition 6(g)(ii) in respect of the Securities, the Issuer shall have discharged its obligations to pay such Interest Amount, Redemption Amount or other amount in respect of such Securities in full and shall have no other liability or obligation whatsoever in respect thereof except in the event of a loss resulting directly from the fraud, wilful default or gross negligence of the Issuer or the Calculation Agent.

- (C) Any payments made in accordance with this General Note Condition 6(g)(ii) shall be made after deduction of any costs, expenses or liabilities incurred or to be incurred by the Calculation Agent or the Issuer in connection with or arising from the resolution of the relevant Payment Disruption Event.
- (iii) Securityholders shall not be entitled to any interest or any other payment on account of any postponement or delay which may occur in respect of the payment of any amounts due and payable in respect of the Securities pursuant to this General Note Condition 6(g).

(h) ***Interest and Currency Rate Additional Disruption Event***

This General Note Condition 6(h) shall apply only to each Series of Securities in respect of which "Interest and Currency Rate Additional Disruption Event " is specified to be applicable in the relevant Pricing Supplement.

If the Issuer determines that an Interest and Currency Rate Additional Disruption Event has occurred, the Issuer may (but need not) determine:

- (i) the appropriate adjustment, if any, to be made to any one or more of the terms of the Securities, including without limitation, any variable or term relevant to the settlement or payment under such Securities, as the Issuer determines appropriate to account for the economic effect of such Interest and Currency Rate Additional Disruption Event on the Securities, and determine the effective date of that adjustment. Upon making any such adjustment, the Issuer shall give notice as soon as practicable to the Securityholders stating the adjustment to any amount payable under the Securities and/or any of the other relevant terms and giving brief details of the Interest and Currency Rate Additional Disruption Event, provided that any failure to give such notice shall not affect the validity of the Interest and Currency Rate Additional Disruption Event or any action taken; or
- (ii) that no adjustments to the terms of the Securities would achieve a commercially reasonable result, on giving notice to Securityholders as soon as practicable in accordance with the General Note Condition 14, the Issuer may redeem the Securities in whole but not in part, in which case the Issuer will cause to be paid to each Securityholder in respect of each Security held by it an amount equal to the Unscheduled Termination Amount on such day as the

Issuer shall select in its sole and absolute discretion. For the avoidance of doubt, no other amounts shall be payable in respect of the Securities on account of interest or otherwise following such determination by the Issuer.

**7. Prescription**

Claims against the Issuer for payment in respect of Bearer Securities shall be prescribed and become void unless the Global Security is presented for payment within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date. "**Relevant Date**" means, in respect of any payment, (a) the date on which such payment first becomes due and payable or (b) if the full amount of moneys payable has not been received by the Fiscal Agent on or prior to such date, the date on which, the full amount of such moneys having been so received, notice to that effect is given to the Securityholders in accordance with General Note Condition 14.

**8. Events of Default**

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

- (a) the Issuer fails to pay any amount due on the Securities within 30 days after the due date;
- (b) where the Issuer is CS acting through its London Branch, its Nassau Branch or its Singapore Branch, CS (i) is (or could be deemed by law or court to be) insolvent or bankrupt or unable to pay its debts, (ii) stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, (iii) initiates or becomes subject to proceedings relating to itself under any applicable bankruptcy, liquidation, insolvency, composition administration or insolvency law, (iv) proposes or makes a stay of execution, a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or (v) a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of CS; or
- (c) where the Issuer is CSi, a resolution is passed, or a final order of a court in the United Kingdom is made, and where not possible, not discharged or stayed within a period of 90 days, that CSi be wound up or dissolved,

then the holder of any Security may, by notice in writing given to the Fiscal Agent at its specified office, declare such Security immediately due and payable, whereupon such Security shall become redeemable at an amount equal to its Unscheduled Termination Amount unless prior to the time when the Fiscal Agent receives such notice all Events of Default have been cured.

**9. Meetings of Securityholders**

The Agency Agreement contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Conditions. Such a meeting may be convened by Securityholders holding not less than one tenth in nominal amount of the Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Securityholders whatever the nominal amount of the Securities held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (a) to amend any date for payment on the Securities, (b) to reduce or cancel the nominal amount of, or any other amount payable or deliverable on redemption of, the Securities, (c) to reduce the rate or rates of interest in respect

of the Securities, (d) to vary any method of, or basis for, calculating any amount payable on the Securities or deliverable in respect of the Securities, (e) to vary the currency or currencies of payment or denomination of the Securities, (f) to take any steps that may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass the Extraordinary Resolution in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed).

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

#### 10. **Modification**

The Issuer may modify the Conditions (and (a) (i) in the case of CS, the CS Deed of Covenant, (ii) in the case of CSi, the CSi Deed of Covenant and (b) together with the other parties thereto, the Agency Agreement, save that, in relation to the regulations concerning transfers of Securities scheduled to the Agency Agreement, any modifications will be made in accordance with General Note Condition 2(a)) without the consent of any Securityholder for the purposes of (a) curing any ambiguity or correcting or supplementing any provision contained in them in any manner which the Issuer may deem necessary or desirable provided that such modification is not, in the determination of the Issuer, prejudicial to the interests of the Securityholders or (b) correcting a manifest error. Notice of any such modification will be given to the Securityholders in accordance with General Note Condition 14.

#### 11. **Substitution of the Issuer**

The Issuer, or any previously substituted company, may at any time, without the consent of the Securityholders, substitute for itself as principal obligor under the Securities any company (the "**Substitute**"), being any Affiliate of the Issuer or another company with which it consolidates, into which it merges or to which it sells, leases, transfers or conveys all or substantially all its property, subject to:

- (a) where the Substitute is an Affiliate of the Issuer, the Substitute having a long-term unsecured debt rating equal to or higher than that of the Issuer given by Moody's Investors Service, Inc. (or an equivalent rating from another internationally recognised rating agency) or having the benefit of a guarantee from the Issuer or another Affiliate of the Issuer with such a debt rating;
- (b) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect; and
- (c) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Securityholders in accordance with General Note Condition 14.

In the event of any substitution of the Issuer, any reference in the Conditions to the "Issuer" shall thenceforth be construed as a reference to the Substitute.

For these purposes, "**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer.

The Issuer shall also have the right upon notice to Securityholders in accordance with General Note Condition 14 to change the office through which it is acting for the purpose of the Securities, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

**12. Taxation**

The Issuer is not liable for or otherwise obliged to pay, and the relevant Securityholder shall pay, any tax, duty, charges, withholding or other payment which may arise as a result of, or in connection with, the ownership, transfer, redemption or enforcement of any Security, including, without limitation, the payment of any amount thereunder. The Issuer shall have the right to withhold or deduct from any amount payable to the Securityholder such amount (a) for the payment of any such taxes, duties, charges, withholdings or other payments or (b) for effecting reimbursement to the Issuer for any payment by it of any tax, duty, charge, withholding or other payment referred to in this General Note Condition 12.

**13. Further Issues**

The Issuer may from time to time without the consent of the Securityholders create and issue further Securities having the same terms and conditions as the Securities (save possibly for the amount and date of the first payment of interest and premium and for the issue price) (so that, for the avoidance of doubt, references in the Conditions to "Issue Date" shall be to the first issue date of the Securities) and so that the same shall be consolidated and form a single series with such Securities, and references in the Conditions to "Securities" shall be construed accordingly.

**14. Notices**

Notices to the holders of Securities which are listed on a stock exchange shall be given in such manner as the rules of such exchange or the relevant authority may require. In addition, so long as any Securities are held in or on behalf of a Clearing System, notices to the holders of such Securities may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders or by delivery of the relevant notice to the holder of the relevant Global Security or Global Certificate. Notices to the holders of Securities may also be given by publication in the newspaper specified in the relevant Pricing Supplement or such other leading newspaper of general circulation as the Issuer may determine. Any such notice shall be deemed to have been given on the weekday following such delivery or, where notices are so published, on the date of such publication or, if published more than once or on different dates, on the date of the first such publication. Notices to the holders of Registered Securities may alternatively be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

Notices to be given by a Securityholder shall (in the case of a Security not held in or on behalf of a Clearing System) be in writing and given by being lodged with an Agent. Where Securities are held in or on behalf of a Clearing System, such notices may be given by the holder of a Security through the relevant Clearing System in such manner as the relevant Clearing System may approve for this purpose together with confirmation from the Clearing System of the Securityholder's holding of Securities.

Where Securities are held in or on behalf of a Clearing System but such Clearing System does not permit notices to be sent through it, such notices may be given by the relevant Securityholder in writing by being lodged with an Agent, subject to the

Securityholder providing evidence from the Clearing System satisfactory to the Issuer of the Securityholder's holding of Securities.

**15. Replacement of Certificates**

If a Certificate 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 on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificate) and otherwise as the Issuer may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

**16. Calculations and Determinations**

Where any calculations or determinations are required in the Conditions to be made by the Issuer, the Issuer may delegate the performance of such determinations and/or calculations to a Calculation Agent on its behalf. In such event, the relevant references to the "Issuer" shall be construed as references to such Calculation Agent.

All calculations and determinations of the Issuer and the Calculation Agent in the Conditions shall be made in accordance with the terms of the relevant Conditions having regard in each case to the criteria stipulated therein (if any) and (where relevant) on the basis of information provided to or obtained by employees or officers of the Issuer or the Calculation Agent (as applicable) responsible for making the relevant calculation or determination.

In making any discretionary determinations under the Conditions, each of the Issuer and the Calculation Agent may take into account such factors as it determines to be appropriate (including, but not limited to, any circumstances or events which it determines has a material effect on the hedging arrangements entered into by the Issuer (and/or its affiliates) at any time with respect to the Securities). Where provided in the Conditions, the Issuer or the Calculation Agent will calculate any amount(s) payable using the information, price sources or factors, whether official or estimated, as specified in the Conditions. However, should the Issuer or the Calculation Agent not be able to obtain the necessary information or be able to use the specified price sources or factors, then, after using reasonable efforts and after applying all applicable fallback provisions specified in the Conditions in relation to such calculation, the Issuer or the Calculation Agent shall be permitted to use its estimate (acting in good faith and in a commercially reasonable manner) of the relevant information, price source or factor in making the relevant calculations should it determine that such estimate is reasonably necessary.

Notwithstanding anything else in the Conditions (save as provided in the next sentence) and if (a) the relevant Pricing Supplement specifies that "Institutional" is not applicable, and (b) the terms of the Securities provide for the amount payable on the Maturity Date to be subject to a minimum amount, no modification or adjustment to, or calculation under, the Conditions may be made by the Issuer to reduce the amount so payable on such date to less than such minimum amount. For the avoidance of doubt, the preceding sentence shall not apply in relation to the rights of the Issuer to modify the Terms and Conditions pursuant to General Note Condition 10.

All calculations and determinations and exercises of discretion made by the Issuer or the Calculation Agent in such capacity under the Conditions whether or not already expressed to be the case therein shall be made in good faith and in a commercially reasonable manner and (where there is a corresponding applicable regulatory obligation) shall take into account whether fair treatment is achieved by any such calculation, determination and exercise of discretion in accordance with its applicable regulatory obligations.

All calculations made by the Issuer or the Calculation Agent under the Conditions shall, in the absence of manifest error, be final, conclusive and binding on Securityholders.

Neither the Issuer nor the Calculation Agent assumes any obligation or relationship of agency or trust or of a fiduciary nature for or with any Securityholder. Nothing in the Conditions shall exclude or restrict any duty or liability arising under the regulatory framework applicable to any person authorised by the Financial Conduct Authority.

**17. Third Parties**

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

**18. Miscellaneous Definitions**

References to "**AUD**" are to Australian dollars, references to "**CAD**" are to Canadian dollars, references to "**DKr**" are to Danish Krone, references to "**EUR**" and "**€**" are to euro, being the lawful single currency of the member states of the European Union that have adopted and continue to retain a common single currency through monetary union in accordance with European Union treaty law (as amended from time to time), references to "**GBP**" and "**£**" are to pounds sterling, references to "**HK\$**" and "**HKD**" are to Hong Kong dollars, references to "**JPY**" and "**¥**" are to Japanese yen, references to "**Nkr**" and "**NOK**" are to Norwegian Krone, references to "**SGD**" are to Singapore dollars, references to "**SEK**" and "**SKr**" are to Swedish Krona, references to "**CHF**" and "**Sfr**" are to Swiss Francs and references to "**USD**" and "**U.S.\$**" are to United States dollars.

"**Alternate Currency**" means the currency so specified in the relevant Pricing Supplement.

"**Banking Day**" means, in respect of any city, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in such city.

"**Business Centre**" means each of the places so specified in the relevant Pricing Supplement.

"**Business Day**" means:

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

"**Currency Business Day**" means a day which is a Banking Day in the Financial Centre(s) if any (as specified in the relevant Pricing Supplement) and on which (unless the Settlement Currency is euro) commercial banks and foreign exchange markets are generally open to settle payments in the city or cities determined by the Issuer to be the principal financial centre(s) for the Settlement Currency, and if the Settlement Currency is euro, which is also a TARGET Business Day.

"**Dealer**" means any dealer specified in the relevant Pricing Supplement.

**"Equivalent Amount"** means, in respect of the relevant Interest Amount, Redemption Amount or any other amount payable on the Extended Date (for these purposes, the **"Relevant Amount"**), an amount in the Alternate Currency determined by the Issuer by converting the Relevant Amount into the Alternate Currency using the Equivalent Amount FX Rate for the Extended Date.

**"Equivalent Amount FX Rate"** means, in respect of any relevant date, an amount equal to the spot rate of exchange of the Reference Currency for the Alternate Currency, expressed as either (a) a number of units of the Reference Currency for a unit of the Alternate Currency, or (b) a number of units of the Alternate Currency for a unit of the Reference Currency, as specified in the relevant Pricing Supplement, as reported and/or published and/or displayed on the Equivalent Amount FX Rate Page at the Equivalent Amount FX Rate Time on such date, or if the Equivalent Amount FX Rate is not reported, published or displayed on the Equivalent Amount FX Rate Page at the Equivalent Amount FX Rate Time or is otherwise unavailable on such date for any reason, the rate determined by Issuer acting in good faith and in a commercially reasonable manner, taking into account prevailing market conditions.

**"Equivalent Amount FX Rate Page"** means the page of the relevant screen provider or other price source as specified in the relevant Pricing Supplement or any successor page or price source on which the Issuer determines that the relevant Equivalent Amount FX Rate is displayed or otherwise derived.

**"Equivalent Amount FX Rate Time"** means the time specified as such in the relevant Pricing Supplement or, if no such time is specified, the time as determined in good faith and in a commercially reasonable manner by the Issuer.

**"Extraordinary Resolution"** means a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75 per cent. of the votes cast.

**"Financial Centre"** means each of the places so specified in the relevant Pricing Supplement.

**"Fractional Cash Amount"** has the meaning given to it in the Annex hereto.

**"Hedging Arrangements"** means any hedging arrangements entered into by the Issuer (and/or its affiliates) at any time with respect to the Securities, including without limitation the purchase and/or sale of any securities, commodities, currency or other asset, the entry into or termination of interest rate swap transactions, any options or futures on any securities, commodities or other asset, any depository receipts in respect of any securities, and any associated foreign exchange transactions.

**"Instalment Amount"** means the amount so specified in the relevant Pricing Supplement.

**"Interest and Currency Rate Additional Disruption Event"** means an Interest and Currency Rate Hedging Disruption and/or an Interest and Currency Rate Increased Cost of Hedging.

**"Interest and Currency Rate Hedging Disruption"** means that the Issuer and/or its affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the interest and currency rate risk of the Issuer entering into and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**"Interest and Currency Rate Increased Cost of Hedging"** means that the Issuer and/or its affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date of the relevant Securities) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it

deems necessary to hedge the interest and currency rate risk of the Issuer entering into and performing its obligations with respect to the Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or its affiliates shall not be deemed an Interest and Currency Rate Increased Cost of Hedging.

**"Issue Date"** means one of the following as specified in the relevant Pricing Supplement:

- (a) the date so specified in the relevant Pricing Supplement; or
- (b) the number of Currency Business Days following the Initial Setting Date (or, if such date falls on different dates for different Underlying Assets, the latest of such dates to occur), as specified in the relevant Pricing Supplement.

**"Issue Price"** means the amount so specified in the relevant Pricing Supplement.

**"Maturity Date"** means one of the following as specified in the relevant Pricing Supplement:

- (a) the date so specified in the relevant Pricing Supplement; or
- (b) the number of Currency Business Days following the relevant date (or, if such date falls on different dates for different Underlying Assets, the latest of such dates to occur), in each case, as specified in the relevant Pricing Supplement; or
- (c) the later of (i) the date so specified in the relevant Pricing Supplement, and (ii) the number of Currency Business Days following the relevant date (or, if such date falls on different dates for different Underlying Assets, the latest of such dates to occur), in each case, as specified in the relevant Pricing Supplement.

**"NGN Form"** has the meaning given to it in General Note Condition 1.

**"NSS"** has the meaning given to it in General Note Condition 1.

**"Option"** means, in respect of a Security, the option component of such Security which provides exposure to the underlying asset(s) (if any), the terms of which are fixed on the trade date in order to enable the Issuer to issue such Security at the relevant price and on the relevant terms. The terms of the Option will vary depending on the terms of the Security.

**"Option Value"** means, in respect of a Security and any day, the value of the Option relating to such Security on such day, as calculated by the Calculation Agent by reference to such factors as it determines to be appropriate (including, but not limited to, the value, expected future performance and/or volatility of the underlying asset(s) (if any)).

**"Optional Redemption Amount"** means, in respect of an Optional Redemption Date and each Security in respect of which the Call Option has been exercised, an amount equal to a percentage of the Nominal Amount as specified in the relevant Pricing Supplement in respect of such Optional Redemption Date.

**"Optional Redemption Date"** means one of the following, as specified in the relevant Pricing Supplement:

- (a) each date so specified in the relevant Pricing Supplement; or
- (b) each date so specified in the relevant Pricing Supplement, or, if such date is not a Currency Business Day, the next following Currency Business Day; or



- (c) the number of Currency Business Days following the Optional Redemption Exercise Date on which the Issuer has exercised its Call Option, as specified in the relevant Pricing Supplement.

**"Optional Redemption Exercise Date"** means each date so specified in the relevant Pricing Supplement.

**"Payment Disruption Event"** means the occurrence of any of the following:

- (a) any event that, in the determination of the Issuer, has the effect of prohibiting, preventing, restricting or materially delaying:
  - (i) the exchange of the Reference Currency into the Settlement Currency (whether directly or, pursuant to any Hedging Arrangements, indirectly by exchange into a third currency (the **"Intermediate Currency"**) and exchange therefrom into the Settlement Currency) through customary legal channels; or
  - (ii) the exchange of the Reference Currency or the Intermediate Currency for the Settlement Currency or the Intermediate Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Jurisdiction; or
  - (iii) the free and unconditional transferability of the Reference Currency, the Intermediate Currency or the Specified Currency from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction; or
  - (iv) the free and unconditional transferability of the Reference Currency, the Intermediate Currency or the Settlement Currency (A) between accounts inside the Reference Jurisdiction or (B) to a party that is a non-resident of the Reference Jurisdiction,

in each case, as compared to the position on the Trade Date;

- (b) the imposition by the Reference Jurisdiction (or any political or regulatory authority thereof) of any capital controls, or the publication of any notice of an intention to do so, which the Issuer determines in good faith and in a commercially reasonable manner is likely to materially affect the Securities, and notice thereof is given by the Issuer to the Securityholders in accordance with General Note Condition 14; and
- (c) the Issuer determines that the Reference Currency or Settlement Currency is no longer being used by the government of the country (or countries of the currency block) issuing such currency or by public institutions within the international banking community for the settlement of transactions, or is replaced by another currency.

**"Redemption Amount"** has the meaning given to it in the relevant Pricing Supplement.

**"Reference Currency"** means the currency(ies) so specified in the relevant Pricing Supplement, or if no currency(ies) is/are specified in the relevant Pricing Supplement, "Reference Currency" shall have the meaning given to it in the Asset Terms.

**"Reference Jurisdiction"** means, in respect of the Reference Currency, the country (or countries of the currency block) for which the Reference Currency is the lawful currency.

**"Settlement Currency"** means the currency in which a payment is to be made.

**"Share Amount"** has the meaning given to it in the Annex hereto.

**"TARGET Business Day"** means a day on which the TARGET2 System or any successor thereto is operating, where "TARGET2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

**"Trade Date"** means the date so specified in the relevant Pricing Supplement.

**"Unscheduled Termination Amount"** means, in respect of a Security:

- (a) if "Unscheduled Termination at Par" is specified to be applicable in the relevant Pricing Supplement, an amount in the Settlement Currency equal to the *sum* of:
  - (i) the Nominal Amount (or, if less, the outstanding nominal amount); *plus*
  - (ii) any interest accrued on the Security up to the date of redemption of the Security which has not been paid out; or
- (b) if "Unscheduled Termination at Par" is specified to be not applicable in the relevant Pricing Supplement, and:
  - (i) if "Institutional" is specified to be not applicable in the relevant Pricing Supplement, and provided that (A) the terms of such Security provide for the amount payable at maturity to be subject to a minimum amount (the **"Minimum Payment Amount"**), and (B) such Security is not redeemed pursuant to General Note Condition 5(c) or becomes due and payable as provided in General Note Condition 8, an amount in the Settlement Currency payable on the Maturity Date equal to the sum of:
    - (1) the Minimum Payment Amount, *plus*
    - (2) the Option Value (which may be equal to or greater than zero) as at the Unscheduled Termination Event Date (the **"Termination Option Value"**), *plus*
    - (3) any interest accrued on the Termination Option Value, from, and including, the Unscheduled Termination Event Date to, but excluding, the date on which the Securities are redeemed (calculated by reference to the prevailing interbank overnight interest rates in the relevant currency); or
  - (ii) otherwise, an amount in the Settlement Currency (which may be greater than or equal to zero) equal to the value of the Security immediately prior to its redemption, as calculated by the Calculation Agent using its internal models and methodologies and which may be based on, amongst other things, the following:
    - (A) the time remaining to maturity of the Security;
    - (B) the interest rates at which banks lend to each other;
    - (C) the interest rate at which the Issuer (or its affiliates) is charged to borrow cash;
    - (D) if the Security is linked to one or more underlying assets, the value, expected future performance and/or volatility of such underlying asset(s); and
    - (E) any other information which the Issuer deems relevant (including, without limitation, the circumstances that resulted in the events causing such redemption),

provided that:

- (1) if "Deduction for Hedge Costs" is specified to be applicable in the relevant Pricing Supplement, the Unscheduled Termination Amount shall be adjusted to account for any associated losses, expenses or costs that are, or would be, incurred by the Issuer and/or its affiliates as a result of unwinding, establishing, re-establishing and/or adjusting any hedging arrangements in relation to such Security, as determined by the Issuer in its discretion acting in good faith and in a commercially reasonable manner; and
- (2) in the case of a redemption pursuant to General Note Condition 8, the calculation of the Unscheduled Termination Amount shall not take into account the financial position of the Issuer immediately prior to the Event of Default (for the avoidance of doubt, the Issuer shall be presumed to be able to fully perform its obligations under such Security for such purposes).

**"Unscheduled Termination Event Date"** means, in respect of a Security, the date on which the Issuer determines that an event resulting in the unscheduled redemption of such Security pursuant to the relevant Asset Terms has occurred.

#### 19. **Governing Law and Jurisdiction**

The Securities, the Global Security, the Certificates, the Global Certificates and any non-contractual obligations arising out of or in relation to them are governed by, and shall be construed in accordance with, English law.

The Issuer irrevocably agrees for the benefit of the Securityholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Securities and accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in such courts.

The Issuer irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and, where the Issuer is CS, the relevant Branch and may be enforced in the courts of any other jurisdiction. Nothing in this General Note Condition 19 shall limit any right to take Proceedings against the Issuer or, where the Issuer is CS, the relevant Branch in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

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

## ANNEX TO THE GENERAL NOTE CONDITIONS

### DELIVERY OF SHARES (PHYSICAL SETTLEMENT)

#### 1. Redemption by delivery of Shares

##### (a) *Redemption by way of Physical Delivery*

Where the relevant Pricing Supplement provides that Redemption by way of Physical Delivery is applicable then, unless the Securities have been previously redeemed or purchased and cancelled in accordance with the Conditions, each Security shall be redeemed by:

- (i) physical delivery of the Share Amount on the Share Delivery Date; and
- (ii) payment of the Fractional Cash Amount on the Maturity Date.

##### (b) *Physical Settlement Trigger*

Where the Underlying Asset is a Share and the relevant Pricing Supplement specifies that "Physical Settlement Trigger" is applicable and if the Physical Settlement Trigger Event occurs, in lieu of paying the Redemption Amount, the Issuer shall discharge its payment obligation by (i) delivery of the Share Amount (or if there are two or more Underlying Assets, the Share Amount of the Worst Performing Underlying Asset) on the Share Delivery Date, and (ii) payment on the Maturity Date of any Fractional Cash Amount.

If the Physical Settlement Trigger Event occurs and "Physical Settlement Trigger" is specified to be applicable in the relevant Pricing Supplement, the Issuer shall, as soon as practicable, and on or prior to the Banking Day that is at least a number of Banking Days prior to the Presentation Date equal to the Presentation Date Notice Period, give notice to the Securityholders in accordance with General Note Condition 14 that the Physical Settlement Trigger Event has occurred and provide details of the Presentation Date.

##### (c) *Physical Settlement Option*

Where the Underlying Asset is a Share and the relevant Pricing Supplement specifies that the Physical Settlement Option is applicable and if a valid Physical Settlement Option Notice has been delivered, in lieu of paying the Redemption Amount, the Issuer shall discharge its payment obligation by (i) delivery of the Share Amount (or if there are two or more Underlying Assets, the Share Amount of the Worst Performing Underlying Asset) on the Share Delivery Date, and (ii) payment on the Maturity Date of any Fractional Cash Amount.

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

If the Physical Settlement Option is specified to be applicable in the relevant Pricing Supplement and a valid Physical Settlement Option Notice has been delivered, the Issuer shall, as soon as practicable, and on or prior to the Banking Day that is at least a number of Banking Days prior to the Presentation Date equal to the Presentation Date Notice Period, provide details of the Presentation Date.

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

(d) *Delivery Notices*

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

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

The Delivery Notice must:

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

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

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

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

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

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

Securityholders should note that, since the Presentation Date may fall before the date on which the Issuer notifies them of the method of redemption, they may not know by then whether the Securities will be redeemed by payment or by delivery of the Share Amount. However, if the Delivery Notice and the

relevant Securities are not delivered by the Presentation Date in accordance with this paragraph and the Securities are to be redeemed by delivery of the Share Amount, the Securityholder will receive the Share Amount later than if the Delivery Notice and the relevant Securities had been so delivered by the Presentation Date.

## 2. Share Amounts

### (a) *Delivery of Share Amounts*

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

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

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

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

Neither the Issuer (nor any other person) shall (i) be under any obligation to deliver (or procure delivery) to such Securityholder (or any other person), any letter, certificate, notice, circular or any other document received by the Issuer (or that person) in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares, or (iii) be under any liability to such Securityholder or any subsequent beneficial owner of such Shares in respect of any loss or damage which such Securityholder or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being registered at any time as the legal owner of such Shares.

### (b) *Settlement Disruption*

If the Issuer determines that delivery of any Share Amount in respect of any Security by the Issuer in accordance with this section 2(b) is not practicable or permitted by reason of a Settlement Disruption Event subsisting, then the Share Delivery Date in respect of such Security shall be postponed to the first following Delivery Day in respect of which no such Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Securityholder by mail addressed to it at the address specified in the relevant Delivery Notice or in accordance with General Note Condition 14 provided that the Issuer may elect in its discretion to satisfy its obligations in respect of the relevant Security by delivering or procuring the delivery of such Share Amount using such other commercially reasonable manner as it may select and in such event the Share Delivery Date shall be such day as the Issuer deems appropriate in connection with delivery of such Share Amount in such other commercially reasonable and lawful manner. No Securityholder shall be entitled to any payment whether of interest or otherwise on such Security in the event of any delay in the delivery of the Share Amount pursuant to this paragraph and no liability in respect thereof shall attach to the Issuer.

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

For so long as delivery of the Share Amount in respect of any Security is not practicable or permitted by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its discretion to satisfy its obligations in respect of each relevant Security by payment to the relevant Securityholder of the Disruption Cash Settlement Price on the third Currency Business Day following the date that notice of such election is given to the Securityholders in accordance with General Note Condition 14. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Securityholders in accordance with General Note Condition 14.

The Issuer shall give notice as soon as practicable to the Securityholders in accordance with General Note Condition 14 that a Settlement Disruption Event has occurred.

### 3. Interpretation and Definitions

- (a) Unless otherwise specified, references to sections herein are to sections in this Annex.
- (b) The following terms and expressions shall have the following meanings:

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

**"Delivery Notice"** means a notice as referred to in section 1(d).

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

**"Final Price"** means, in respect of a Share, unless otherwise provided in the relevant Pricing Supplement, the Share Price (either with regard to the

Valuation Time or without regard to the Valuation Time, as specified in the relevant Pricing Supplement) of such Share on the Valuation Date.

**"Fractional Amount"** means, unless otherwise provided in the relevant Pricing Supplement, any fractional interest in one Share forming part of the Ratio (rounded to 4 decimal places, with 0.00005 rounded upwards).

**"Fractional Cash Amount"** means, in respect of each Security and in respect of Shares of a Share Issuer, unless otherwise provided in the relevant Pricing Supplement, the amount in the Settlement Currency (rounded up to 4 decimal places) calculated by the Issuer in accordance with paragraph (i) or (ii) below, as specified in the relevant Pricing Supplement:

- (i) if the Underlying Asset (or if there are two or more Underlying Assets, the Worst Performing Underlying Asset) is denominated in the Settlement Currency, an amount calculated by the Issuer in accordance with the following formula:

Final Price x Fractional Amount; or

- (ii) if the Underlying Asset (or if there are two or more Underlying Assets, the Worst Performing Underlying Asset) is denominated in a currency other than the Settlement Currency, an amount calculated by the Issuer in accordance with either of the following formulae, as specified in the relevant Pricing Supplement:

Final Price x Fractional Amount x Spot Rate; or

Final Price x Fractional Amount ÷ Spot Rate

provided that, in each case, if there are two or more Underlying Assets, the reference to "Final Price" in each of the formulae above shall be deemed to be replaced with "Worst Final Price".

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

**"Physical Settlement Option Notice Period"** means the period so specified in the relevant Pricing Supplement.

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

**"Physical Settlement Trigger Event Barrier"** means, in respect of an Underlying Asset and the Physical Settlement Trigger Observation Date, unless otherwise provided in the relevant Pricing Supplement, an amount equal to a percentage of the Strike Price of such Underlying Asset, as specified in the relevant Pricing Supplement.



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

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

**"Presentation Date Notice Period"** means the period so specified in the relevant Pricing Supplement.

**"Ratio"** means, in respect of an Underlying Asset which is a Share, subject to the applicable Asset Terms and unless otherwise provided in the relevant Pricing Supplement, the number of Shares so specified in the relevant Pricing Supplement, or if the number of Shares is not so specified, the number of Shares calculated by the Issuer in accordance with paragraph (i) or (ii) below, as specified in the relevant Pricing Supplement:

- (i) if the Underlying Asset (or if there are two or more Underlying Assets, the Worst Performing Underlying Asset) is denominated in the Settlement Currency, an amount calculated by the Issuer in accordance with the following formula:

$$\text{Nominal Amount} \div \text{Strike Price; or}$$

- (ii) if the Underlying Asset (or if there are two or more Underlying Assets, the Worst Performing Underlying Asset) is denominated in a currency other than the Settlement Currency, an amount calculated by the Issuer in accordance with either of the following formulae, as specified in the relevant Pricing Supplement:

$$\text{Nominal Amount} \div \text{Spot Rate} \div \text{Strike Price; or}$$

$$\text{Nominal Amount} \times \text{Spot Rate} \div \text{Strike Price}$$

provided that, in each case, if there are two or more Underlying Assets, the reference to "Strike Price" in each of the formulae above shall be deemed to be replaced with "Worst Strike Price".

**"Settlement Disruption Event"** means an event determined by the Issuer to be beyond the control of the Issuer as a result of which the Issuer cannot transfer (or it would be contrary to applicable laws or regulations for the Issuer to transfer) Shares constituting the Share Amount(s) under this section 2.

**"Share Amount"** means, subject as provided in section 2 and unless otherwise provided in the relevant Pricing Supplement, in respect of each Security, the number of Shares equal to the Ratio rounded down to the nearest whole number of Shares.

**"Share Delivery Date"** means, in respect of a Share, subject as provided in section 2(b) and unless otherwise provided in the relevant Pricing Supplement, the Maturity Date or, if such day is not a Delivery Day, the first succeeding Delivery Day.

**"Spot Rate"** means, in respect of a Share, the prevailing spot rate appearing on the relevant Spot Rate Screen Page on the Valuation Date or, at the discretion of the Issuer, acting in good faith and in a commercially reasonable manner, on the Banking Day in the city of the principal Paying Agent or Fiscal

Agent following the Valuation Date, expressed as (i) the number of units of the Settlement Currency that could be bought with one unit of the currency in which the relevant Share is quoted on the relevant Exchange (or, if no direct exchange rates are published, the effective rate resulting from the application of rates into and out of one or more intermediate currencies), or (ii) the number of units of the currency in which the relevant Share is quoted on the relevant Exchange that could be bought with one unit of the Settlement Currency (or, if no direct exchange rates are published, the effective rate resulting from the application of rates into and out of one or more intermediate currencies), as determined by the Issuer, acting in good faith and in a commercially reasonable manner.

**"Spot Rate Screen Page"** means, in respect of a Spot Rate, the Bloomberg page or the Reuters screen (or both) specified as such in the relevant Pricing Supplement (or, if no such reference page exists, such other reference page as determined by the Issuer in its discretion).

**"Strike Price"** means, in respect of a Share, one of the following as specified in the relevant Pricing Supplement:

- (i) the Share Price of the relevant Share as specified in the relevant Pricing Supplement; or
- (ii) the Share Price (either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Pricing Supplement) of such Share on the Initial Setting Date.

**"Underlying Asset Return"** means, in respect of an Underlying Asset, an amount equal to the Final Price divided by the Strike Price.

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

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

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

## ADDENDUM TO THE GENERAL NOTE CONDITIONS

### CNY PAYMENT DISRUPTION PROVISIONS

**Application:** the following terms shall apply to Securities in respect of which the relevant Pricing Supplement specifies that the CNY Payment Disruption Provisions are applicable.

1. The definition of "Payment Disruption Event" shall be deemed to be deleted and replaced by the following definition:

**"Payment Disruption Event"** means the occurrence of any of the following:

- (a) any event that, in the determination of the Issuer, has the effect of prohibiting, preventing, restricting or materially delaying:
  - (i) the exchange of the Reference Currency into the Settlement Currency (whether directly or, pursuant to any Hedging Arrangements, indirectly by exchange into a third currency (the **"Intermediate Currency"**) and exchange therefrom into the Settlement Currency) through customary legal channels; or
  - (ii) the exchange of the Reference Currency or the Intermediate Currency for the Settlement Currency or the Intermediate Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Jurisdiction; or
  - (iii) the free and unconditional transferability of the Reference Currency, the Intermediate Currency or the Specified Currency from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction; or
  - (iv) the free and unconditional transferability of the Reference Currency, the Intermediate Currency or the Settlement Currency (A) between accounts inside the Reference Jurisdiction or (B) to a party that is a non-resident of the Reference Jurisdiction,

in each case, as compared to the position on the Trade Date;

- (b) the imposition by the Reference Jurisdiction (or any political or regulatory authority thereof) of any capital controls, or the publication of any notice of an intention to do so, which the Issuer determines in good faith is likely to materially affect the Securities, and notice thereof is given by the Issuer to the Securityholders in accordance with General Note Condition 14;
  - (c) the Issuer determines that the Reference Currency or Settlement Currency is no longer being used by the government of the country (or countries of the currency block) issuing such currency or by public institutions within the international banking community for the settlement of transactions, or is replaced by another currency; and/or
  - (d) a CNY FX Disruption Event.
2. For the purposes of the applicable Pricing Supplement, the following additional definitions shall apply:

**"CNY FX Disruption Event"** means the occurrence of any one or more of the following events:

- (a) **"CNY Illiquidity Event"**: The general CNY foreign exchange market in the CNY Financial Centre(s) becomes illiquid as a result of which the Issuer cannot obtain sufficient CNY in order to satisfy its payment obligations (in whole or in part) under the Securities and/or the Issuer cannot obtain a firm quote of an offer price in respect of an amount in CNY required to satisfy its payment obligations (in whole or in part) under the Securities in the general CNY exchange market in the CNY Financial Centre(s);

- (b) **"CNY Inconvertibility Event"**: An event that makes it impossible or impractical for the Issuer to convert any amounts in CNY due in respect of the Securities to or from USD in the general CNY foreign exchange market in the CNY Financial Centre(s), other than where such impossibility or impracticality is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by the CNY Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date for the Securities, and it is impossible or impractical for the issuer, due to an event beyond its control, to comply with such law, rule or regulation); and
- (c) **"CNY Non-Transferability Event"**: An event that makes it impossible or impractical for the Issuer to deliver CNY (i) between accounts inside the CNY Financial Centre(s) or (ii) from an account inside the CNY Financial Centre(s) to an account outside the CNY Financial Centre(s), other than where such impossibility or impracticality is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any CNY Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date for the Securities and it is impossible or impractical for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**"CNH"** means CNY deliverable to a bank account in the CNY Financial Centre(s) maintained in accordance with the prevailing laws and regulations.

**"CNY"** means Chinese Renminbi, being the lawful currency of the People's Republic of China.

**"CNY Financial Centre(s)"** shall be such financial centres as specified in the applicable Pricing Supplement.

**"CNY Governmental Authority"** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the People's Republic of China and the CNY Financial Centre(s).

**"Determination Date"** means, if a Payment Disruption Event is still occurring on the second Currency Business Day immediately preceding the Cut-Off Date, such second Currency Business Day immediately preceding the Cut-Off Date.

**"Equivalent Amount"** means, in respect of the relevant Interest Amount, Redemption Amount or any other amount payable on the Extended Date (for these purposes, the **"Relevant Amount"**), an amount in the Alternate Currency determined by the Issuer by converting the Relevant Amount into the Alternate Currency using the Equivalent Amount FX Rate for the Determination Date.

## TAXATION

### IRELAND

See the paragraph entitled "EU SAVINGS DIRECTIVE" below.

### EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**") each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income payments ("**Savings Income**") made by a person within its jurisdiction to or collected by such a person for an individual or to certain other persons, resident in that other Member State (interest and other payments on the Securities may for these purposes be Savings Income). For a transitional period Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted and implemented similar measures (either provision of information or transitional withholding) in relation to payments of Savings Income made by a person within its jurisdiction to an individual, or to certain other persons, resident in a Member State. In addition, Member States have entered into reciprocal arrangements with certain of those non-EU countries and dependent or associated territories of certain Member States in relation to payments of Savings Income made by a person in a Member State to an individual, or to certain other persons, resident in certain dependent or associated territories or non-EU countries.

Where an individual holder of Securities receives a payment of Savings Income from any Member State or dependent or associated territory employing the withholding arrangement, the individual holder of Securities may be able to elect not to have tax withheld. The formal requirements may vary slightly from jurisdiction to jurisdiction. They generally require the individual holder of Securities to produce certain information (such as his tax number) and consent to details of payments and other information being transmitted to the tax authorities in his home state. Provided that the other tax authority receives all of the necessary information the payment will not suffer a withholding under the EU Savings Directive or the relevant law conforming with the directive in a dependent or associated territory.

On 10 November 2015 the Council of the European Union adopted a directive to repeal the EU Savings Directive with effect from no later than 1 January 2017 in the case of Austria and 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates and to certain other transitional provisions in the case of Austria). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under EC Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by EC Council Directive 2014/107/EU).

The EU has signed protocols amending its existing reciprocal agreements with Switzerland and Liechtenstein relating to savings income and transforming them into agreements on automatic exchange of financial account information based on the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters. The revised agreements also take into account the provisions of the amending Directive 2014/107/EU. The existing EU-Switzerland reciprocal agreement will continue to be operational until 31 December 2016. From 1 January 2017 financial institutions in the EU and Switzerland will be required to commence the due diligence procedures envisaged under the new agreement and information exchange will come into force by September 2018. The existing EU-Liechtenstein reciprocal agreement will continue to be operational until 31 December 2015 (or 31 December 2016 in relation to Austria). From 1 January 2016 financial institutions in the EU and Liechtenstein (or 1 January 2017 in relation to Austria) are required to commence the due diligence procedures envisaged under the new agreement and information exchange will come into force by September 2017 (or September 2018 in relation to Austria).

## SWITZERLAND

The following statements and discussions of certain Swiss tax considerations relevant to the purchase, ownership and disposition of Securities are of a general nature only and do not address every potential tax consequence of an investment in Securities under Swiss law. This summary is based on treaties, laws, regulations, rulings and decisions currently in effect, all of which are subject to change. **It does not address the tax consequences of the Securities in any jurisdiction other than Switzerland.** Potential investors will therefore need to consult their own tax advisers to determine the special tax consequences of the receipt, ownership and sale or other disposition of a Security.

Tax treatment depends on the individual tax situation of each investor and may be subject to change.

The Securityholders shall assume and be responsible to the proper governmental or regulatory authority for any and all taxes of any jurisdiction or governmental or regulatory authority, including without limitation, any state or local taxes, transfer taxes or fees, occupation taxes or other like assessments or charges that may be applicable to any payment delivered to them by the Issuer hereunder or applicable to the transactions covered hereby. The Issuer shall have the right, but not the duty, to withhold from any amounts otherwise payable to a Securityholder such amount as is necessary for the payment of any such taxes, fees, assessments or charges.

### Swiss Withholding Tax

According to current Swiss tax law and the present practice of the Swiss Federal Tax Administration, payments in respect of the Securities and repayment of principal of the Securities by the Issuer Credit Suisse AG acting through one of its branches outside of Switzerland should not be subject to Swiss withholding tax provided that the Issuer Credit Suisse AG uses the proceeds outside of Switzerland.

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

The issue, transfer (i.e., through a sale or a purchase), exercise or redemption of Securities or any income derived therefrom will normally not be subject to Swiss VAT. However, any respective input VAT will correspondingly not be recoverable.

### Issue Stamp Tax and Securities Transfer Stamp Tax

According to current Swiss tax law and the present practice of the Swiss Federal Tax Administration, the issue of Securities is not subject to Issue Stamp Tax and Securities Transfer Stamp Tax. The Securities Transfer Stamp Tax is applicable to Securities which, due to specific features, are considered bond-like, share-like or fund-like products for purposes of Swiss tax law. In this case, a Securities Transfer Stamp Tax of up to 0.3 per cent. of the consideration could be due on secondary market transactions in Securities, if a Swiss securities dealer (*Effekthändler*), as defined in art. 13 para. 3 of the Swiss Federal Act on Stamp Duties (*Stempelabgabengesetz*), is a party to the transaction or acts as an intermediary thereto. This applies likewise for primary market transaction of fund-like instruments which are not issued out of Switzerland. Further, certain exemptions may, *inter alia*, apply with regard to institutional investors such as mutual funds, non-Swiss listed companies and their non-Swiss subsidiaries, non-Swiss life insurance companies and non-Swiss social security institutions.

If, upon the exercise or redemption of a Security, an underlying security is delivered to the holder of the Security, the transfer of the underlying security may be subject to Swiss Securities Transfer Tax of up to 0.15 per cent. in the case of an underlying security which has been issued by a Swiss resident issuer and of up to 0.3 per cent. in the case of an underlying security which has been issued by a non-Swiss issuer, provided in both cases that a Swiss securities dealer is a party to the transaction or acts as an intermediary thereto. Certain exemptions may, *inter alia*, apply with regard to institutional investors such as mutual funds, non-Swiss listed companies and their non-Swiss subsidiaries, non-Swiss life insurance companies and non-Swiss social security institutions.

### Income Taxation of Non-Swiss tax resident Investors

Under present Swiss tax law, payments of interest on the Securities and repayment of principal of the Securities to a holder who is a non-resident of Switzerland and who, during the taxation year has not

engaged in a trade or business through a permanent establishment within Switzerland and who is not subject to income taxation in Switzerland for any other reason will not be liable to Swiss federal, cantonal or communal income taxation. Such an investor that is not a tax resident in Switzerland, will also not be liable to Swiss federal, cantonal or communal income taxation on gains realised during the taxation year on the sale or redemption of a Security.

### **Income Taxation of Securities held by Swiss tax resident Individuals as part of Private Property**

Gains or losses realised upon a sale or other disposition by individuals holding a Security as part of their private property (private capital gain) are as a rule not subject to income taxation or are not deductible from taxable income respectively. This applies likewise to option premium received or paid by the holder of a Security that is treated for Swiss tax purposes as a transparent structured product consisting of part debt and part option.

Capital gains may, however, be subject to income taxation if a Security or a distinguishable part thereof qualifies as a bond where the predominant part of the annual yield on which is paid in the form of a one-time payment (*überwiegende Einmalverzinsung*). Losses arising from such bonds may be deducted from gains recognised from similar instruments during the same tax period.

Income derived from a Security, which is neither a private capital gain, as set out above nor a repayment of paid in capital (or face value in the case of share-like instruments) nor an option premium is as a rule subject to tax. This applies, *inter alia*, to any issuance discount, repayment premium, other guaranteed payments (except repayment of capital or option premium) or any combination thereof. Payments or credits received by a holder because of dividends, interest etc. of the underlying may be subject to income tax for such holder. This may apply likewise to payments or credits derived from underlying funds.

### **Income Taxation of Securities held by Swiss tax resident Individuals or Entities as part of Business Property**

Income realised and losses justified by business reasons incurred on Securities as part of the business property of individuals (including deemed securities dealers due to frequent dealing, debt financing or similar criteria; so called *Wertschriftenhändler*) or entities subject to tax in Switzerland are included in the taxable income or may be deducted from the taxable income, respectively, of such person or entity.

### **EU Savings Tax**

European Union Directive on the Taxation of Savings Income, Swiss Agreement: The European Union ("EU") adopted a directive on the taxation of savings income in the form of interest payments (European Directive 2003/48/EC of 3 June 2003) (the "**Directive**"). The Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria will instead impose a withholding system for a transitional period unless during such period they elect otherwise. A number of third countries and territories, including Switzerland, have adopted similar measures to the Directive. On 26 October 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland adopted measures equivalent to those of the Directive.

On the basis of this Agreement, Switzerland introduced a withholding tax on interest payments and other similar income paid in Switzerland by a paying agent to an individual resident in an EU Member State ("**EU Withholding Tax**"). The rate of withholding is currently 35 per cent. with the option for such an individual to authorise the paying agent to disclose details of the payments to the tax authorities of the relevant Member State in lieu of the withholding. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding in its country of residence, if any, provided that certain conditions are met.

### **Final Foreign Withholding Taxes**

The Swiss Federal Council signed treaties with the United Kingdom and Austria providing, *inter alia*, for a final withholding tax. The treaties entered into force as of 1 January 2013. According to the

treaties, a Swiss paying agent must, *inter alia*, levy a final withholding tax on certain income items, including capital gains, interest and dividends, deriving from assets held on accounts or deposits with a Swiss paying agent, including, as the case may be, Structured Notes and Shares. The final withholding tax will substitute the ordinary income tax due by an individual resident of a contracting state on such gains and income items. In lieu of the final withholding, individuals may opt for a voluntary disclosure of the relevant capital gains and income items to the tax authorities of their state of residency.

## UNITED KINGDOM

*The following statements are by way of a general guide only to holders of Securities. They are not exhaustive and do not constitute tax advice. Holders of Securities are therefore advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Securities under the laws of their country of incorporation, establishment, citizenship, residence or domicile.*

### Withholding taxes

Provided that the Issuer continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the "**Act**"), and provided that the interest on the Securities is paid in the ordinary course of its business within the meaning of section 878 of the Act, CS, acting through its London Branch will be entitled to make payments of interest under the Securities without withholding or deduction for or on account of United Kingdom income tax.

Payments of interest on the Securities may also be made without withholding or deduction for or on account of United Kingdom income tax if the Securities are listed on a "recognised stock exchange" within the meaning of section 1005 of the Act.

Interest on the Securities may also be paid without withholding or deduction for or on account of United Kingdom tax where interest on the Securities is paid to a person who belongs in the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Securities is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HM Revenue & Customs ("**HMRC**") have not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Securities may also be paid without withholding or deduction for or on account of United Kingdom tax where the maturity of the Securities is less than 365 days and which are not issued under arrangements the effect of which is to render such Securities as part of a borrowing with a total period of a year or more.

In other cases, an amount must generally be withheld from payments of interest on the Securities issued by CS, acting through its London Branch, on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Securityholder, HMRC can issue a notice to the Issuer to pay interest to the Securityholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions. The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of, another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities. The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to



securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions. The references to "interest" above mean "interest" as understood in United Kingdom tax law (which in certain cases could include a premium or a discount). The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Securities or any related documentation.

## SELLING RESTRICTIONS

### GENERAL

Except as set out in this Prospectus, no action has been or will be taken that would permit a public offering of the Securities or possession or distribution of any offering material in relation to the Securities in any jurisdiction where action for that purpose is required.

No offers, sales or deliveries of the Securities, or distribution of any offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the Dealer.

### UNITED STATES

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

The Dealer may not offer, sell or deliver the Securities (A) within the United States or (B) to, or for the account or benefit of, U.S. persons (other than distributors) (i) as part of the Dealer's distribution at any time or (ii) otherwise until 40 days after the later of the date on which the Securities were first offered to persons other than distributors and the Issue Date (the "distribution compliance period"). The Dealer will send to each other distributor to which it sells the Securities during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until the expiration of the 40-day distribution compliance period, an offer or sale of Securities (A) within the United States by a distributor (whether or not participating in the offering) or (B) for the account or benefit of U.S. persons by a person that is not participating in the offering may violate the registration requirements of the Securities Act.

### UNITED KINGDOM

Each Dealer represents, warrants and agrees that:

- (a) *Financial promotion*: 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 Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Securities in circumstances in which section 21(1) of FSMA would not, if the Issuer was not an authorised person, apply to the Issuer;
- (b) *General compliance*: it has complied and will comply with all applicable provisions of FSMA and the Financial Conduct Authority Handbook with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom; and
- (c) The Securities will not be sold to residents of the United Kingdom.

### EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), the Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that

Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Programme Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Securities to the public**" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State, and by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC, as amended from time to time, including by Directive 2010/73/EU, and includes any relevant implementing measure in the Relevant Member State.

Each Dealer has represented and agreed, and each further Dealer appointed under this Programme will be required to represent and agree that, in relation to any offering of Securities for which the Directive 2004/39/EC on Markets in Financial Instruments, as amended ("**MiFID**") applies, any commission or fee received from the Issuer complies with the applicable rules set out in MiFID.

## **HONG KONG**

No person has:

- (a) offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities, except for Securities which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "Securities and Futures Ordinance"), other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; or
- (b) 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 Securities, 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 Securities 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 and any rules made under that Ordinance.

## SINGAPORE

The Securities Note and Programme Memorandum have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Securities Note, Programme Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities may not be circulated or distributed, nor may the Securities 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 Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or to 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 Securities 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 Securities 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.

## SWITZERLAND

Where no Swiss simplified prospectus is in place, the Securities may not be distributed in or from Switzerland in the meaning of article 3 of the Collective Investment Schemes Act ("**CISA**"), except to qualified investors as defined in the CISA (article 10 CISA) and the Collective Investment Schemes Ordinance ("**CISO**") (article 6 CISO), and only in compliance with all other applicable laws and regulations.

**Registered Office of the Issuer**

**Credit Suisse AG,**  
Paradeplatz 8  
8001 Zurich  
Switzerland

The **London Branch** is located at

One Cabot Square  
London E14 4QJ  
United Kingdom

**Calculation Agent**

**Credit Suisse International**  
One Cabot Square  
London E14 4QJ  
United Kingdom

**Fiscal Agent**

**The Bank of New York Mellon, acting  
through its London Branch**  
One Canada Square  
London E14 5AL  
United Kingdom

**Paying Agent**

**The Bank of New York Mellon, acting  
through its London Branch**  
One Canada Square  
London E14 5AL  
United Kingdom

**Dealer**

**Credit Suisse International**  
One Cabot Square  
London E14 4QJ  
United Kingdom

**Legal Advisers to Credit Suisse AG,  
London Branch in respect of  
English law**

**Ashurst LLP**  
Broadwalk House  
5 Appold street  
London EC2A 2HA  
United Kingdom