

## **Program Information**

**Credit Suisse International**

## PROGRAM INFORMATION

Type of Information:	Program Information
Date of Announcement:	26 April 2018
Issuer Name:	Credit Suisse International
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Type of Securities:	Notes (the "Notes")
Scheduled Issuance Period:	27 April 2018 to 26 April 2019
Maximum Outstanding Issuance Amount:	Unlimited
Address of Website for Announcement:	<a href="https://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html">https://www.jpx.co.jp/english/equities/products/tpbm/announcement/index.html</a>
Name of the Main Dealers that are Expected to Subscribe for the Notes to be Drawn-Down from this Program:	Credit Suisse Securities (Japan) Limited Credit Suisse Securities (Europe) Limited
Status of Submission of Annual Securities Reports or Issuer Filing Information:	None

### Notes to Investors:

1. TOKYO PRO-BOND Market is a market for professional investors, etc. (*Tokutei Tōshika tou*) as defined in Article 2, Paragraph 3, Item 2(b)(2) of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") (the "**Professional Investors, Etc.**"). Notes listed on the market ("**Listed Notes**") may involve high investment risk. Investors should be aware of the listing eligibility and timely disclosure requirements that apply to issuers of Listed Notes on the TOKYO PRO-BOND Market and associated risks such as the fluctuation of market prices and shall bear responsibility for their investments. Prospective investors should make investment decisions after having carefully considered the contents of this Program Information.
2. The regulatory framework for the TOKYO PRO-BOND Market is different in fundamental aspects from the regulatory framework applicable to other exchange markets in Japan. Investors should be aware of the rules and regulations of the TOKYO PRO-BOND Market, which are available on Japan

Exchange Group, Inc. website.

3. Tokyo Stock Exchange, Inc. ("**Tokyo Stock Exchange**") does not express opinions or issue guarantees, etc. regarding the content of this Program Information (including but not limited to, whether this Program Information (a) contains a false statement or (b) lacks information on: (i) important matters that should be announced or (ii) a material fact that is necessary to avoid misleading content) and shall not be liable for any damage or loss.
4. This Program Information consisting of this cover page and the Listing Supplement dated 26 April 2018 in respect of Credit Suisse International Unlisted Securities Programme (Unlimited Program Size) (as supplemented from time to time) (excluding Program Information concerning securities enumerated in each item of Article 3 of the FIEA) includes information regarding necessary matters pursuant to Rule 206, Paragraph 2 of the Special Regulations of Securities Listing Regulations Concerning Specified Listed Securities (hereinafter referred to as the "**Special Regulations**") as information prescribed in Article 2, Paragraph 1, Item 1 of the Cabinet Office Ordinance on Provision and Publication of Information on Securities, etc. Accordingly, this Program Information shall constitute Specified Securities Information stipulated in Article 27-31, Paragraph 1 of the FIEA.
5. All prospective investors who intend to purchase the Notes listed or to be listed on the TOKYO PRO-BOND Market should be aware that when they offer to purchase the Notes, they shall be required to (i) enter into and agree the terms of a transfer restriction agreement with the Issuer and/or the person making a solicitation, or (ii) (in the case of a solicitation of an offer to acquire the Notes to be newly issued) agree to comply with the terms of a transfer restriction. The terms of such transfer restriction agreement or transfer restriction provide that prospective investors agree not to sell, transfer or otherwise dispose of the Notes to be held by them to any person other than the Professional Investors, Etc., except for the transfer of the Notes to the following:
  - (a) the Issuer or the Officer (meaning directors, company auditors, executive officers or persons equivalent thereto) thereof who holds shares or equity pertaining to voting rights exceeding 50% of all the voting rights in the Issuer which is calculated by excluding treasury shares or any non-voting rights shares (the "**Voting Rights Held by All the Shareholders, Etc.**" (*Sou Kabunushi Tou no Giketsuken*)) (as prescribed in Article 29-4, Paragraph 2 of the FIEA) of the Issuer under his/her own name or another person's name (the "**Specified Officer**" (*Tokutei Yakuin*)), or a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc., are held by the Specified Officer (the "**Controlled Juridical Person, Etc.**" (*Hi-Shihai Houjin Tou*)) including a juridical person (excluding the Issuer) whose shares or equity pertaining to voting rights exceeding 50% in total of the Voting Rights Held by All the Shareholders, Etc. are held by the Specified Officer and/or the Controlled Juridical Person, Etc. under its own name or another person's name (as prescribed in Article 11-2, Paragraph 1, Item 2 (c) of the Cabinet Office Ordinance on Definitions under Article 2 of the Financial Instruments and Exchange Act (MOF Ordinance No. 14 of 1993, as amended)); or
  - (b) a company that holds shares or equity pertaining to voting rights exceeding 50% of the Voting Rights Held by All the Shareholders, Etc. of the Issuer in its own name or another person's name.
6. When (i) a solicitation of an offer to acquire the Notes listed on the TOKYO PRO-BOND Market or (ii) an offer to sell or a solicitation of an offer to purchase the Notes listed on the TOKYO PRO-BOND Market (collectively, "**Solicitation of the Note Trade**") is made, the following matters shall be notified from the person who makes such Solicitation of the Note Trade to the person to whom such Solicitation of the Note Trade is made:
  - (a) no securities registration statement (pursuant to Article 4, Paragraphs 1 through 3 of the FIEA) has been filed with respect to the Solicitation of the Note Trade;
  - (b) the Notes fall, or will fall, under the Securities for Professional Investors (*Tokutei Toushika Muke Yukashoken*) (as defined in Article 4, Paragraph 3 of the FIEA);
  - (c) any acquisition or purchase of the Notes by such person pursuant to any Solicitation of the Note Trade is conditional upon such person (i) entering into an agreement providing for the restriction on transfer of the Notes as set forth in note 5 above, (x) with each of the Issuer and

the person making such Solicitation of the Note Trade (in the case of a solicitation of an offer to acquire the Notes to be newly issued), or (y) with the person making such Solicitation of the Note Trade (in the case of an offer to sell or a solicitation of an offer to purchase the Notes already issued), or (ii) agreeing to comply with the restriction on transfer of the Notes as set forth in note 5 above (in the case of a solicitation of an offer to acquire the Notes to be newly issued);

- (d) Article 4, Paragraphs 3, 5 and 6 of the FIEA will be applicable to such certain solicitation, offers and other activities with respect to the Notes as provided in Article 4, Paragraph 2 of the FIEA;
  - (e) the Specified Securities Information, Etc. (*Tokutei Shouken Tou Jouhou*) (as defined in Article 27-33 of the FIEA) with respect to the Notes and the Issuer Information, Etc. (*Hakkosha Tou Jouhou*) (as defined in Article 27-34 of the FIEA) with respect to the Issuer have been or will be made available for the Professional Investors, Etc. by way of such information being posted on the website maintained by the TOKYO PRO-BOND Market (<https://www.jpx.co.jp/english/equities/products/tpbm/index.html> or any successor website), in accordance with Rules 210 and 217 of the Special Regulations; and
  - (f) the Issuer Information, Etc. will be provided to the holders of the Notes or made public pursuant to Article 27-32 of the FIEA.
7. In respect of this Program, a rating was assigned on 12 March 2018 from Rating and Investment Information, Inc., which is a credit rating firm registered under Article 66-27 of the FIEA.
8. Although this Program contemplates issuance of various types and products of the securities as set out in Annex (Program Memorandum) to the Listing Supplement, the securities which are classified as Certificates and Warrants (each as specified in Annex (Program Memorandum) to the Listing Supplement) and Notes which are not eligible to be listed on the TOKYO PRO-BOND Market under the rules and regulations of Tokyo Stock Exchange or due to technical difficulties shall not be listed on the TOKYO PRO-BOND Market.



## Credit Suisse International

### Unlisted Securities Programme (Unlimited Program Size)

#### This Listing Supplement

Under the Programme described in this Listing Supplement (the "**Listing Supplement**"), Credit Suisse International ("**CSI**" or the "**Issuer**"), may issue notes (the "**Notes**" and each a "**Note**"), certificates or warrants on the terms set out herein and in the relevant Pricing Supplement. This Listing Supplement contains information relating to the Issuer and the Notes. It should be read together with (i) any supplements to it from time to time, (ii) any other documents incorporated by reference into it (see "Documents Incorporated by Reference" below) and (iii) in relation to any particular Notes, the Pricing Supplement relating to those Notes.

This Listing Supplement does not apply to: (a) Credit Suisse AG, acting through its London Branch ("**CS**"), notwithstanding that CS is an "Issuer" under the Programme; or (b) securities capable of being issued under the Programme other than Notes.

#### The Programme

This Listing Supplement is one of a number of offering documents under the unlisted securities programme established on 17 June 2011 for the issuance of Notes, certificates or warrants (the "**Programme**") of CSI and CS. A programme memorandum in respect of the Programme is included as an Annex to this Listing Supplement (the "**Programme Memorandum**").

#### Listing

Application has been made for the Programme to be listed on the TOKYO PRO-BOND Market.

#### Pricing Supplement

A separate "Pricing Supplement" document will be prepared for each issuance of Notes and will set out the specific details of the Notes. For example, the relevant Pricing Supplement will specify the issue date, the maturity date, the underlying asset(s) to which the Notes are linked (if any) and/or the applicable "Product Supplement" (if any). The relevant Pricing Supplement may replace or modify the general terms and conditions of the Notes and/or the relevant Product Supplement (if any) to the extent so specified or to the extent inconsistent with the same.

In relation to any particular Series of Notes, this Listing Supplement (including the Annex thereto, any amendments and supplements thereto from time to time, and any other documents incorporated by reference) and the relevant Pricing Supplement will constitute the whole or part of the offering documents for such particular Series of Notes. Each Series of the Notes will be issued pursuant to the Programme on the terms set out herein and in the relevant Pricing Supplement, the offering or solicitation of which will be made based on, *inter alia*, the information contained in this Listing Supplement and the relevant Pricing Supplement. Therefore, you should read this Listing Supplement (including the Annex thereto and the documents which are incorporated by reference) together with the relevant Pricing Supplement.

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

Under the terms and conditions of the Notes, following the occurrence of certain events outside of its control, the Issuer 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 Notes or the Issuer or both. It is possible that any such discretionary determinations by the Issuer could have a material adverse impact on the value of the Notes. An overview of the potential for discretionary determinations by the Issuer under the Notes is set forth in the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" on pages 49 to 52 of this Listing Supplement.

#### Risk Factors

**Investing in the Notes involves certain risks, including that you may lose some or all of your investment in certain circumstances.**

Before purchasing Notes, you should consider, in particular, the information in the section headed "Risk Factors" at pages 10 to 47 in this Listing Supplement. You should ensure that you understand the nature of the Notes and the extent of your exposure to risks and consider carefully, in the light of your own

financial circumstances, financial condition and investment objectives, all the information set forth in this Listing Supplement and any documents incorporated by reference herein.

Listing Supplement dated 26 April 2018

### **No Investment Advice**

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Listing Supplement. 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. The purchase of Notes involves substantial risks and an investment in Notes is only suitable for investors who (either alone or in conjunction with an appropriate financial adviser) fully evaluate the risks and merits of such an investment in the Notes and who have sufficient resources to be able to bear any losses that may result therefrom. Therefore, before making an investment decision, prospective investors of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth in this Listing Supplement and any documents incorporated by reference herein. This Listing Supplement cannot disclose whether the Notes are a suitable investment in relation to any investor's particular circumstances; therefore investors should consult their own financial, tax, legal or other advisers if they consider it appropriate to do so and carefully review and consider such an investment decision in the light of the information set forth in this Listing Supplement.

### **No consent to use this Listing Supplement**

The Issuer does not consent to the use of this Listing Supplement (or any supplement thereto or any Pricing Supplement) by any financial intermediary or any other person for the purpose of making a public offering of the Notes anywhere, and the Issuer accepts no responsibility for the content of this Listing Supplement to any person with respect to the making of a public offering of the Notes by any financial intermediary or other person or for the actions of such financial intermediary or other person making such offer.

### **No other person is authorised to give information on the Notes**

In connection with the issue and sale of the Notes, no person is authorised by the Issuer to give any information or to make any representation not contained in the Listing Supplement and/or the relevant Pricing Supplement, and the Issuer does not accept responsibility for any information or representation so given that is not contained within the Listing Supplement and the relevant Pricing Supplement. Neither the Listing Supplement nor any relevant Pricing Supplement may be used for the purposes of an offer or solicitation by anyone, in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of the Listing Supplement or any relevant Pricing Supplement in any jurisdiction where any such action is required except as specified herein.

### **The distribution of this Listing Supplement is restricted**

The distribution of this Listing Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document 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 Notes and the distribution of this document and other offering materials relating to the Notes, please refer to the section headed "Selling Restrictions".

### **Information only current as at today's date**

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 in relation to the Notes.

### **Supplements**

The Issuer may from time to time publish supplement(s) to this Listing Supplement.

### **United States restrictions**

The Notes 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. A further description of the restrictions on offers and sales of the Notes in the United States or to U.S. persons is set out below under "Selling Restrictions".

### **Prohibition of sales to EEA Retail Investors**

The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRiIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRiIPs Regulation.

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## OVERVIEW OF THE PROGRAMME

*This overview must be read as an introduction to this Listing Supplement and any decision to invest in the Notes should be based on a consideration of the Listing Supplement as a whole, including the documents incorporated by reference.*

### Description of CREDIT SUISSE INTERNATIONAL ("CSI")

CSI is an unlimited company incorporated in England and Wales. CSI is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA and operates under English law. Its registered office and principal place of business is at One Cabot Square, London E14 4QJ.

### Notes

Notes entitle the holder to payment on the Maturity Date of the Final Redemption Amount (or, if applicable, delivery on a share delivery date of an amount of shares determined pursuant to the terms and conditions of the Notes and payment on the Maturity Date of an amount in cash equal to such holder's fractional interest in one share of the share issuer). The Final Redemption Amount payable on the Maturity Date (or, if applicable, the shares deliverable on the relevant date) may either be the outstanding principal amount (or a specified percentage thereof) or may be linked to one or more Underlying Assets (as described below). The specified denomination and the Maturity Date will be specified in the relevant Pricing Supplement.

Unless redeemed by instalments (if so specified in the relevant Pricing Supplement) the Notes will be redeemed on the Maturity Date specified in the relevant Pricing Supplement. If so specified in the relevant Pricing Supplement, there may also be interim payments and/or mandatory early redemption and/or redemption at the option of the Issuer and/or the holders. Otherwise, Notes may only be redeemed before the Maturity Date for reasons of default by the Issuer or the illegality of the Issuer's payment obligations or hedging arrangements or following certain events affecting the Underlying Assets.

The Notes may bear interest and/or premium at a fixed rate or at different fixed rates for different periods or may bear interest at one or more fixed rates followed by a period in which they bear a floating rate of interest or may bear a floating rate of interest throughout the term of the Notes. Alternatively, they may bear no interest and/or premium. In the case of floating rate interest, the rate will be reset periodically by reference to a reference rate specified in the relevant Pricing Supplement and may be at such rates or at a margin above or below such rates and may be subject to one or more maximum and/or minimum rates of interest and/or premium, all as specified in the relevant Pricing Supplement. The Notes may also bear interest that is linked to one or more Underlying Assets.

### Terms and Conditions

The terms and conditions of each issuance of Notes will comprise:

- (a) the "General Terms and Conditions of Notes" set out in the Annex (*Programme Memorandum*) of this Listing Supplement; and
- (b) the issue specific details relating to such Notes, including any terms and conditions relating to any Underlying Assets to which the Notes are linked, as set forth in the relevant Pricing Supplement.

### Status of Notes

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

### Underlying Assets

The amount payable in respect of Notes may be linked to the performance of one or more shares (which may include depositary receipts), equity indices, exchange-traded funds, and/or other variables ("Underlying Assets").

### Adjustments

The terms and conditions of the Notes contain provisions dealing with non-business days, non-scheduled trading days, disruption events, adjustment events, extraordinary events and other events

affecting the Issuer's hedging arrangements or the Underlying Asset(s) which may affect the timing and calculation of payments and may result in the Notes being redeemed prior to their scheduled maturity and/or adjustments being made to the Notes.

### **Governing Law**

The Notes will be governed by English law.

### **Selling Restrictions**

Certain restrictions apply to offers, sales or transfers of the Notes in various jurisdictions. No offers, sales or deliveries of the Notes, or distribution of any offering material relating to the Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations.

### **Listing**

Notes issued under the Programme may be listed on TOKYO PRO-BOND Market but not on any other market or competent authority, in compliance with applicable laws, rules and regulations.

### **Offer to the Public**

Notes issued under the Programme may not be offered to the public.

### **Clearing Arrangements**

The Notes may be cleared through Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* in accordance with the rules and procedures of such clearing system.

### **Key risks relating to the Issuer**

Notes are general unsecured obligations of the Issuer. Noteholders are exposed to the risk that an Issuer could become insolvent and fail to make the payments owing by it under the Notes.

The Issuer is exposed to a variety of risks that could adversely affect its operations and/or financial condition, including liquidity risk, market risk, credit risk, risks from estimates and valuations, risks relating to off-balance sheet entities, cross-border and currency exchange risk, operational risk, risk management, legal and regulatory risks, competition risks, risks relating to strategy, country risk, conduct risk, reputational risk and the risks of regulatory action in the event that it is failing or the UK resolution authority considers that it is likely to fail.

The general risk management policy of the Issuer is consistent with equivalent functions of other Credit Suisse Group AG (the "**Group**") entities. The Issuer believes that it has effective procedures for assessing and managing risks associated with its business activities. However, the Issuer cannot completely predict all market and other developments and the Issuer's risk management cannot fully protect against all types of risk.

### **Key risks relating to the Notes**

**Investors may lose some or all of their investment if one or more of the following occurs: (a) the Notes do not provide for scheduled repayment in full of the issue or purchase price at maturity or upon mandatory early redemption or optional early redemption of the Notes, (b) the Issuer fails and is unable to make payments owing under the Notes, (c) any adjustments are made to the terms and conditions of the Notes following certain events affecting the Issuer's hedging arrangements or the underlying asset(s), that result in the amount payable or shares delivered being reduced, or (d) investors sell their Notes prior to maturity in the secondary market at an amount that is less than the initial purchase price.**

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Listing Supplement. 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. The purchase of Notes involves substantial risks and an investment in Notes is only suitable for investors who (either alone or in conjunction with an appropriate financial adviser) fully evaluate the risks and merits of such an investment in the Notes and who have sufficient resources to be able to bear any losses that may result therefrom. Therefore, before making an investment decision, prospective investors of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth in this Listing Supplement and any documents incorporated by reference herein. This Listing Supplement cannot disclose whether the Notes are a suitable investment in relation

to any investor's particular circumstances; therefore investors may wish to 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 information set forth in this Listing Supplement.

A secondary market for the Notes may not develop and, if one does develop, it may not provide the holders of the Notes with liquidity and may not continue for the life of the Notes. The Issuer may, but is not obliged to, purchase the Notes at any time at any price, and may hold, resell or cancel them. Where the relevant distributor(s) may only confirm the amount or number of Notes sold to investors after the Notes have been issued, the Issuer may cancel some of the Notes if the amount or number of Notes subscribed for or purchased is less than the aggregate nominal amount or number of Notes (as applicable) issued on the Issue Date. The market for the Notes may be limited. The only way in which a holder can realise value from a Security prior to its maturity is to sell it at its then market price in the market. The price in the market for a Security may be less than its issue price even though the value of any Underlying Asset may not have changed since the issue date. Further, the price at which a holder sells its Notes in the market may reflect a commission or a dealer discount, which would further reduce the proceeds it would receive for its Notes. Accordingly, Notes are only suitable for investors who are prepared to hold Notes for an indefinite period of time or until redemption or expiry of the Notes.

Where amounts payable under Notes are linked to one or more Underlying Assets, an investment in the Notes is not the same as an investment in the Underlying Asset(s) or an investment directly linked to the Underlying Asset(s), and an investor may be worse off as a result. For example:

- the Underlying Asset(s) will not be held by the Issuer for the benefit of investors, and investors will have no rights of ownership, including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights with respect to any Underlying Asset;
- if the Notes are subject to a cap, an investor will not participate in any change in the value of the Underlying Asset(s) over and beyond the price, level, rate or other applicable value needed to reach the cap; and
- if the upside participation rate of the Notes is less than 100 per cent. and at maturity the final level, price, rate or other applicable value of the Underlying Asset(s) exceeds the initial level, price, rate or other applicable value, an investor's return may be significantly less than if the holder had purchased the Underlying Asset(s) directly (or otherwise obtained a direct exposure).

The past performance of an Underlying Asset is not an indicator of its future performance. The level, price, rate or other applicable value of an Underlying Asset may go down as well as up throughout the term of the Notes, and such movement may have a negative impact on the value of the Notes.

Before purchasing Notes, investors should ensure that they understand the unique nature, characteristics and risks of the Underlying Asset(s), and how the value of the Notes could be affected by the performance of the Underlying Asset(s).

If an Underlying Asset is located in or exposed to one or more emerging market countries, there may be additional event, political, economic, credit, currency, market, regulatory/legal, settlement and clearing risks.

Investors may be exposed to currency risks because (a) the Underlying Asset(s) may be denominated or priced in currencies other than the currency in which the Notes are denominated, or (b) the Notes and/or the Underlying Asset(s) may be denominated in currencies other than the currency of the country in which the investor is resident. The value of the Notes may therefore increase or decrease as a result of fluctuations in those currencies.

In certain circumstances, the Issuer may make adjustments to the terms of the Notes (including substituting an Underlying Asset) or redeem or cancel them at an Early Redemption Amount as determined by it without the consent of the Noteholders. Such Early Redemption Amount may be less than the issue price of the Notes and may be as low as zero. In making any such adjustments or determinations, the Issuer in such capacity will (whether or not 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 its applicable regulatory obligations. Please refer to the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" for more information.

The Issuer is subject to a number of conflicts of interest, including:

- in making certain calculations and determinations, there may be a difference of interest between the Noteholders and the Issuer;

- 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 Notes or Underlying Asset(s) which may have a negative impact on the liquidity or value of the Notes;
- the Issuer (or an affiliate, or any employees thereof) may have confidential information in relation to an Underlying Asset or any derivative transaction referencing it, but which the Issuer is under no obligation (and may be subject to legal prohibition) to disclose; and
- in relation to proprietary indices sponsored by the Issuer or an affiliate.

Unless otherwise specified in the relevant Pricing Supplement, the net proceeds from each issue of Notes will be used to hedge the obligations of the Issuer under the Notes and for general corporate purposes.

Save for any fees payable to the Dealer(s) and/or distributor(s), so far as the Issuer is aware, no person involved in the issue or offer of the Notes has an interest material to such issue or offer.

The applicable terms and conditions of the Notes and any expenses charged to the investor will be specified in the relevant Pricing Supplement.

## RISK FACTORS

**Warning: The terms and conditions of certain Notes issued under this Listing Supplement may not provide for scheduled repayment in full of the issue or purchase price at maturity. In such case, you may lose some or all of your investment.**

**Even if the relevant Notes do provide for scheduled repayment in full of the issue or purchase price at maturity or upon mandatory early redemption or optional early redemption of the Notes, you will still be exposed to the credit risk of the Issuer and will lose up to the entire value of your investment if the Issuer either fails or is otherwise unable to meet its payment obligations. The Notes are not deposits and are not protected under any deposit insurance or protection scheme.**

**You may also lose some or all of your investment if:**

- **you sell your Notes prior to maturity in the secondary market at an amount that is less than your initial purchase price;**
- **your Notes are redeemed early under their terms and conditions at the discretion of the Issuer and the Early Redemption Amount paid to you is less than the initial purchase price; or**
- **your Notes are subject to certain adjustments in accordance with the terms and conditions of the Notes that may result in any amount payable (or deliverable) on the Notes (whether at maturity or otherwise) being reduced to, or being valued at, an amount that is less than your investment.**

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(b) Risks relating to CSi	
(c) Risks relating to regulatory action in the event that CSi is failing or the UK resolution authority considers that it is likely to fail	
(d) The UK's decision to leave the EU	
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(a) Potential loss of some or all of the investment	
(b) Limited liquidity	
(c) No obligation to maintain listing	
(d) The Issue Price may be more than the market value of the Notes	
(e) The market value of the Notes will be affected by many factors and cannot be predicted	
(f) The market value of the Notes may be highly volatile	
(g) Over-issuance of Notes by the Issuer	
(h) In certain circumstances, the Issuer may redeem the Notes (other than due to a mandatory automatic early redemption event or exercise of a Call Option) prior to their scheduled maturity. The Early Redemption Amount payable on such early redemption may be less than the issue price or the purchase price and investors may therefore lose some or all of their investment and may not be able to reinvest the proceeds in another investment offering a comparable return	
(i) In certain circumstances, the Issuer may adjust the terms of the Notes, and such adjustment may have a negative effect on the value of the Notes.	
(j) Tax	
(k) Proposed Financial Transaction Tax	
(l) Issue of further Notes	
(m) Risk of cancellation of issue of Notes	

(n)	Risks relating to the Euro and the Euro zone	
(o)	There are particular risks in relation to Notes denominated in or referencing CNY	
<b>4.</b>	<b>Risks associated with certain types of Notes and certain product features</b> (a) Optional redemption by the Issuer (b) A "participation" factor of over 100 per cent. means that you may participate disproportionately in the performance of the Underlying Asset(s) (c) A "participation" factor of less than 100 per cent. means that you will not participate in the full positive performance of the Underlying Asset(s) (d) The effect of averaging (e) 'Worst-of' (f) Cap (g) Interest rate risks (h) Emerging markets risks (i) Jurisdictional Event (j) Occurrence of Additional Disruption Events	<b>37</b>
<b>5.</b>	<b>Risks associated with Notes that are linked to Underlying Asset(s)</b> (a) Past performance of an Underlying Asset is not a reliable indicator of future performance (b) No rights of ownership in an Underlying Asset (c) Exposure to currency risks (d) Substitute Dividend and Dividend Equivalent Payments (e) Correction of published prices or levels (f) Risks associated with Notes linked to a basket of Underlying Assets (g) Risks associated with physical delivery of Underlying Asset(s) (h) Regulation and reform of "benchmarks", including LIBOR, EURIBOR and other interest rate, equity, commodity, foreign exchange rate and other types of benchmarks (i) It may not be possible to use the Notes as a perfect hedge against the market risk associated with investing in the Underlying Asset(s) (j) There may be regulatory consequences to Noteholders holding Notes linked to an Underlying Asset	<b>41</b>
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## 1. General considerations

The purchase of Notes involves substantial risks and an investment in the Notes 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 Notes 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 Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks involved.

The Issuer believes that the factors described below may affect its abilities to fulfil its obligations under the Notes. 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 Notes. 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 Notes and represent the material risks inherent in investing in the Notes, but these are not the only risks that the Issuer faces or that may arise under the Notes. 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 Notes are exhaustive of all such risks.

More than one investment risk may have simultaneous effect with regard to the value of the Notes 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 Notes.

## 2. Risks associated with the creditworthiness of the Issuer

### (a) General risks

The Notes are general unsecured obligations of the Issuer. Noteholders are exposed to the credit risk of the Issuer. The Notes 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 either fails or is otherwise unable to meet its payment obligations, you may lose up to the entire value of your investment. The Notes 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, liquidity risk, market risk, credit risk, risks relating to its strategy, risks from estimates and valuations, risks relating to off-balance sheet entities, country and currency exchange risk, operational risk, legal and regulatory risks and competition risk. These risks are discussed in further detail below.

These risk factors should be read together with the risk factors listed under risk factor 2(b) (*Risks relating to CSi*) below. Such risk factors are risk factors that are material to the Notes in order to assess the market risk associated with them or which may affect the Issuer's ability to fulfil its obligations under them.

### (b) Risks relating to CSi

#### (i) Market Risk

##### **Overview**

Market risk is the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatilities and correlations. CSi defines its market risk as potential changes in the fair values of financial instruments in response to market movements. A typical transaction will be exposed to a number of different market risks.

CSi has policies and processes in place to ensure that market risk is captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the overall risk positions at CSi level down to specific portfolios. CSi uses market risk measurement and management methods in line with regulatory and industry standards. These include general tools capable of calculating comparable risk metrics across CSi's many activities and focused tools that can specifically model the unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The principal portfolio measurement methodologies are Value-at-Risk ("**VaR**") and scenario analysis. The risk management techniques and policies are regularly reviewed to ensure they remain appropriate.

### **Value-at-Risk**

VaR measures the potential loss in terms of fair value of financial instruments due to adverse market movements over a defined time horizon at a specified confidence level. VaR is applicable for market risk exposures with appropriate price histories. Positions can be aggregated in several ways, across risk factors, products and businesses. For example, interest rate risk includes risk arising from money market and swap transactions, bonds, and interest rate, foreign exchange, equity and commodity options. The use of VaR allows the comparison of risk across different asset classes, businesses and Divisions, and also provides a means of aggregating and netting a variety of positions within a portfolio to reflect actual correlations and offsets between different assets.

Historical financial market rates, prices and other relevant parameters serve as a basis for the statistical VaR model underlying the potential loss estimation. CSi uses a ten-day holding period and a confidence level of 99 per cent. to model the risk in its trading portfolios. These assumptions are compliant with the standards published by the Basel Committee on Banking Supervision ("**BCBS**").

CSi uses a historical simulation model for the majority of the risk types and businesses within its trading portfolios. Where insufficient data is available for such an approach, an 'extreme-move' methodology is used.

The model is based on the profit or loss distribution resulting from historical changes in market rates, prices and other relevant parameters applied to evaluate the portfolio. This methodology also avoids any explicit assumptions on the correlation between risk factors. CSi uses a three-year historical dataset to compute VaR. To ensure that VaR responds appropriately in times of market stress, CSi uses a scaling technique that automatically increases VaR where the short-term market volatility is higher than the long-term volatility in the three year dataset. This results in a more responsive VaR model, as the impact of changes in the overall market volatility is reflected promptly in the VaR model output.

CSi has approval from the Prudential Regulation Authority ("**PRA**") to use its regulatory VaR model in the calculation of the trading book market risk capital requirements.

The VaR model uses assumptions and estimates that CSi believes are reasonable, but changes to assumptions or estimates could result in a different VaR measure. The main assumptions and limitations of VaR as a risk measure are:

- VaR relies on historical data to estimate future changes in market conditions, which may not capture all potential future outcomes, particularly where there are significant changes in market conditions and correlations across asset classes.
- VaR provides an estimate of losses at a 99 per cent. confidence level, which means that it does not provide any information on the size of losses that could occur beyond that threshold.
- VaR is based on a ten-day holding period. This assumes that risks can be either sold or hedged over that period, which may not be possible for all types of exposure, particularly during periods of market illiquidity or turbulence.
- VaR is calculated using positions held at the end of each business day and does not include intra-day changes in exposures.

### **Scenario analysis**

Stress testing complements other risk measures by capturing CSI's exposure to unlikely but plausible events, which can be expressed through a range of significant moves across multiple financial markets. The majority of scenario analysis calculations performed are specifically tailored toward the risk profile of particular businesses, and limits may be established if they are considered the most appropriate control. In addition, to identify areas of risk concentration and potential vulnerability to stress events at CSI level, a set of scenarios are used which are consistently applied across all businesses and assess the impact of significant, simultaneous movements across a broad range of markets and asset classes.

Stress testing is a fundamental element of CSI's risk control framework, stress testing results are used in risk appetite discussions and strategic business planning, and support CSI's internal capital adequacy assessment. Stress testing is conducted on a regular basis and the results, trend information and supporting analysis are reported to the Board, senior management and shared and discussed with the business lines.

Scenarios can be defined with reference to historic events or based on forward looking, hypothetical events that could impact CSI's positions, capital, or profitability. The scenarios used within CSI are reviewed at the individual risk committee level as well as by a dedicated scenario design forum. It is expected that the scenarios used within CSI are redefined as required by changes in market conditions and as business strategies evolve.

### **Trading portfolios**

#### *Risk measurement and management*

Market risk arises in CSI's trading portfolios primarily through the trading activities within CSI.

For the purposes of this disclosure, VaR is used to quantify market risk in the trading portfolio. This classification of assets as trading is based on the trading intent and for the purpose of analysing CSI's market risk exposure, not for financial statement purposes.

CSI is active in the principal global trading markets, using the majority of common trading and hedging products, including derivatives such as swaps, futures, options and structured products (some of which are customised transactions using combinations of derivatives and executed to meet specific client or proprietary needs). As a result of CSI's broad participation in products and markets, trading strategies are correspondingly diverse and exposures are generally spread across a range of risk factors and locations.

#### *Development of trading portfolio risks*

The table below shows the trading related market risk exposure for CSI, as measured by ten-day 99 per cent. VaR. The VaR in the table has been calculated using a three-year historical dataset. VaR estimates are computed separately for each risk type and for the whole portfolio using the historical simulation methodology. The diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total portfolio.

### **Ten-day, 99 per cent. VaR – trading portfolios**

<i>End of period</i>	<i>Interest rate and credit spread</i>	<i>Foreign exchange</i>	<i>Commodity</i>	<i>Equity</i>	<i>Diversification benefit<sup>1</sup></i>	<i>Total</i>
<b>2016 (USD million)</b>						
Average	32	17	6	27	(34)	49
Minimum	16	4	2	17	- <sup>2</sup>	27
Maximum	46	30	15	42	- <sup>2</sup>	85
End of period	37	16	2	27	(40)	43
<b>2015 (USD million)</b>						
Average	40	17	5	20	(31)	51
Minimum	30	5	1	11	- <sup>2</sup>	32
Maximum	54	75	11	53	- <sup>2</sup>	102
End of period	33	10	2	27	(22)	50

<sup>1</sup>Diversification benefit reflects the net difference between the sum of the 99th percentile loss.

<sup>2</sup>As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

#### *VaR results*

The CSi group's ten-day, 99 per cent. regulatory VaR as of 31 December 2016 decreased by 14 per cent. to USD 43 million, compared to 31 December 2015 (USD 50 million).

#### **Banking portfolios**

##### *Risk measurement and management*

The market risks associated with the non-trading portfolios are measured, monitored and limited using several tools, including scenario analysis, sensitivity analysis and VaR. For the purpose of this disclosure, the aggregated market risks associated with CSi's non-trading portfolios are measured using sensitivity analysis. The sensitivity analysis for the non-trading activities measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure of the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings. Foreign exchange translation risk is not included in this analysis.

##### *Development of non-trading portfolio risks*

Interest rate risk on banking book positions is shown using sensitivity analysis that estimates the potential change in value resulting from defined changes in interest rate yield curves. The impact of a one-basis-point parallel move in yield curves on the fair value of interest rate-sensitive non-trading book positions would be USD 0.2 million as of 31 December 2016 compared to USD 2.1 million as of 31 December 2015. Non-trading interest rate risk is assessed using other measures including the potential value change resulting from a significant change in yield curves. As of 31 December 2016, the fair value impacts of 200-basis-point move in yield curves (no flooring at zero) were:

- A fair value loss of USD 2 million (2015: gain of USD 373 million) for a +200bps move.
- A fair value loss of USD 72 million (2015: loss of USD 443 million) for a -200bps move.

#### (ii) **Liquidity Risk**

Liquidity risk is the risk that a bank is unable to fund assets and meet obligations as they fall due under both normal and stressed market conditions.

##### **CS group -wide management of liquidity risk**

Liquidity, as with funding, capital and foreign exchange exposures, is centrally managed by Treasury. Oversight of these activities is provided by the Capital Allocation and Risk Management Committee ("**CARMC**"), a committee that includes the Chief Executive Officers ("**CEOs**") of the CS group and the divisions, the Chief Financial Officer ("**CFO**"), the Chief Risk Officer ("**CRO**") and Treasurer.

The liquidity and funding strategy is approved by CARMC with ultimate responsibility residing with the Credit Suisse Group AG Board of Directors. The implementation and execution of the funding and liquidity strategy is managed by Treasury for adherence to the funding policy and the efficient coordination of the secured funding desks. The liquidity and funding profile is regularly reported to CARMC and the Board of Directors, who define CSi's risk tolerance and set parameters for the balance sheet usage of businesses.

The funding sourced by the CS group is part of an Asset-Liability Management ("**ALM**") strategy aimed at maintaining a funding structure with long term stable funding sources being in excess of illiquid assets. The CS group primarily funds the balance sheet through core customer deposits, long-term debt and shareholders' equity.

The funding profile is designed to enable the CS group to continue to pursue activities for an extended period of time without changing business plans during times of stress. To address short term liquidity needs in any stress, a liquidity buffer consisting of a portfolio of highly liquid securities and cash is maintained which can be utilised in the event of a crisis.

The principal measure used to monitor the structural liquidity position of the firm and as the basis for funds transfer pricing policy is the Net Stable Funding Ratio ("**NSFR**"). This is

complemented by the CS group's internal liquidity barometer, which measures survival days under stressed conditions and considers the adjusted market value of unencumbered assets (including cash) against the aggregate value of expected contractual, contingent and client behavioural liquidity outflows. This framework is supplemented by the modeling of additional stress events and additional liquidity risk measurement tools.

In the event of a liquidity crisis, the CS group would activate its Contingency Funding Plan ("**CFP**"), which focuses on the specific actions that would be taken as a response, including a detailed communication plan for creditors, investors and customers.

The contingency plan would be activated by the Funding Execution Committee ("**FEC**"), which includes senior business line, funding and finance department management adapted to include the relevant stakeholders depending upon the degree and nature of stress. This committee would meet frequently throughout the crisis to ensure that the plan is executed.

On regulatory developments, the BCBS issued the Basel III international framework for liquidity risk measurement, standards and monitoring. The framework includes a liquidity coverage ratio ("**LCR**") and a NSFR.

The LCR, which is being phased in beginning 1 January 2015 through 1 January 2019, following an observation period which began in 2011, addresses liquidity risk over a 30-day period. The LCR aims to ensure that banks have a stock of unencumbered high-quality liquid-assets available to meet liquidity needs for a 30-day time horizon under a severe stress scenario. The LCR is comprised of two components: the value of the stock of high quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. The ratio of liquid assets over net cash outflows was subject to an initial proposed minimum requirement of 60 per cent., which increases by 10 per cent. each year, reaching 100 per cent. by 1 January 2019.

The NSFR, which under BCBS is expected to be introduced on 1 January 2018 following an observation period which began in 2012, establishes criteria for a minimum amount of stable funding based on the liquidity of a bank's assets and activities over a one year horizon. The NSFR is intended to ensure banks maintain a structurally sound long-term funding profile beyond one year and is a complementary measure to the LCR. The standard is defined as the ratio of available stable funding over the amount of required stable funding and should always be at least 100 per cent.

It should be noted that local Regulators are free to interpret the BCBS proposals and have implemented various aspects differently including timescales for implementation of the LCR and NSFR.

#### ***Legal entity management of liquidity risk***

The liquidity risk of CSi is managed as an integral part of the overall CS group global liquidity risk management framework. CSi aims to achieve a prudent approach in the management of liquidity to ensure it can meet its obligations as they fall due. The core liquidity adequacy analysis used for CSi is aligned to those used globally for the CS group barometer.

The legal entity internal liquidity risk management framework also includes local regulatory compliance requirements. Such compliance requirements are measured as part of the PRA's Individual Liquidity Guidance ("**ILG**") which results in CSi holding term funding and a local liquid asset buffer of qualifying securities.

Following global regulatory developments, the European Banking Authority ("**EBA**") has published its version of the LCR and NSFR as part of the implementation guidance for Basel III. Under CRDIV guidelines, the LCR was initially introduced with a minimum requirement of 80 per cent. on 1 October 2015 with an increase to 90 per cent. from 1 January 2017 and full compliance by 1 January 2018 (one year prior to BCBS guidelines). The NSFR was expected to be introduced on 1 January 2018 in-line with the BCBS proposal, however in November 2016 the European Commission confirmed that it will not apply at a level of 100 per cent. until two years after the date of entry in to force of the proposed Regulation. The date for this is not yet known however entry in to force is expected around mid-2018.

In the context of liquidity management at the legal entity, CSi's Board of Directors is responsible for setting the liquidity risk appetite. Some of the key characteristics determining CSi's liquidity risk management approach include, but are not limited to:

- Board approved legal entity risk appetite;

- Compliance with local regulatory requirements;
- Holding a liquid asset portfolio composed of highly liquid unencumbered assets;
- The liquidity value of assets, liabilities and the calibration of contingent liabilities being aligned with the CS global liquidity risk methodologies.

CSi has implemented a liquidity risk management framework including legal entity governance, systems and controls and frequent management information to measure, monitor and manage liquidity risk.

The legal entity risk appetite and assumptions underlying the relevant stress tests, which form part of CSi's liquidity risk management framework, are reviewed by Risk and Treasury and ultimately approved by CSi's Board of Directors on at least an annual basis or as market conditions dictate.

Treasury is responsible for maintaining a CFP that details specific dealing strategies, actions and responsibilities required depending upon severity of the crisis. Treasury supports the plan with key liquidity tools, including early warning indicators. The CFP gives consideration to the impact of operational constraints in terms of time and ability to monetise assets, trapped liquidity, day light collateral requirements and communicated strategies.

Incremental to CSi's unsecured funding sources from the CS group, CSi has the ability to access secured funding markets via repurchase agreements and a structured notes issuance programme. These funding streams provide diversification to the funding profile of the entity.

The following table sets out details of the remaining contractual maturity of all financial liabilities:

<i>Group</i> <i>31 December 2016</i>	<i>On</i> <i>Demand</i>	<i>Due</i> <i>within 3</i> <i>months</i>	<i>Due</i> <i>between 3</i> <i>and 12</i> <i>months</i>	<i>Due</i> <i>between 1</i> <i>and 5</i> <i>years</i>	<i>Due</i> <i>after 5</i> <i>years</i>	<i>Total</i>
<b>Financial liabilities (USD million)</b>						
Deposits	457	-	-	-	-	<b><u>457</u></b>
Securities sold under repurchase agreements and securities lending transactions	630	447	1,626	-	118	<b><u>2,821</u></b>
Trading financial liabilities at fair value through profit or loss	211,639	-	-	-	-	<b><u>211,639</u></b>
Financial liabilities designated at fair value through profit or loss	130	12,844	2,907	4,709	4,099	<b><u>24,689</u></b>
Short term borrowings	-	2,667	-	-	-	<b><u>2,667</u></b>
Long term debt	-	3,333	550	25,473	4,684	<b><u>34,040</u></b>
Other liabilities	31,426	-	-	-	-	<b><u>31,426</u></b>
Liabilities held for sale	155	922	-	946	1,730	<b><u>3,753</u></b>
<b><u>Total</u></b>	<b><u>244,437</u></b>	<b><u>20,213</u></b>	<b><u>5,083</u></b>	<b><u>31,128</u></b>	<b><u>10,631</u></b>	<b><u>311,492</u></b>

<i>Group</i> <i>31 December 2015</i>	<i>On</i> <i>Demand</i>	<i>Due</i> <i>within 3</i> <i>months</i>	<i>Due</i> <i>between 3</i> <i>and 12</i> <i>months</i>	<i>Due</i> <i>between 1</i> <i>and 5</i> <i>years</i>	<i>Due</i> <i>after 5</i> <i>years</i>	<i>Total</i>
<b>Financial liabilities (USD million)</b>						

<i>Group</i> <i>31 December 2015</i>	<i>On</i> <i>Demand</i>	<i>Due</i> <i>within 3</i> <i>months</i>	<i>Due</i> <i>between 3</i> <i>and 12</i> <i>months</i>	<i>Due</i> <i>between 1</i> <i>and 5</i> <i>years</i>	<i>Due</i> <i>after 5</i> <i>years</i>	<i>Total</i>
Deposits	529	1	34	-	-	<b><u>564</u></b>
Securities sold under repurchase agreements and securities lending transactions	895	465	4,050	-	327	<b><u>5,737</u></b>
Trading financial liabilities at fair value through profit or loss	270,767	-	-	-	-	<b><u>270,767</u></b>
Financial liabilities designated at fair value through profit or loss	16	10,256	2,190	7,828	2,219	<b><u>22,509</u></b>
Short term borrowings	-	21,066	-	-	-	<b><u>21,066</u></b>
Long term debt	-	5,307	248	17,994	4,587	<b><u>28,136</u></b>
Other liabilities	30,822	-	-	-	-	<b><u>30,822</u></b>
<b>Total</b>	<b><u>303,029</u></b>	<b><u>37,095</u></b>	<b><u>6,522</u></b>	<b><u>25,822</u></b>	<b><u>7,133</u></b>	<b><u>379,601</u></b>

<i>CSi</i> <i>31 December 2016</i>	<i>On</i> <i>Demand</i>	<i>Due</i> <i>within 3</i> <i>months</i>	<i>Due</i> <i>between 3</i> <i>and 12</i> <i>months</i>	<i>Due</i> <i>between 1</i> <i>and 5</i> <i>years</i>	<i>Due</i> <i>after 5</i> <i>years</i>	<i>Total</i>
<b>Financial liabilities (USD million)</b>						
Deposits	457	-	-	-	-	<b><u>457</u></b>
Securities sold under repurchase agreements and securities lending transactions	630	447	1,626	-	118	<b><u>2,821</u></b>
Trading financial liabilities at fair value through profit or loss	211,647	-	-	-	-	<b><u>211,647</u></b>
Financial liabilities designated at fair value through profit or loss	131	12,844	2,907	4,702	4,099	<b><u>24,683</u></b>
Short term borrowings	-	2,667	-	-	-	<b><u>2,667</u></b>
Long term debt	-	3,389	550	25,294	4,605	<b><u>33,838</u></b>
Other liabilities	31,426	-	-	-	-	<b><u>31,426</u></b>
Liabilities held for sale	155	922	-	946	1,730	<b><u>3,753</u></b>
<b>Total</b>	<b><u>244,446</u></b>	<b><u>20,269</u></b>	<b><u>5,083</u></b>	<b><u>30,942</u></b>	<b><u>10,552</u></b>	<b><u>311,292</u></b>

<i>CSi 31 December 2015</i>	<i>On Demand</i>	<i>Due within 3 months</i>	<i>Due between 3 and 12 months</i>	<i>Due between 1 and 5 years</i>	<i>Due after 5 years</i>	<i>Total</i>
<b>Financial liabilities (USD million)</b>						
Deposits	529	1	34	-	-	<b><u>564</u></b>
Securities sold under repurchase agreements and securities lending transactions	895	465	4,050	-	327	<b><u>5,737</u></b>
Trading financial liabilities at fair value through profit or loss	270,775	-	-	-	-	<b><u>270,775</u></b>
Financial liabilities designated at fair value through profit or loss	24	10,247	1,302	8,504	2,190	<b><u>22,267</u></b>
Short term borrowings	-	21,066	-	-	-	<b><u>21,066</u></b>
Long term debt	-	5,307	257	18,019	4,562	<b><u>28,145</u></b>
Other liabilities	30,822	-	-	-	-	<b><u>30,822</u></b>
<b>Total</b>	<b><u>303,045</u></b>	<b><u>37,086</u></b>	<b><u>5,643</u></b>	<b><u>26,523</u></b>	<b><u>7,079</u></b>	<b><u>379,376</u></b>

**(iii) Currency Risk**

CSi takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

CSi has approval to manage its own trading P&L related Foreign exchange risk through a formal trading mandate and has defined risk limits using the VaR methodology. Its currency exposure within the non-trading portfolios is managed through the CS group's leveling process as set out in the Corporate Foreign Exchange Policy. Both these methodologies are discussed in more detail in risk factor 2(b)(i)(*Risks relating to CSi – Market Risk*) above.

**(iv) Credit Risk**

Credit risk in CSi is managed by the CSi Credit Risk Management ("**CSi CRM**") department, which is headed by the CSi Chief Credit Officer ("**CSi CCO**"), who in turn reports to CSi Chief Risk Officer. CSi CRM is a part of the wider CRM department, which is an independent function with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of the segment and business areas' credit portfolios and allowances. The head of CRM reports to the Chief Risk Officer of CS Group. All credit limits in CSi are subject to approval by CSi CRM.

**Definition of credit risk**

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a customer default a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries from foreclosure, liquidation of collateral or the restructuring of the debtor company. A change in the credit quality of the counterparty has an impact on the valuation of assets eligible for fair value measurement, with valuation changes recorded in the Consolidated Statement of Income.

**Credit risk management approach**

Effective credit risk management is a structured process to assess, quantify, measure, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognising credit impairment.

Credit limits are used to manage concentration to individual counterparties. A system of limits is also established to address concentration risk in the portfolio, including country limits, industry limits and limits for certain products. In addition, credit risk concentration is regularly supervised by credit and risk management committees, taking current market conditions and trend analysis into consideration. A credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Regularly updated watch lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur. As of 1 January 2017 CSi must comply with the EBA's guidelines on the management of exposure to non-regulated entities carrying out credit intermediation activities (so-called "shadow banks"). CSi CRM has established a framework for managing exposures to shadow banks, the majority of which will be managed under the principal approach. A small number of counterparties will be managed under the regulatory fallback approach, and exposure to these entities is well below the regulatory limit (25 per cent. of net EAD over capital).

### ***Counterparty and transaction rating***

The CSi group employs a set of credit ratings for the purpose of internally rating counterparties to which it is exposed to credit risk as the contractual party. Credit ratings are intended to reflect the risk of default of each counterparty. Ratings are assigned based on internally-developed rating models and processes, which are subject to governance and internally-independent validation procedures.

The CSi group's internal ratings may differ from counterparties external ratings where present. Policy requires the review of internal ratings at least annually. For the calculation of internal risk estimates and Risk Weighted Assets ("**RWAs**"), a probability of default ("**PD**") is assigned to each facility, with the PD determined by the internal credit rating. Internal ratings are based on the analysis and evaluation of both quantitative and qualitative factors. The specific factors analysed are dependent on the type of counterparty.

The analysis emphasises a forward- looking approach, concentrating on economic trends and financial fundamentals. Analysts make use of peer analysis, industry comparisons, external ratings and research, other quantitative tools and the judgement of credit experts. The PD for each rating is calibrated based on historical default experience, using external data from Standard & Poor's, and back-tested to ensure consistency with internal experience.

The CSi group assigns an estimate of expected loss in the event of a counterparty default based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the loss given default ("**LGD**") assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. CSi group uses credit risk estimates consistently for the purposes of approval, establishment and monitoring of credit limits and credit portfolio management, credit policy, management reporting and allocation and certain financial accounting purposes. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates. CSi has been granted permission by the PRA to use internal credit rating models under the CRD4 A-Internal Rating Based ("**IRB**") approach for the majority of credit exposures in CSi. Exposures which are not covered by AIRB treatment are subject to the standardised approach.

### ***Credit Risk Overview***

All transactions that are exposed to potential losses due to failure of meeting an obligation by counterparty are subject to credit risk exposure measurement and management.

### ***Maximum Exposure to credit risk***

The following table presents the maximum exposure to credit risk of balance sheet and off-balance sheet financial instruments, before taking account of the fair value of any collateral held or other credit enhancements unless such credit enhancements meet offsetting requirements as set out in IAS 32. For financial assets recognised on the balance sheet the maximum exposure to credit risk equals their carrying amount as at 31 December 2016. For financial guarantees granted and other credit-related contingencies the maximum exposure to credit risk is the maximum amount that CSi would have to pay if the guarantees and contingencies are called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities the maximum exposure to credit risk is the full amount of the committed facilities.

**Maximum exposure to credit risk:**

2016 (USD million)	Group			CSi		
	Gross	Collateral	Net	Gross	Collateral	Net
<b>Maximum exposure to credit risk</b>						
Cash and due from banks	5,490	-	5,490	5,361	-	5,361
Interest bearing deposits with banks	9,647	-	9,647	9,647	-	9,647
Securities purchased under resale agreements and Securities borrowing transactions	9,467	9,467	-	9,467	9,467	-
<b>Trading financial assets at fair value through profit or loss</b>						
Debt securities	27,713	-	27,713	27,592	-	27,592
Derivative trading positions	207,437	197,277	10,160	207,437	197,277	10,160
Other	2,024	-	2,024	2,017	-	2,017
<b>Financial assets designated at fair value through profit or loss</b>						
Loans	3,361	1,203	2,158	3,654	1,203	2,451
Reverse repurchase agreements	14,911	7,063	7,848	14,911	7,063	7,848
Other	2,134	548	1,586	2,134	548	1,586
Other loans and receivables	3,316	2,532	784	3,316	2,532	784
Other assets	36,700	-	36,700	36,700	-	36,700
<b>Maximum exposure to credit risk-total assets</b>	<b>322,200</b>	<b>218,090</b>	<b>104,110</b>	<b>322,236</b>	<b>218,090</b>	<b>104,146</b>
<b>Off-balance sheet items</b>						
financial guarantees	1,020	4	1,016	1,020	4	1,016
loan commitments and other credit related commitments	9,620	4,938	4,682	9,620	4,938	4,682
<b>Maximum exposure to credit risk – total off-balance sheet</b>	<b>10,640</b>	<b>4,942</b>	<b>5,698</b>	<b>10,640</b>	<b>4,942</b>	<b>5,698</b>
<b>Maximum exposure to credit risk</b>	<b>332,840</b>	<b>223,032</b>	<b>109,808</b>	<b>332,876</b>	<b>223,032</b>	<b>109,844</b>

2015 (USD million)	Group			CSi		
	Gross	Collateral	Net	Gross	Collateral	Net
<b>Maximum exposure to credit risk</b>						
Cash and due from banks	13,163	-	13,163	13,082	-	13,082
Interest bearing deposits with banks	59	-	59	59	-	59
Securities purchased under resale agreements and Securities borrowing transactions	30,073	30,073	-	30,073	30,073	-
<b>Trading financial assets at fair value through profit or loss</b>						

Debt securities	22,529	-	22,529	22,457	-	22,457
Derivative trading positions	262,698	246,210	16,488	262,716	246,210	16,506
Other	2,952	-	2,952	2,936	-	2,936
<b>Financial assets designated at fair value through profit or loss</b>						
Loans	6,348	2,566	3,782	6,758 <sup>1</sup>	2,566	4,192 <sup>1</sup>
Reverse repurchase agreements	3,172	3,172	-	3,172	3,172	-
Other	2,558	517	2,041	2,558	517	2,041
Other loans and receivables	3,495	2,629	866	3,495	2,629	866
Other assets	45,636 <sup>1</sup>	-	45,636	45,636 <sup>1</sup>	-	45,636 <sup>1</sup>
<b><u>Maximum exposure to credit risk-total assets</u></b>	<b><u>392,683<sup>1</sup></u></b>	<b><u>285,167</u></b>	<b><u>107,516</u></b>	<b><u>392,942<sup>1</sup></u></b>	<b><u>285,167</u></b>	<b><u>107,775<sup>1</sup></u></b>
<b>Off-balance sheet items</b>						
financial guarantees	1,078	1	1,077	1,078	1	1,077
loan commitments and other credit related commitments	12,494	4,954	7,540	12,494	4,954	7,540
<b><u>Maximum exposure to credit risk – total off-balance sheet</u></b>	<b><u>13,572</u></b>	<b><u>4,955</u></b>	<b><u>8,617</u></b>	<b><u>13,572</u></b>	<b><u>4,955</u></b>	<b><u>8,617</u></b>
<b><u>Maximum exposure to credit risk</u></b>	<b><u>406,255<sup>1</sup></u></b>	<b><u>290,122</u></b>	<b><u>116,133<sup>1</sup></u></b>	<b><u>406,514<sup>1</sup></u></b>	<b><u>290,122</u></b>	<b><u>116,392<sup>1</sup></u></b>

<sup>1</sup> 2015 numbers have been restated to conform to the current year's presentation

The CSi group is exposed to credit risk as a result of a counterparty, borrower or issuer being unable or unwilling to honour its contractual obligations. These exposures to credit risk exist within financing relationships, derivatives and other transactions.

The CSi group typically enters into master netting arrangements ("**MNAs**") with over the counter ("**OTC**") derivative counterparties. The MNAs allow the CSi group to offset derivative liabilities against the derivative assets with the same counterparty in the event the counterparty defaults. Collateral on these derivative contracts is usually posted on a net counterparty basis and comprises either cash or marketable securities or a combination thereof. Included in the table above as collateral and other credit enhancements are the derivative liability amounts which would be offset against the derivative asset position upon default of the counterparty as well as any cash or marketable securities collateral held. Amounts disclosed as collateral and credit enhancements are where a counterparty has an offsetting derivative exposure with the CSi group, a legally enforceable MNA exists, and the credit risk exposure is managed on a net basis or the position is specifically collateralised, typically in the form of cash.

Also included in the table within both loans and receivables and financial assets designated at fair value through profit and loss is collateral which the CSi group holds against loans in the form of guarantees, cash and marketable securities. The CSi group also mitigates its credit exposures on certain loans primarily with credit default swaps, which economically hedge the position and as such the notional on the relevant credit default swap has been included. For further information on the collateral and credit enhancements held against loans designated at fair value, refer to "*Note 17 – Financial Assets and Liabilities Designated at Fair Value through Profit and Loss*" in "*Notes to the Financial Statements for the year ended 31 December 2016*" of the 2016 CSi Annual Report (as defined in the CSi Registration Document).

Reverse repurchase agreements and securities borrowings are typically fully-collateralised instruments and in the event of default, the agreement provides the CSi group the right to liquidate the collateral held. Reverse repos are included either within securities or financial assets designated at fair value through profit and loss, based on the accounting methodology. These instruments are collateralised principally by government securities, money market instruments, corporate bonds and cash. The CSi group monitors the fair value

of securities borrowed and loaned on a daily basis with additional collateral obtained as necessary. The fair value of the collateral has been included in the table above. For further information on the collateral and credit enhancements held against reverse repurchase agreements and securities borrowing refer to "Note 15 – Securities Borrowed, Lent and Purchased/Sold under Resale/Repurchase Agreements" of the 2016 CSi Annual Report (as defined in the CSi Registration Document).

In July 2016, the PRA granted CSi permission to use Financial Collateral Comprehensive Method ("FCCM") Own-Estimates ("OE") Haircuts for capital computations under the Capital Requirements Directive ("CRDIV") regime for derivatives, Securities Financing Transactions ("SFTs"), Equity Prime Brokerage ("EPB") and CCP business lines. The FCCM waiver allows CSi to use its own internal models to calculate haircuts which are then used within the Current Exposure Method ("CEM") method for capital computations. These own-estimate haircuts are much more sophisticated than the broad-based supervisory haircuts, and hence more appropriately capture the risk of CSi's portfolios.

Included within Other (Financial assets designated at fair value through profit or loss) are failed purchases that arise when a transaction to purchase an asset has not met the conditions for sale accounting. The CSi group typically holds collateral in the form of insurance or securities against the failed purchases.

Collateral held against financial guarantees and loan commitments typically includes securities and letters of credit. For further information about the collateral and credit enhancements held against financial guarantees and loan commitments refer to "Note 36 – Guarantees and Commitments" in "Notes to the Financial Statements for the year ended 31 December 2016" of the 2016 CSi Annual Report (as defined in the CSi Registration Document).

For further information on collateral held as security that the CSi group is permitted to sell or repledge refer to "Note 39 – Assets Pledged or Assigned" of the 2016 CSi Annual Report (as defined in the CSi Registration Document).

If collateral or the credit enhancement value for a particular instrument is in excess of the maximum exposure then the value of collateral and other credit enhancements included in the table has been limited to the maximum exposure to credit risk.

### **Risk Mitigation**

CSi actively manages its credit exposure utilising credit hedges and monetisable collateral (cash and marketable securities).

Credit hedges represent the notional exposure that has been transferred to other market counterparties generally through the use of credit default swaps. CSi also actively enters into collateral arrangements for OTC derivatives and other traded products which allow it to limit the counterparty exposure risk associated with these products. Collateral taken generally represents cash or government securities although other securities may be accepted. The value of collateral reflected as a risk mitigant is net of an appropriate haircut. Collateral securing loan transactions includes:

- Financial collateral pledged against loans collateralised by securities (mostly cash and marketable securities); and
- Physical collateral (real estate property for mortgages, mainly retail residential, but also multi-family buildings, offices and commercial properties); and
- Other types of lending collateral such as accounts receivable, inventory and plant and equipment.

### **Counterparty exposure before collateral by rating**

	<b>2016</b>		<b>2015</b>	
	<i>USD million</i>	<i>%</i>	<i>USD million</i>	<i>%</i>
AAA	938	2	2,495	4
AA+ to AA-	12,375	23	14,357	21

A+ to A-	20,301	36	25,130	37
BBB+ to BBB-	13,790	25	15,883	23
BB+ to BB-	3,722	7	5,932	9
B+ and below	3,802	7	4,158	6
	<b>54,928</b>	<b>100</b>	<b>67,955</b>	<b>100</b>

#### Unsecured exposure by rating (including provisions)

	2016		2015	
	USD million	%	USD million	%
AAA	476	2	718	2
AA+ to AA-	5,407	23	8,169	27
A+ to A-	11,056	47	12,779	43
BBB+ to BBB-	3,777	16	5,133	17
BB+ to BB-	752	3	780	3
B+ and below	2,170	9	2,362	8
	<b>23,638</b>	<b>100</b>	<b>29,941</b>	<b>100</b>

The above tables include all loans, commitments, derivatives, securities purchased and sold under repurchase and resale agreements, and short term cash trades on a net counterparty exposure basis for CSi as most of the trading portfolio mainly resides in CSi.

The first table represents mark to market exposures before offsetting any eligible collateral held; the second table represents mark to market exposures after offsetting collateral.

#### **Wrong-way risk**

##### *Wrong-way exposures*

In a wrong-way trading situation, CSi's exposure to the counterparty increases while the counterparty's financial health and its ability to pay on the transaction diminishes. Capturing wrong-way risk requires the establishment of basic assumptions regarding correlations within a given trading product. CSi has multiple processes that allow us to capture and estimate wrong-way risk.

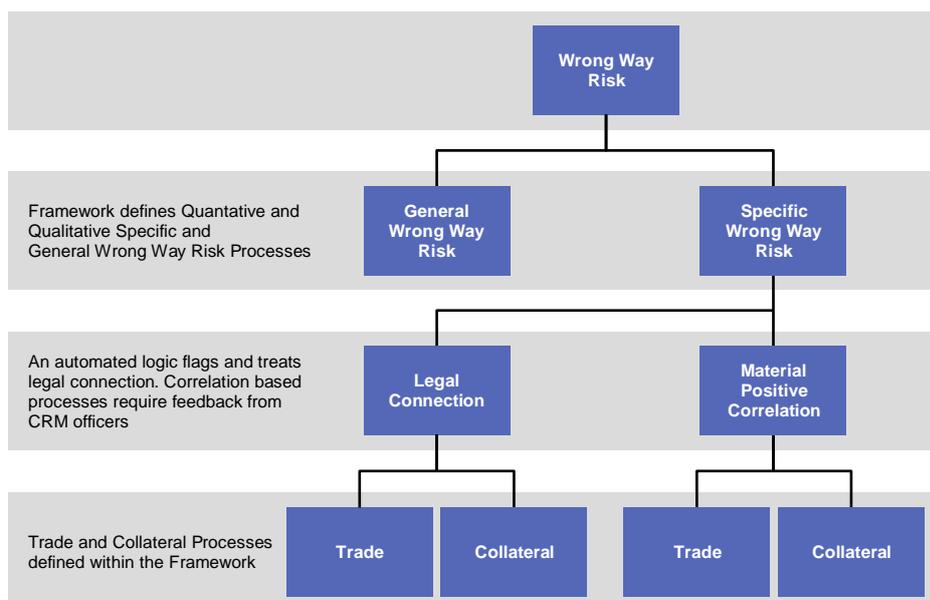
##### *Credit approval and reviews*

A primary responsibility of Credit Risk Management ("**CRM**") is the approval of new counterparty trading relationships and the subsequent on-going review of the creditworthiness of the client. Part of the review and approval process involves the consideration of the motivation of the client and the directional nature of the trading in which the client is engaged. Credit limits are sized to the level of comfort the CRM officer has with the strategy of the counterparty, the level of disclosure of financial information and the amount of risk mitigation that is present in the trading relationship (e.g. level of collateral).

##### *Exposure adjusted risk calculation*

Wrong way risk can arise from different business relationships.

An exposure methodology based on jump to default assumptions, ineligibility of collateral or scenario-based add-ons is in place to identify and adjust exposures for all wrong-way risk types as per the distinction in the table below.



With respect to general wrong-way risk, a scenario-based exposure add-on is applied to those counterparties identified following the quantitative and qualitative review from Credit Officers where the Basel III exposure is not deemed sufficient to capture the additional risk fully.

#### *Wrong-way risk monitoring*

Regular reporting of wrong-way risk at both the individual trade and portfolio level allows wrong-way risk to be monitored and corrective action taken by CRM in the case of heightened concern. Transactions containing wrong-way risk due to legal connection are automatically flagged and included in regular reporting. General Wrong way risk ("**WWR**") and transactions containing specific wrong-way risk due to correlation are flagged to CRM officers for confirmation and then included into regular reporting. The outcome of the WWR identification process is subject to monthly review from the UK CRM management team via a regular forum.

#### **Settlement Risk**

Settlement risk arises whenever the settlement of a transaction results in timing differences between the disbursement of cash or securities and the receipt of counter-value from the counterparty. This risk arises whenever transactions settle on a 'free of payment' basis and is especially relevant when operating across time zones.

In those instances where market convention and/or products preclude a value-for-value exchange, the CSi group manages its risk through confirmation and affirmation of transaction details with counterparties. In order to reduce gross settlement risk, the CSi group leverages Clearing Houses, Central Counterparties and Central Settlement services and will also net gross cash flows with a given counterparty where possible. CSi group proactively seeks to manage the timing of settlement instructions to agents and the reconciliation of incoming payments in order to reduce the window of exposure. In addition, CRM establishes and monitors limits to control the amount of settlement risk incurred to each counterparty.

#### (v) **Country Risk**

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity and/or currency markets. CSi CRM has incorporated country limits into its Credit Risk Appetite Framework in order to mitigate this risk in CSi.

For CSi, country limits are set for both developed and emerging markets, based on a potential future exposure view and on a scenario view respectively. Upon CSi CRM recommendation, maximum appetite and operational limits are calibrated and approved by the CSi RMC on an annual basis or, if warranted by a fundamental change in strategy or market conditions, more frequently.

The measurement of exposures against country limits is reported weekly to CSi CRM dedicated teams and senior management. Front Office representatives are responsible for ensuring limits are respected and any breach is promptly managed. CRM provide independent oversight to ensure that businesses operate within their limits. During the course of the year, reserves are available to CSi CCO and the CSi CRO in case a temporary or permanent limit increase is needed and justified from a risk/return perspective. More fundamental changes to the country risk profile of the firm necessitate discussions and approval at the CSi RMC.

(vi) **Legal and Regulatory Risk**

The CS group faces significant legal risks in its businesses. Legal risks include, among other things, disputes over the terms of trades and other transactions in which the CS group acts as principal; the unenforceability or inadequacy of the documentation used to give effect to transactions in which the CS group participates; investment suitability concerns; compliance with the laws and regulations (including change in laws or regulations) of the many countries in which the CS group does business; and disputes with its employees. Some of these transactions or disputes result in potential or actual litigation that the CS group must incur legal expenses to defend.

The CS group seeks to minimise legal risk through the adoption of compliance and other policies and procedures, continuing to refine controls over business practices and behavior, employee training sessions, the use of appropriate legal documentation, and the involvement of the General Counsel and Compliance department, and outside legal counsel and other external specialists. In addition, the CS group is an active participant in a number of key industry and other professional market forums including International Swaps and Derivatives Association ("**ISDA**"), Association for Financial Markets in Europe ("**AFME**") and British Bankers' Association ("**BBA**") which inter alia focus on improving levels of market and product standardisation, legal definition and protocol.

As a participant in the financial services industry, the CS group is subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organisations around the world. Such regulation is increasingly more extensive and complex and, in recent years, costs related to our compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have all increased significantly and may increase further. These regulations often serve to limit activities, including through the application of increased capital, leverage and liquidity requirements, customer protection and market conduct regulations and direct or indirect restrictions on the businesses in which the CSi group may operate. Such limitations can have a negative effect on the CSi group's business and ability to implement strategic initiatives. To the extent that disinvestment is required from certain businesses, losses could be incurred, as the CSi group may be forced to sell such businesses at a discount, which in certain instances could be substantial, as a result of both the constrained timing of such sales and the possibility that other financial institutions are liquidating similar investments at the same time.

The financial services industry continues to be affected by the significant complexity of on-going regulatory reforms, alongside more recently, the potential impact of Brexit. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect the results of operations.

(vii) **Operational Risk**

***Definition***

Operational risk is the risk of financial loss arising from inadequate or failed internal processes, people or systems, or from external events.

***Sources of operational risk***

Operational risk is inherent in most aspects of our business, including the systems and processes that support our activities. It comprises a large number of disparate risks that can manifest in a variety of ways. Particularly relevant examples of operational risk include the risk of fraudulent transactions, trade processing errors, business disruptions, failures in regulatory compliance, defective transactions, and unauthorised trading events. Operational risk can arise from human error, inappropriate conduct, failures in systems, processes and controls, or natural and man-made disasters.

***Evaluation and management of operational risk***

### *Operational risk framework*

The diverse nature and wide extent of operational risk makes it inherently difficult to measure. CSi believes that effective management of operational risk requires a common operational risk framework that focuses on the early identification, recording, assessment, monitoring, prevention and mitigation of operational risks, as well as timely and meaningful management reporting. CSi started to introduce our current operational risk framework in 2013, which improved the integration of previously separate operational risk processes, providing a more coherent approach to managing all aspects of the operational risk landscape. Over the past three years, CSi has redesigned the framework, introducing new components and upgrading existing components with a particular focus on ensuring that the components work well together.

The operational risk framework provides a structured approach to managing operational risk. It seeks to apply consistent standards and techniques for evaluating risks while providing individual businesses with sufficient flexibility to tailor specific components to reflect the risks that they run. The main components of the operational risk framework are described below:

- **Governance and policies:** The operational risk framework relies on an effective governance process that establishes clear roles and responsibilities for managing operational risk and defines appropriate escalation processes for outcomes that are outside expected levels. CSi utilises a comprehensive set of policies and procedures that set out how employees are expected to conduct their activities.
- **Operational risk appetite:** This determines our approach to risk-taking and articulates the motivations for taking, accepting or avoiding certain types of risks or exposures. Senior CSi management expresses their risk appetite in terms of quantitative tolerance levels that apply to operational risk incidents and qualitative statements covering outcomes that should be avoided. They define their risk appetite with the CSi Board and relevant risk management committees in agreement with the operational risk management function.
- **Operational risk register:** The register comprises a catalog of inherent operational risks arising as a consequence of our business activities. It provides a consistent approach for classifying operational risks which ensures that they are treated consistently by other operational risk framework components using the appropriate processes and tools.
- **Internal control assessment:** CSi utilises a comprehensive set of internal controls that are designed to ensure that CSi's activities follow agreed policies and that processes operate as intended. Certain key controls are subject to independent testing to evaluate their effectiveness. The results of these tests are considered by other operational risk framework components, such as in the risk and control self-assessment ("**RCSA**") process.
- **Risk and control indicators:** These are metrics that are used to monitor particular operational risks and controls over time. They are associated with thresholds that define acceptable performance and provide early warning signals about potential issues.
- **Incident data:** CSi systematically collects, analyses and reports data on operational risk incidents to ensure that CSi understands the reasons why they occurred and how controls can be improved to reduce the risk of future incidents. CSi focus' on both incidents that result in economic losses and events that provide information on potential control gaps, even if no losses occurred. CSi also collects and utilises available data on incidents at relevant peer firms to identify potential risks that may be relevant in the future, even if they have not impacted the CSi group.
- **Risk and control self-assessments:** RCSA's are comprehensive, bottom-up assessments of the key operational risks in each business and control function. They comprise a self-assessment that covers the inherent risks of each business and control function, an evaluation of the effectiveness of the controls in place to mitigate these risks and a decision to either accept or remediate any residual risks. The self-assessments are subject to quality assurance by the operational risk management function to ensure that they have been conducted appropriately. RCSA's utilise other components of the operational risk framework, such as risk and control indicators and incident data, and they generate outputs that are used to manage and monitor risks.

- Top operational risks and remediation plans: A set of top operational risks are used to highlight the most significant risks to senior management, along with associated risk remediation efforts. Top operational risks are generated using both a top-down assessment by senior management and a bottom-up process that collates the main themes arising from the RCSA process.
- Reporting: CSi produces a wide range of regular management information reports covering the key inputs and outputs of the operational risk framework. These reports are used by senior management to monitor outcomes against agreed targets and tolerance levels.
- Responses framework: This provides a structured approach to responding to operational risk incidents and reaches of operational risk appetite. The incident management component includes a defined process for identifying, categorising, investigating, escalating and remediating incidents. CSi conducts detailed investigations on significant operational risk incidents. These investigations seek to assess the causes of control failings, establish appropriate remediation actions and ascertain whether events have implications for other businesses. They can result in recommendations to impose restrictions on businesses while risk management processes and controls are improved. The breach component provides a methodology for evaluating breaches of quantitative and qualitative operational risk appetite statements. Its goal is to provide senior management with the information needed to make decisions on how best to remediate issues that fall outside agreed risk appetite levels.
- Scenarios and capital modelling: Scenarios are used to identify and measure exposure to a range of adverse events, such as unauthorised trading. These scenarios help businesses assess the suitability of controls in the light of potential losses. Regulatory capital is determined using the Business Indicator Approach and supplemented by scenario analysis. The capital requirements are allocated to individual businesses for performance measurement purposes and to incentivise appropriate management actions.
- Conduct and behaviour: Recognising that effective operational risk management relies on employees conducting themselves appropriately, several operational risk framework components include assessments of behaviour. For example, investigations of incidents typically consider whether employees escalated issues at an appropriately early stage. Risks that have implications for conduct risk can be identified and assessed via the operational risk register and the RCSA process.

In addition to managing and mitigating operational risks under the operational risk framework through business- and risk-related processes and organisation, CSi also transfers the risk of potential loss from certain operational risks to third-party insurance companies, where appropriate.

### ***Developments in 2016***

CSi is continuously enhancing the operational risk management practices through an ongoing program to roll out improvements to each of the components of the operational risk framework and to ensure that the links between individual components work effectively. Potential enhancements are typically tested in one area to check that they deliver the intended benefits before being rolled out more broadly.

Maintaining the effectiveness of the CSi control environment is critical to ensuring that operational risks remain within acceptable levels. In 2016, we made improvements to our approaches to cataloging, documenting and evaluating key controls, which will provide more robust and supportable control assessments for use in the RCSA process. This work now forms a significant part of the Enterprise Risk and Control Framework that was launched in 2016 which focuses on introducing a systematic control activities framework that applies consistent standards and approaches to relevant business activities. This is a multi-year initiative that starts with the most significant controls and rolls out new processes using a phased approach.

CSi has continued to make progress in embedding assessments of employee behaviour in the risk assessment framework. In 2016, the business conduct behaviours continued to be reference in a number of HR processes, including recruitment, induction, performance assessment, promotion, and compensation. CSi also introduced enhanced risk indicator reporting covering behaviour and conduct-related matters.

### **Operational risk governance**

Each individual business area takes responsibility for its operational risks and the provision of adequate resources and procedures for the management of those risks. Businesses are supported by designated operational risk teams who are responsible for the implementation of the operational risk management framework, methodologies, tools and reporting within their areas as well as working with management on any operational risk issues that arise. Businesses and relevant control functions meet regularly to discuss operational risk issues and identify required actions to mitigate risks.

The operational risk management function is responsible for the overall design of the operational risk management framework, for operational risk capital modeling and for providing assistance and challenge to business line operational risk teams. It ensures the cohesiveness of policies, tools and practices for operational risk management, specifically with regard to the identification, evaluation, mitigation, monitoring and reporting of relevant CSi operational risks.

Operational risk exposures, metrics, issues and remediation efforts are discussed at the CSi Board and Board Risk with standing updates to the CSi Risk Management committee and CSi Operational Risk Management committee which have senior staff representatives from all the relevant functions.

#### **(viii) Conduct Risk**

Conduct risk is the risk that poor conduct by the CS group, employees or representatives could result in clients not receiving a fair transaction, damage to the integrity of the financial markets or the wider financial system, or ineffective competition in the markets in which we operate that disadvantages clients.

Conduct risk may arise from a variety of sources, including unauthorised trading, the potential unsuitability of products sold or advice provided to clients, inadequate disclosure, trade processing errors, inaccurate benchmark submissions, failure to safeguard client data or assets, and breaches of regulatory rules or laws by individual employees or market conduct.

Conduct risk is being further embedded into the RCSA process within the operational risk framework, which considers the risks generated by each business and the strength of the associated mitigating controls. Conduct risk is also assessed by reviewing past incidents and those from other firms in the financial services sector.

Conduct risk is primarily addressed through specific supervisory controls implemented across CSi and targeted training activities. CSi seeks to promote good behaviour and conduct through the Code of Conduct, which provides a clear statement of the ethical values and professional standards as a basis for maintaining and strengthening our reputation for integrity, fair dealing and measured risk-taking, and the set of business conduct behaviours.

The Code of Conduct and the set of business conduct behaviours are linked to the employee performance assessment and compensation processes.

#### **(ix) Reputational Risk**

The Credit Suisse Code of Conduct states that "Our most valuable asset is our reputation". CS group reputation is driven by the perception of clients, shareholders, the media and the public. The CS Global Policy on Reputational Risk (the "**Policy**") states that each employee is responsible for assessing the potential reputational impact of all businesses in which they engage, and for determining whether any actions or transactions should be formally submitted through the Reputational Risk Review Process ("**RRRP**") for review.

Reputational risk may arise from a variety of sources, including, but not limited to, the nature or purpose of a proposed transaction, the identity or nature of a potential client, the regulatory or political climate in which the business will be transacted or significant public attention surrounding the transaction itself.

The CSi Board has formally delegated reputational risk issues to CS group's global RRRP which includes an overview of the transaction or action being considered, the risks identified and any mitigating factors and views from internal subject matter experts. All formal submissions in the RRRP require review by senior business management in the relevant division, and are then subsequently referred to one of CS group's Reputational Risk Approvers ("**RRA**"), each of whom is independent of the business divisions and has the authority to approve, reject, or impose conditions on CS group's participation. If the RRA

considers there to be a material reputational risk associated with a submission, it is escalated to the EMEA Reputational Risk Committee (the "**Committee**") for further discussion, review and final decision. The Committee is comprised of senior regional, divisional, shared services and CSi entity management.

Reputational risk is assessed on an entity based approach whereby the region of the RRRP submission is driven by the location of the booking entity. Where a submission relates to a Remote Booking, a submission will be made through to EMEA RRRP and the RRAs in other regions will be consulted as appropriate, which may include escalation to the Committee.

(c) **Risks relating to regulatory action in the event that CSi is failing or the UK resolution authority considers that it is likely to fail**

***If CSi were to become subject to a "resolution regime" you could lose some or all of your investment in the Notes***

The EU Bank Recovery and Resolution Directive ("**BRRD**") entered into force on 2 July 2014. Its stated aim is to provide national "resolution authorities" (such as the Bank of England in the UK) with a set of powers and tools to deal with financial institutions that are failing or likely to fail and thereby address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses incurred by EU financial institutions.

In the United Kingdom, the majority of the requirements of the BRRD have been implemented into national law through the UK Banking Act (and relevant statutory instruments). The UK implementation of the BRRD included the introduction of the so-called "bail-in" tool (as described below) as of 1 January 2015 and the requirement for relevant financial institutions to meet, at all times, a minimum requirement for own funds and eligible liabilities as of 1 January 2016.

The UK Banking Act provides for a "resolution regime" granting substantial powers to the Bank of England (or, in certain circumstances, HM Treasury), in consultation with the Prudential Regulatory Authority, the Financial Conduct Authority and HM Treasury, as appropriate, to implement resolution measures with respect to a UK financial institution (such as CSi) where the UK resolution authority considers that the relevant institution is failing or is likely to fail and action is necessary in the public interest. The resolution powers available to the UK resolution authority include powers to:

- direct the sale of the relevant institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply (the "sale of business tool");
- transfer all or part of the business of the relevant institution to a "bridge bank" (which will be a publicly controlled entity) (the "bridge bank tool");
- transfer the impaired or problem assets of the relevant institution to an asset management vehicle to allow them to be managed over time (the "asset separation tool");
- take the relevant institution into temporary public ownership (i.e. nationalisation); and
- exercise the "bail-in" tool (as discussed below), which could result in a write down of the amount owing or conversion of the relevant liability (which could include a Note) to equity.

The "bail-in" tool (as discussed below) may be used together with any of the sale of business tool, the bridge bank tool or the asset separation tool (or such tools may be used in any combination).

In addition, the UK Banking Act grants powers to the UK resolution authority to:

- modify contractual arrangements (such as the terms and conditions of the Notes in certain circumstances);
- suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers (e.g., suspending acceleration and enforcement rights under the Notes); and
- disapply or modify laws in the UK (with possible retrospective effect) to enable the recovery and resolution powers under the UK Banking Act to be used

effectively.

Prospective purchasers of Notes issued by CSi should be aware that the exercise of any such resolution power or even the suggestion of any such potential exercise could materially adversely affect the value of any such Notes, and could lead to holders of such Notes losing some or all of their investment. The resolution regime is designed to be triggered prior to insolvency of the relevant institution, and holders of securities issued by such institution may not be able to anticipate the exercise of any resolution power (including exercise of the "bail-in" tool described below) by the UK resolution authority. Holders of securities issued by an institution which has been taken into a resolution regime will have very limited rights to challenge the exercise of powers by the UK resolution authority, even where such powers have resulted in the write down or conversion of such securities to equity. Further, notwithstanding that CSi is an unlimited company and, as a result, upon its liquidation its creditors have a right of recourse against CSi's shareholders, holders of securities issued by CSi may not be able to benefit from such recourse if CSi becomes subject to the exercise of any resolution or stabilisation power or such power is exercised in a manner which prevents its liquidation (or otherwise changes the nature of the insolvency procedure to which CSi may ultimately become subject).

***The exercise by the UK resolution authority of the "bail-in" tool in relation to the Notes would result in the write down and/or conversion to equity of such Notes***

In addition to the other powers described above, the UK resolution authority may exercise the "bail-in" tool in relation to a failing UK financial institution. The "bail-in" tool includes the powers to:

- write down to zero (i.e., cancel) a liability or modify its terms for the purposes of reducing or deferring the liabilities of the relevant institution; and/or
- convert a liability from one form or class to another (e.g., from debt to equity).

The exercise of such powers could result in (i) the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, any Security issued by CSi, and/or (ii) the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on, such Notes into shares or other securities or other obligations of CSi or another person, and/or (iii) the amendment of the maturity of such Notes or the amount of interest or any other amount payable on such Notes or the date of which such interest or other amount becomes payable (including by suspending payment for a temporary period), including by means of a variation to the terms of such Notes, in each case, to give effect to the exercise by the UK resolution authority of such power.

The purpose of the "bail-in" tool is to enable the resolution authority to recapitalise an institution by allocating losses to its shareholders and unsecured creditors (which could include the holders of Notes) in a manner that (i) respects the hierarchy of claims in an ordinary insolvency and (ii) is consistent with shareholders and creditors not receiving a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant institution (known as the "no creditor worse off" safeguard).

Insured deposits and secured liabilities and certain other liabilities are excluded from the scope of the "bail-in" tool. Further, as part of the reforms required by the BRRD, other deposits will be preferred in the insolvency hierarchy ahead of all other unsecured senior creditors of a UK institution.

The exercise of any resolution power, including the "bail-in" tool, in respect of CSi and any Notes issued by it or any suggestion of any such exercise could materially adversely affect the rights of the holders of such Notes, the value of their investment in such Notes and/or the ability of CSi to satisfy its obligations under such Notes, and could lead to the holders of such Notes losing some or all of their investment in such Notes. In addition, even in circumstances where a claim for compensation is established under the 'no creditor worse off' safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the holders of such Notes in the resolution, and there can be no assurance that holders of such Notes would recover such compensation promptly.

***Holders of Notes may not be able to anticipate the exercise of the "bail-in" tool or any such resolution power***

The stabilisation powers are intended to be exercised pre-emptively – i.e., prior to the point at which insolvency proceedings with respect to the relevant institution would be initiated – in

order to resolve the institution and protect the public interest. Accordingly, the stabilisation options may be exercised if the UK resolution authority:

- (i) is satisfied that a relevant institution is failing, or is likely to fail;
- (ii) determines that it is not reasonably likely that (ignoring the stabilisation powers) action will be taken by or in respect of the relevant institution that will result in condition (i) above ceasing to be met within a reasonable timeframe;
- (iii) considers that the exercise of the stabilisation powers to be necessary, having regard to certain public interest considerations (such as, for example, the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors); and
- (iv) considers that the special resolution objectives would not be met to the same extent by the winding-up of the relevant institution.

The use of different stabilisation powers is subject to further "specific conditions" that vary according to the relevant stabilisation power being used. Additional conditions will apply where the UK resolution authority seeks to exercise its powers in relation to UK banking group companies.

It is uncertain how the UK resolution authority would assess such conditions in different pre-insolvency scenarios affecting the relevant institution. The UK resolution authority is also not required to provide any advanced notice to Noteholders of its decision to exercise any resolution power. Therefore, holders of the Notes issued by CSi may not be able to anticipate a potential exercise of any such powers nor the potential effect of any such exercise on CSi and on any such Notes.

***Holders of securities of an institution subject to the exercise of the "bail-in" tool or other resolution power may have only very limited rights to challenge the exercise of such power***

Holders of securities of an institution subject to the exercise of the "bail-in" tool or other resolution power may have only very limited rights to challenge any decision of the UK resolution authority to exercise such power or to have that decision judicially reviewed. Further, the UK resolution authority would be expected to exercise such powers without the consent of the holders of the affected securities.

***Prospective investors should assume that the UK government would not provide extraordinary public financial support, or if it did, only as a last resort after the bail-in tool or other resolution tools have been utilized***

Provided that certain conditions are satisfied, the UK government may provide extraordinary public financial support in relation to a failing UK financial institution by providing capital to such financial institution in exchange for Common Equity Tier 1 instruments, Additional Tier 1 instruments or Additional Tier 2 instruments, or by taking such financial institution into temporary public ownership (i.e., nationalisation). However, prospective purchasers of Notes issued by CSi should assume that any such additional financial stabilisation tool(s) would only be used (if at all) as a last resort after having assessed and exploited the other resolution tools (e.g., the bail-in tool, as described above) to the maximum extent practicable.

(d) **The UK's decision to leave the EU**

On 23 June 2016, voters in the UK voted to leave the EU in a non-binding referendum (see the section headed "Principal Risks and Uncertainties – Political Outlook" on page 13 of the 2017 CSi Annual Report (as defined in the CSi Registration Document)). The exit process may include the renegotiation, either during a transitional period or more permanently, of a number of regulatory and other arrangements between the EU and the UK that directly impact CSi's businesses. CSi is working to address the implications of the consequences of these changes and to ensure operational continuity for its clients. Adverse changes to any of these arrangements, and even uncertainty over potential changes during any period of negotiation, could potentially impact CSi's results in the UK or other markets.

**3. Risks relating to the Notes generally**

(a) **Potential loss of some or all of the investment**

Purchasers of Notes which are "capital at risk" investments may lose some or all of their money

depending on the performance of the relevant Underlying Asset(s) and the terms of such Notes. The Notes will be "capital at risk" investments unless the Final Redemption Amount payable at maturity or a scheduled early redemption of the relevant Notes is at least equal to the purchase price paid by investors for such Notes.

Even where the Final Redemption Amount is at least equal to the purchase price paid by investors for such Notes, the Notes are still "capital at risk" investments (i) the terms of the Notes provide for a mandatory automatic early redemption event to be applicable, such mandatory automatic early redemption event occurs and the amount payable is less than the purchase price or (ii) if the terms of the Notes provide that the Issuer's call option is applicable, such call option is exercised and the Optional Redemption Amount is less than such purchase price.

Where Notes are "capital at risk" investments, investors are exposed to a return that is linked to the performance of the relevant Underlying Asset(s) (as specified in the relevant Pricing Supplement), and may lose the value of some or all of their investment.

In any event, if the amount payable (or entitlement deliverable) on redemption, exercise or expiry of the Notes is less than the purchase price paid by investors for such Notes, investors may lose some or all of their investment.

Even if the particular Notes are not "capital at risk" and do provide for scheduled repayment in full of the issue price or the purchase price of the Notes, investors are still exposed to the credit risk of the Issuer and will lose up to the entire value of their investment if the Issuer either fails or is otherwise unable to meet its payment obligations. The Notes are not deposits, and are not covered by any deposit insurance or protection scheme.

Further, as explained at the start of this section, even if the Notes are not "capital at risk" and do provide for scheduled repayment in full of the issue price or the purchase price of the Notes, an investor could still lose some or all of his or her investment if:

- the investor sells the Notes prior to maturity in the secondary market but for an amount that is less than the issue price or the purchase price of the Notes;
- the Notes are redeemed early under their terms and conditions at the discretion of the Issuer and the Early Redemption Amount is less than the initial issue price or purchase price (see risk factor (h) (*In certain circumstances, the Issuer may redeem the Notes (other than due to a mandatory automatic early redemption event or exercise of a Call Option) prior to their scheduled maturity. The Early Redemption Amount payable on such early redemption may be less than the issue price or the purchase price and investors may therefore lose some or all of their investment and may not be able to reinvest the proceeds in another investment offering a comparable return*) below); or
- the Notes are subject to certain adjustments made by the Issuer in accordance with the terms and conditions of the Notes that may result in any amount payable (or deliverable) under the Notes (whether at maturity or otherwise) being reduced to, or being valued at, an amount that is less than the original investment.

(b) **Limited liquidity**

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

The Issuer may, but is not obliged to, purchase the Notes 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 the Notes may be limited. The only way in which a Noteholder 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) may not have changed since the Issue Date. Further, the price at which a Noteholder sells its Notes in the market may reflect a commission or a dealer discount, which would further reduce the proceeds such Noteholder would receive for its Notes.

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 Notes. The Notes are also subject to selling restrictions and/or transfer restrictions

that may limit a Noteholder's ability to resell or transfer its Notes. Accordingly, the purchase of Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. Any investor in the Notes must be prepared to hold such Notes for an indefinite period of time or until redemption or expiry of the Notes.

(c) **No obligation to maintain listing**

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

(d) **The Issue Price may be more than the market value of the Notes**

The Issue Price in respect of any Notes specified in the relevant Pricing Supplement may be more than the market value of such Notes 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 Notes in secondary market transactions. In particular, the Issue Price in respect of any Notes and the terms of such Notes may take into account, where permitted by law, fees, commissions or other amounts relating to the issue, distribution and sale of such Notes, or the provision of introductory services. Such fees, commissions or other amounts may be paid directly to the relevant distributor or, if the Notes 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 Notes and the terms of such Notes may also take into account (i) the expenses incurred by the Issuer in creating, documenting and marketing the Notes (including its internal funding costs) and (ii) amounts relating to the hedging of the Issuer's obligations under such Notes.

(e) **The market value of the Notes will be affected by many factors and cannot be predicted**

The market value of the Notes 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 Notes;
- (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) the value of the Underlying Asset(s) to which the Notes are linked (if any);
- (vi) if the Notes are linked to a share, the dividend rate on such share or if the Notes are linked to an Index, the dividend rate on the components underlying such Index;
- (vii) 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
- (viii) the exchange rate between the currency in which the Notes 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 and return on the Notes 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 Notes 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.

(f) **The market value of the Notes may be highly volatile**

Where the Notes reference any Underlying Asset(s), the Noteholders 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 and

return on the Notes.

(g) **Over-issuance of Notes by the Issuer**

The total size of Notes being issued on the issue date may be greater than the amount subscribed or purchased by investors as the dealer may retain some of the Notes as part of its issuing, market-making and/or trading arrangements or for the purposes of meeting future investor demand. The issue size of the Notes should not be regarded as indicative of the depth or liquidity of the market, or the demand, for the Notes.

(h) **In certain circumstances, the Issuer may redeem the Notes (other than due to a mandatory automatic early redemption event or exercise of a Call Option) prior to their scheduled maturity. The Early Redemption Amount payable on such early redemption may be less than the issue price or the purchase price and investors may therefore lose some or all of their investment and may not be able to reinvest the proceeds in another investment offering a comparable return**

The Notes may be redeemed prior to their scheduled maturity in certain circumstances (other than due to a mandatory automatic early redemption event or exercise of a Call Option) - for example, (i) if the Issuer determines that its obligations under the Notes or its hedging arrangements have become unlawful or illegal, (ii) following an event of default, or (iii) where the Notes are linked to one or more Underlying Asset(s), following certain events having occurred in relation to any Underlying Asset(s). In such case, the Notes may be redeemed early prior to their scheduled maturity for an amount equal to the Early Redemption Amount. Please refer to the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" for more information.

(i) **In certain circumstances, the Issuer may adjust the terms of the Notes, and such adjustment may have a negative effect on the value of the Notes**

If the Issuer determines that any adjustment events or other events affecting (i) the Underlying Asset(s) or (ii) (depending on the terms of the Notes) the Issuer's hedging arrangements have occurred, the Issuer may adjust the terms and conditions of the Notes (including substituting an Underlying Asset) without the consent of the Noteholders.

In making any such adjustment, the Issuer 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 adjustment in accordance with its applicable regulatory obligations. Please refer to the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" for more information.

Nevertheless, any such adjustment could have a material adverse effect on the return on, and value of, the Notes.

(j) **Tax risks**

Potential investors in the Notes should take note of the information set out in the section headed "Taxation". Potential investors in the Notes should conduct such independent investigation and analysis regarding the tax treatment of the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes 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 Notes. The level and basis of taxation on the Notes and on the Noteholders and any reliefs from such taxation depend on the Noteholder's individual circumstances and could change at any time. The tax and regulatory characterisation of the Notes may change over the life of the Notes. This could have adverse consequences for Noteholders. Potential Noteholders will therefore need to consult their own tax advisers to determine the specific tax consequences of the purchase, ownership, transfer and redemption, exercise or expiry or enforcement of the Notes.

(k) **Proposed Financial Transaction Tax**

The European Commission has published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**FTT**") which is currently being considered by Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (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 Notes 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 Notes are advised to seek their own professional advice in relation to the FTT.

(l) **Issue of further Notes**

If additional securities or options with the same terms and conditions or linked to the same Underlying Asset(s) as the Notes 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 Notes to decline.

(m) **Risk of cancellation of issue of Notes**

The Issuer may determine to cancel the issue of Notes 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 Notes. In such case, where an investor has already paid or delivered subscription monies for the relevant Notes, 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 Notes.

(n) **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 Notes.

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 Notes (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 Notes 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 Notes. 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 Notes.

(o) **There are particular risks in relation to Notes denominated in or referencing CNY**

Chinese Renminbi, the lawful currency of the People's Republic of China ("**CNY**") is not freely convertible at present. The government of the People's Republic of China continues to regulate conversion between CNY and foreign currencies despite the significant reduction over the years by such government of its control over routine foreign exchange transactions conducted through current accounts. The People's Bank of China ("**PBOC**") has established a clearing and settlement system pursuant to the Settlement Agreement on the Clearing of CNY Business between PBOC and Bank of China (Hong Kong) Limited. However, the current size of CNY and CNY denominated financial assets in Hong Kong is limited, and its growth is subject to many constraints imposed by the laws and regulations of the People's Republic of China on foreign exchange.

No assurance can be given that access to CNY funds for the purposes of making payments under the Notes or generally will remain available or will not become restricted. The value of CNY against foreign currencies fluctuates and is affected by changes in the People's Republic of China and international political and economic conditions and by many other factors. As a result, foreign exchange fluctuations between a purchaser's home currency and CNY may affect purchasers who intend to convert gains or losses from the sale or redemption of the Notes into their home currency.

Developments and the perception of risks in other countries, especially emerging market countries, may adversely affect the exchange rate CNY with other currencies and therefore the value of Notes denominated in or referencing CNY.

**4. Risks associated with certain types of Notes and certain product features**(a) **Optional redemption by the Issuer**

Any call option of the Issuer in respect of the Notes may negatively impact their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed. The investor will not be able to participate in the performance of the Underlying Asset(s) following the effective date of the Issuer call option.

(b) **A "participation" factor of over 100 per cent. means that you may participate disproportionately in the performance of the Underlying Asset(s)**

Where the terms and conditions of the Notes provide that the Final Redemption Amount or other amount payable (as applicable) in respect of such Notes is based upon the performance of the Underlying Asset(s) and is multiplied by a "participation" factor which is over 100 per cent., the Noteholder may participate disproportionately in any positive performance and/or may have a disproportionate exposure to any negative performance of the Underlying Asset(s). Due to this leverage effect, such Notes will represent a very speculative and risky form of investment since any loss in the value of the Underlying Asset(s) carries the risk of a correspondingly higher loss.

(c) **A "participation" factor of less than 100 per cent. means that you will not participate in the full positive performance of the Underlying Asset(s)**

Where the terms and conditions of the Notes provide that the Final Redemption Amount or other amount payable (as applicable) in respect of such Notes is based upon the performance of the Underlying Asset(s) and is multiplied by a "participation" factor which is less than 100 per cent., the Noteholder will not participate fully in the performance (whether positive or negative) of the Underlying Asset(s). In such case, the return on the Notes will be disproportionately lower than any positive performance of the Underlying Asset(s), and may be significantly less than if the Noteholder had purchased the Underlying Asset(s) directly.

(d) **The effect of averaging**

If so provided in the applicable terms and conditions of the Notes, the amount payable (or deliverable) on the Notes (whether at maturity or otherwise) will be based on the average of the applicable levels, prices, rates or other applicable values of the Underlying Asset(s) on each

of the specified averaging dates, and not the simple performance of the Underlying Asset(s) over the term of the Notes. For example, if the applicable level, price, rate or other applicable value of the particular Underlying Asset(s) dramatically surged on the last of five averaging dates, the amount payable on the Notes may be significantly less than it would have been had the amount payable been linked only to the applicable level, price, rate or other applicable value of the particular Underlying Asset(s) on that last averaging date.

(e) **'Worst-of'**

Where the Notes are linked to a basket of Underlying Assets and the terms of the Notes provide that the Final Redemption Amount or other amount payable (as applicable) in respect of such Notes depends on the performance of the worst performing Underlying Asset in the basket, Noteholders will be exposed to the performance of each Underlying Asset and, in particular, to the Underlying Asset which has the worst performance.

This means that, irrespective of how the other Underlying Assets perform, if any one or more Underlying Assets fail to meet the specified threshold or barrier, Noteholders could lose some or all of their initial investment.

(f) **Cap**

Where the terms of the Notes provide that the amount payable or deliverable is subject to a cap, your ability to participate in any change in the value of the Underlying Asset(s) (or any change in floating interest rates) will be limited, no matter how much the level, price or other value of the Underlying Asset(s) (or floating interest rates) rises above the cap level over the term of the Notes. Accordingly, the value of or return on the Notes may be significantly less than if Noteholders had purchased the Underlying Asset(s) (or invested in instruments which pay an uncapped floating rate of interest) directly.

(g) **Interest rate risks**

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

Where interest on Notes 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 Notes. As the interest income on Notes which bear interest at a floating rate will vary, it is not possible to determine a fixed yield on such Notes at the time of investment and to compare the return on investment of such Notes with investments bearing interest at a fixed rate. If the terms and conditions of the Notes provide for frequent interest payment dates, a Noteholder 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 Notes may be less than the positive margin, or may be zero (or such other minimum rate of interest), as specified in the relevant Pricing Supplement.

(h) **Emerging markets risks**

An Underlying Asset may include an exposure to emerging markets. Emerging market countries possess one or more of the following characteristics: a certain degree of political instability, relatively unpredictable financial markets and economic growth patterns, a financial market that is still at the development state or a weak economy. Emerging markets investments usually result in higher risks such as event risk, political risk, economic risk, credit risk, currency rate risk, market risk, regulatory/legal risk and trade settlement, processing and clearing risks as further described below. Investors should note that the risk of occurrence and the severity of the consequences of such risks may be greater than they would otherwise be in relation to more developed countries.

(i) *Event Risk.* On occasion, a country or region will suffer an unforeseen catastrophic event (for example, a natural disaster) which causes disturbances in its financial markets, including rapid movements in its currency, that will affect the value of securities in, or which relate to, that country. Furthermore, the performance of an Underlying Asset can be affected by global events, including events (political, economic or otherwise) occurring in a country other than that in which such Underlying Asset is issued or traded.

(ii) *Political Risk.* Many emerging market countries are undergoing, or have undergone in

recent years, significant political change which has affected government policy, including the regulation of industry, trade, financial markets and foreign and domestic investment. The relative inexperience with such policies and instability of these political systems leave them more vulnerable to economic hardship, public unrest or popular dissatisfaction with reform, political or diplomatic developments, social, ethnic, or religious instability or changes in government policies. Such circumstances, in turn, could lead to a reversal of some or all political reforms, a backlash against foreign investment, and possibly even a movement away from a market-oriented economy. For Noteholders, the results may include confiscatory taxation, exchange controls, compulsory re-acquisition, nationalisation or expropriation of foreign-owned assets without adequate compensation or the restructuring of particular industry sectors in a way that could adversely affect investments in those sectors. Any perceived, actual or expected disruptions or changes in government policies of a country, by elections or otherwise, can have a major impact on the performance of an Underlying Asset linked to such emerging market countries.

- (iii) *Economic Risk:* The economies of emerging market countries are by their nature in early or intermediate stages of economic development, and are therefore more vulnerable to rising interest rates and inflation. In fact, in many emerging market countries, high interest and inflation rates are the norm. Rates of economic growth, corporate profits, domestic and international flows of funds, external and sovereign debt, dependence on international trades and sensitivity to world commodity prices play key roles in economic development, yet vary greatly from one emerging market country to another. Businesses and governments in these emerging market countries may have a limited history of operating under market conditions. Accordingly, when compared to more developed countries, businesses and governments of emerging market countries are relatively inexperienced in dealing with market conditions and have a limited capital base from which to borrow funds and develop their operations and economies. In addition, the lack of an economically feasible tax regime in certain countries poses the risk of sudden imposition of arbitrary or excessive taxes, which could adversely affect foreign Noteholders. Furthermore, many emerging market countries lack a strong infrastructure and banks and other financial institutions may not be well-developed or well-regulated. All of the above factors, as well as others, can affect the proper functioning of the economy and have a corresponding adverse effect on the performance of an Underlying Asset linked to one or more emerging market countries.
- (iv) *Credit Risk:* Emerging market sovereign and corporate debt tends to be riskier than sovereign and corporate debt in established markets. Issuers and obligors of debt in these emerging market countries are more likely to be unable to make timely coupon or principal payments, thereby causing the underlying debt or loan to go into default. The sovereign debt of some countries is currently in technical default and there are no guarantees that such debt will eventually be restructured allowing for a more liquid market in that debt. The measure of a company's or government's ability to repay its debt affects not only the market for that particular debt, but also the market for all securities related to that company or country. Additionally, evaluating credit risk for foreign bonds involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult. Many debt securities are simply unrated and may already be in default or considered distressed. There is often less publicly available business and financial information about foreign issuers in emerging market countries than those in developed countries. Furthermore, foreign companies are often not subject to uniform accounting, auditing and financial reporting standards. Also, some emerging market countries may have accounting standards that bear little or no resemblance to, or may not even be reconcilable with, generally accepted accounting principles.
- (v) *Currency Risk:* An Underlying Asset may be denominated in a currency other than U.S. dollars, euro or pounds sterling. The weakening of a country's currency relative to the U.S. dollar or other benchmark currencies will negatively affect the value (in U.S. dollar or such other benchmark currency) of an instrument denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. It is important to note that some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency, but may not eliminate completely exposure to changing currency values.
- (vi) *Market Risk:* The emerging equity and debt markets of many emerging market countries, like their economies, are in the early stages of development. These financial

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

- (vii) *Regulatory/Legal Risk:* In emerging market countries there is generally less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers and issuers than in more developed countries. Whatever supervision is in place may be subject to manipulation or control. Many emerging market countries have mature legal systems which are comparable to those of more developed countries, whilst others do not. The process of regulatory and legal reform may not proceed at the same pace as market developments, which could result in confusion and uncertainty and, ultimately, increased investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain areas, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries are generally inexperienced in the areas of business and corporate law. Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that a foreign Noteholder would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. A Noteholder may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in foreign courts.
- (viii) *Trade Settlement, Processing and Clearing:* Many emerging market countries have different clearance and settlement procedures from those in more developed countries. For many emerging markets securities, there is no central clearing mechanism for settling trades and no central depository or custodian for the safekeeping of securities. Custodians can include domestic and foreign custodian banks and depositaries, among others. The registration, record-keeping and transfer of Notes may be carried out manually, which may cause delays in the recording of ownership. Where applicable, the Issuer will settle trades in emerging markets securities in accordance with the currency market practice developed for such transactions by the Emerging Markets Traders Association. Otherwise, the transaction may be settled in accordance with the practice and procedure (to the extent applicable) of the relevant market. There are times when settlement dates are extended, and during the interim the market price of any Underlying Assets and in turn the value of the Notes, may change. Moreover, certain markets have experienced times when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardised settlement procedures, settlement risk is more prominent than in more mature markets. In addition, Noteholders may be subject to operational risks in the event that Noteholders do not have in place appropriate internal systems and controls to monitor the various risks, funding and other requirements to which Noteholders may be subject by virtue of their activities with respect to emerging market securities.

(i) **Jurisdictional Event**

The amount payable in respect of Notes which are linked to an Underlying Asset may be reduced if the value of the proceeds of the Issuer's (or its affiliates') hedging arrangements in relation to such Underlying Asset are reduced as a result of various matters (each described as a "**Jurisdictional Event**") relating to risks connected with the relevant country or countries specified in the terms and conditions of the Notes (including, but not limited to, risks associated with fraud and/or corruption, political risk, legal uncertainty, imposition of foreign exchange controls and changes in laws or regulations).

**(j) Occurrence of Additional Disruption Events**

Additional disruption events in respect of an Underlying Asset may include events which result in the Issuer incurring material costs for performing its obligations under the Notes due to a change in applicable law or regulation, the inability or a materially increased cost of the Issuer and/or its affiliates to maintain or enter into hedging arrangements in respect of such Underlying Asset and the Notes ("**Additional Disruption Events**"). Subject to the terms and conditions for the Notes which determines the types of Additional Disruption Events which are applicable, upon determining that an Additional Disruption Event has occurred, the Issuer has discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Notes (without the consent of the Noteholders), or (ii) (A) if the terms of the Notes do not provide for the amount payable at maturity to be subject to a minimum amount, cause an early redemption of the Notes, or (B) otherwise, redeem the Notes at the scheduled maturity by payment of the Early Redemption Amount instead of the Final Redemption Amount, any of such determinations may have an adverse effect on the value of and return on the Notes. Following a determination by the Issuer in accordance with (ii)(A) or (ii)(B), no other amounts shall be payable in respect of the Notes on account of interest or otherwise.

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 its applicable regulatory obligations.

Please refer to the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" for more information.

**5. Risks associated with Notes that are linked to Underlying Asset(s)****(a) Past performance of an Underlying Asset is not a reliable indicator of future performance**

Any information about the past performance of an Underlying Asset at the time of the issuance of the Notes should not be regarded as a reliable indicator of the range of, or trends in, fluctuations in such Underlying Asset that may occur in the future. The level, price, rate or other applicable value of an Underlying Asset (and of components comprising such Underlying Asset) may go down as well as up throughout the term of the Notes. Such fluctuations may affect the value of and return on the Notes. There can be no assurance as to the future performance or movement of any Underlying Asset. Accordingly, before investing in the Notes, investors should carefully consider whether any investment linked to one or more relevant Underlying Assets is suitable for them.

**(b) No rights of ownership in an Underlying Asset**

Potential investors in the Notes should be aware that the Notes are unsecured obligations of the Issuer and that an Underlying Asset will not be held by the Issuer for the benefit of the Noteholders of such Notes and, as such, Noteholders will have no rights of ownership, including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights with respect to any Underlying Asset referenced by such Notes.

**(c) Exposure to currency risks**

Investors may be exposed to currency risks because (i) an Underlying Asset may be denominated or priced in currencies other than the currency in which the Notes are denominated, or (ii) the Notes and/or such Underlying Asset may be denominated in currencies other than the currency of the country in which the investor is resident. The value of the Notes may therefore increase or decrease as a result of fluctuations in those currencies.

**(d) Substitute Dividend and Dividend Equivalent Payments**

Under section 871(m) of the United States Internal Revenue Code of 1986 (the "**Code**") and regulations thereunder, a payment on a financial instrument that references a US equity or an index that includes a US equity may be treated as a "dividend equivalent" payment. Such payments generally will be subject to US withholding tax at a rate of 30 per cent. If withholding applies, the Issuer will not pay any additional amounts with respect to amounts withheld. The relevant Pricing Supplement may indicate if the Issuer has determined that the Notes are transactions subject to withholding under section 871(m). Although the Issuer's determination generally is binding on holders, it is not binding on the IRS. The IRS may successfully argue that the Notes are subject to

withholding under section 871(m), notwithstanding the Issuer's determination to the contrary. Holders should consult their tax advisors regarding the U.S. federal income tax consequences to them of section 871(m) and regulations thereunder, and whether payments or deemed payments on the Notes constitute dividend equivalent payments.

(e) **Correction of published prices or levels**

In the event that the relevant published prices or levels of an Underlying Asset are subsequently corrected and such correction is published by the entity or sponsor responsible for publishing such prices or levels, subject to such correction and publication occurring prior to a specified cut-off date in respect of the relevant Notes, such corrected prices or levels may be taken into account by the Issuer in any determination in relation to the Notes and/or the Issuer may make adjustments to the terms of the Notes, subject to the provisions of the relevant terms and conditions for the Notes. Where such corrected prices or levels are lower than the original levels or prices, this may have an adverse effect on the value of and return on the Notes.

(f) **Risks associated with Notes linked to a basket of Underlying Assets**

The following are particular risks associated with Notes linked to a basket of Underlying Assets:

- (i) *If the basket constituents are highly correlated, any move in the performance of the basket constituents will exaggerate the impact on the value of the Notes:* Correlation of basket constituents indicates the level of interdependence among the individual basket constituents with respect to their performance. If, for example, all of the basket constituents originate from the same sector and the same country, a high positive correlation may generally be assumed. Past rates of correlation may not be determinative of future rates of correlation. Investors should be aware that, though basket constituents may not appear to be correlated based on past performance, they may nevertheless suffer the same negative performance following a general downturn.
- (ii) *The negative performance of a single basket constituent may outweigh a positive performance of one or more other basket constituents:* Even in the case of a positive performance by one or more of the basket constituents, the performance of the basket as a whole may be negative if the performance of one or more of the other basket constituents is negative to a greater extent, depending on the terms and conditions of the relevant Notes.
- (iii) *A small basket, or an unequally weighted basket, will generally leave the basket more vulnerable to changes in the value of any particular basket constituent:* The performance of a basket that includes a fewer number of basket constituents will generally be more affected by changes in the value of any particular basket constituent than a basket that includes a greater number of basket constituents.
- (iv) *A change in composition of a basket may have an adverse effect on basket performance:* Where the terms and conditions of the Notes grant the Issuer the right, in certain circumstances, to adjust the composition of the basket, investors should be aware that any replacement basket constituent may perform differently from the original basket constituent, which may have an adverse effect on the performance of the basket and therefore the performance of the Notes.

(g) **Risks associated with physical delivery of Underlying Asset(s)**

In the case of Notes where physical settlement is specified to be applicable in the relevant Pricing Supplement, such Notes shall be redeemed at their maturity by delivering Underlying Asset(s) to the Noteholders and the Noteholders will receive such Underlying Asset(s) rather than a monetary amount upon maturity. Noteholders will therefore be exposed to the risks associated with the issuer of such Underlying Asset(s) and the risks associated with such Underlying Asset(s).

The value of each such Underlying Asset to be delivered, together with any fractional cash amount, to a Noteholder may be less than the purchase amount paid by such Noteholder for the Notes and the principal amount (if any) of the relevant Notes. In the worst case, the Underlying Asset(s) to be delivered may be worthless. Also, prospective investors should consider that any fluctuations in the price of the Underlying Asset(s) to be delivered between the end of the term of the Notes and the actual delivery date will be borne by the Noteholders. This means that a Noteholder's actual loss or gain and final return on the Notes can only be determined after delivery of the Underlying Asset(s) to such Noteholder. Further, Noteholders may be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal

of Underlying Asset(s).

(h) **Regulation and reform of "benchmarks", including LIBOR, EURIBOR and other interest rate, equity, commodity, foreign exchange rate and other types of benchmarks**

The London Interbank Offered Rate ("LIBOR"), the Euro Interbank Offered Rate ("EURIBOR") and other interest rate, equity, commodity, foreign exchange rate and other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following any such reforms, benchmarks may perform differently than in the past or disappear entirely, or there could be other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a benchmark.

Key regulatory proposals and initiatives in this area include (amongst others) IOSCO's Principles for Financial Market Benchmarks, published in July 2013 (the "IOSCO Benchmark Principles"), the EU Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "Benchmark Regulation"), and the transition, proposed by the UK's Financial Conduct Authority (the "FCA"), away from LIBOR to one or more alternative benchmarks.

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability as well as the quality and transparency of benchmark design and methodologies. Subsequent implementation reviews have found that widespread efforts are being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed. However, the reviews also note that, as the "benchmarks industry" is in a state of flux, IOSCO may need to take further steps in the future - although it is not yet clear what these steps might be.

The Benchmark Regulation entered into force in June 2016 and became fully applicable in the EU on 1 January 2018 (save that certain provisions, including those related to "critical benchmarks", took effect as at 30 June 2016), subject to certain transitional provisions. The Benchmark Regulation applies to "contributors" to, "administrators" of, and "users" of benchmarks in the EU. It, among other things, (a) requires EU benchmark administrators to be authorised or registered and to comply with requirements relating to the administration of benchmarks, (b) prohibits the use in the EU of benchmarks provided by EU administrators which are not authorised or registered in accordance with the Benchmark Regulation, and (c) prohibits the use in the EU of benchmarks provided by non-EU administrators which are not (i) authorised or registered and subject to supervision in a jurisdiction in respect of which an "equivalence" decision has been adopted in accordance with the Benchmark Regulation, or (ii) where such equivalence decision is pending, "recognised" by the competent authorities of the applicable EU Member State(s). An exception to this is that a benchmark provided by a non-EU administrator can itself be endorsed for use in the EU by an EU authorised or registered administrator or an EU-based supervised entity, following authorisation of the endorsement by the relevant competent authority.

The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as EURIBOR, will, when fully applicable, apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices. This will include "proprietary" indices or strategies where these are used to (i) determine the amount payable under, or the value of, certain financial instruments (including securities or OTC derivatives listed on an EU regulated market, EU multilateral trading facility (MTF), EU organised trading facility (OTF) or traded via a systematic internaliser), (ii) determine the amount payable under certain financial contracts, or (iii) measure the performance of an investment fund. The requirements of the Benchmark Regulation vary depending on the category of benchmark in question. In particular, a lighter touch regime applies to benchmarks which are not interest rate or commodity benchmarks where the total average value of financial instruments, financial contracts or investment funds referencing the benchmark over a period of six months is less than €50bn (subject to further conditions).

The Benchmark Regulation could have a material impact on Notes linked to a benchmark rate or index. For example:

- a rate or index which is a benchmark could be prohibited from being used in the EU if (subject to applicable transitional provisions) its administrator is (i) based in the EU and does not obtain authorisation or registration, or (ii) based in a non-EU jurisdiction which does not satisfy the "equivalence" conditions and is not "recognised" pending an equivalence decision. In such event, depending on the particular benchmark and the applicable terms of the Notes, the Notes could be de-listed, adjusted, redeemed prior to maturity or otherwise impacted; and

- the methodology or other terms of the benchmark could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could reduce or increase the rate or level or affect the volatility of the published rate or level, and could lead to adjustments to the terms of the Notes, including the Calculation Agent determination of the rate or level in its discretion.

In a speech in July 2017, the Chief Executive of the FCA committed the FCA to begin planning a transition away from LIBOR to alternative reference rates that are based on actual transactions, such as SONIA (the Sterling Over Night Index Average). The speech envisaged the current LIBOR arrangements continuing until at least the end of 2021.

Ongoing international and/or national reform initiatives and the increased regulatory scrutiny of benchmarks generally could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any applicable regulations or requirements. Such factors may discourage market participants from continuing to administer or contribute to benchmarks, trigger changes in the rules or methodologies used in respect of benchmarks, and/or lead to the disappearance of benchmarks, including LIBOR. This could result in (i) adjustments to the terms and conditions and/or early redemption provisions and/or provisions relating to discretionary valuation by the Calculation Agent, (ii) delisting, and/or (iii) other consequences for Notes linked to any such benchmarks. Any such consequence could have a material adverse effect on the value of and return on any such Notes.

(i) **It may not be possible to use the Notes as a perfect hedge against the market risk associated with investing in the Underlying Asset(s)**

It may not be possible to use the Notes as a perfect hedge against the market risk associated with investing in the Underlying Asset(s) and there are complexities of using the Notes in this manner. For example, the value of the Notes may not exactly match the value of the Underlying Asset(s). Due to fluctuating supply and demand for the Notes, there is no assurance that the value of the Notes will match changes in the value of the Underlying Asset(s). It may also not be possible to purchase or sell the Notes at the prices used to calculate the value of the Underlying Asset(s).

(j) **There may be regulatory consequences to Noteholders holding Notes linked to an Underlying Asset**

There may be regulatory and other consequences associated with the holding by certain Noteholders of Notes linked to an Underlying Asset. Each prospective investor must conduct its own investigations into its regulatory position with respect to a potential investment in the Notes or consult advisers as it considers appropriate.

**6. Risks associated with Notes that are linked to one or more particular types of Underlying Assets**

(a) Risks associated with shares

(i) *Factors affecting the performance of shares may adversely affect the value of Notes*

The performance of shares is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments, political factors as well as company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

(ii) *Actions by the issuer of a share may adversely affect the Notes*

The issuer of a share will have no involvement in the offer and sale of the Notes and will have no obligation to any Noteholders. The issuer of a share may take any actions in respect of such share without regard to the interests of the Noteholders, and any of these actions could adversely affect the market value of and return on the Notes.

(iii) *Determinations made by the Issuer in respect of certain potential adjustment events and extraordinary events may have an adverse effect on the value of the Notes*

The adjustment events referred to in risk factor 3(h) (*In certain circumstances, the Issuer may redeem the Notes (other than due to a mandatory automatic early redemption event or exercise of a Call Option) prior to their scheduled maturity. The Early Redemption Amount payable on such early redemption may be less than the issue price or the purchase price and investors may therefore lose some or all of their investment and may*

*not be able to reinvest the proceeds in another investment offering a comparable return* include, in respect of shares, "Potential Adjustment Events" and "Extraordinary Events". Potential Adjustment Events include (A) a sub-division, consolidation or re-classification of shares, (B) an extraordinary dividend, (C) a call of shares that are not fully paid-up, (D) a repurchase by the share issuer, or an affiliate thereof, of the shares, (E) a separation of rights from shares, (F) any event having a dilutive or concentrative effect on the value of shares, or (G) the amendment or supplement to the terms of the deposit agreement in respect of shares which are depositary receipts. Extraordinary Events include (1) a delisting of shares on an exchange, (2) an insolvency or bankruptcy of the issuer of the shares, (3) a merger event entailing the consolidation of shares with those of another entity, (4) a nationalisation of the issuer of the shares or transfer of shares to a governmental entity, or (5) a tender offer or takeover offer that results in transfer of shares to another entity.

Upon determining that a Potential Adjustment Event or an Extraordinary Event has occurred in relation to a share or share issuer, the Issuer has discretion to make certain determinations to account for such event including to (aa) make adjustments to the terms of the Notes (without the consent of Noteholders), and/or (bb) (in the case of an Extraordinary Event) (x) if the terms of the Notes do not provide for the amount payable at maturity to be subject to a minimum amount, cause an early redemption of the Notes, or (y) otherwise, redeem the Notes at the scheduled maturity by payment of the Early Redemption Amount instead of the Final Redemption Amount, any of such determinations may have an adverse effect on the value of and return on the Notes. Following a determination by the Issuer in accordance with (bb)(x) or (bb)(y), no other amounts shall be payable in respect of the Notes on account of interest or otherwise.

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 its applicable regulatory obligations.

Please refer to the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" for more information.

(iv) *Loss of return of dividends in respect of most Notes linked to shares*

Unless the terms and conditions of the Notes specify otherwise, holders of such Notes in respect of which an Underlying Asset is a share will not participate in dividends or other distributions paid on such share. Therefore, the return on such Notes will not reflect the return a Noteholder would have realised had it actually owned such shares and received the dividends in respect of them.

(b) **Risks associated with Equity Indices**

(i) *Factors affecting the performance of Indices may adversely affect the value of and return on the Notes*

Indices are comprised of a synthetic portfolio of shares or other assets, and as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares or other components that comprise such Index, which may include interest and price levels on the capital markets, currency developments, political factors and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

(ii) *Returns on Notes will not be the same as a direct investment in futures or options on the Index or in the underlying components of the Index*

An investment in the Notes linked to Indices is not the same as a direct investment in futures or option contracts on any or all of the relevant Indices nor any or all of the constituents included in each Index. In particular, investors will not benefit directly from any positive movements in any Index nor will investors benefit from any profits made as a direct result of an investment in such Index. Accordingly, changes in the performance of any Index may not result in comparable changes in the market value of or return on the Notes linked to such Index.

(iii) *Loss of return of dividends in respect of most Notes linked to Indices*

The rules of an Index might stipulate that dividends distributed on its components do not lead to a rise in the Index Level, for example, if it is a "price" index. As a result, holders of Notes linked to such Index would lose the benefit of any dividends paid by the components of the Index and such Notes would not perform as well as a position where such holder had invested directly in such components or where they invested in a "total return" version of the Index. Even if the rules of the relevant underlying Index provide that distributed dividends or other distributions of the components are reinvested in the Index and therefore result in raising its level, in some circumstances the dividends or other distributions may not be fully reinvested in such Index.

- (iv) *A change in the composition or discontinuance of an Index could have a negative impact on the value of the Notes*

The sponsor of an Index can add, delete or substitute the components of such Index or make other methodological changes that could change the level of one or more components. The changing of the components of an Index may affect the level of such Index as a newly added component may perform significantly worse or better than the component it replaces, which in turn may adversely affect the value of and return on the Notes. The sponsor of an Index may also alter, discontinue or suspend calculation or dissemination of such Index. The sponsor of an Index will have no involvement in the offer and sale of the Notes and will have no obligation to any investor in such Notes. The sponsor of an Index may take any actions in respect of such Index without regard to the interests of the investor in the Notes, and any of these actions could have an adverse effect on the value of and return on the Notes.

- (v) *Occurrence of Index Adjustment Events*

Upon determining that an index adjustment event has occurred in relation to an Index pursuant to the terms and conditions of the Notes, the Issuer has the discretion to make certain determinations and adjustments to account for such event including to (A) make adjustments to the terms of the Notes (without the consent of Noteholders), and/or (B) cause an early redemption of the Notes prior to their scheduled maturity by payment of the Early Redemption Amount instead of the Final Redemption Amount, any of such determinations may have an adverse effect on the value of and return on the Notes. Following a determination by the Issuer in accordance with (B) redeem the Notes at the scheduled maturity by payment of the Early Redemption Amount instead of the Redemption Amount, any of such determinations may have an adverse effect on the value of and return on the Notes. Following a determination by the Issuer in accordance with (B), no other amounts shall be payable in respect of the Notes on account of interest or otherwise.

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 its applicable regulatory obligations.

Please refer to the section headed "Overview of the Potential for Discretionary Determinations by the Issuer" for more information.

## **7. Risks associated with calculations and determinations by the Issuer and conflicts of interest between the Issuer and holders of Notes**

### **(a) Exclusion of liability for calculations and determinations**

The terms of the Notes may contain an exclusion of liability or responsibility on the part of the Issuer (in its capacity as Issuer or otherwise) for errors or omissions in its calculations or determinations with regard to the Notes, whether caused by negligence or otherwise. If that is the case, investors may have no ability to take legal action against the Issuer for any loss or damage suffered as a result of such error or omission.

### **(b) Calculations and determinations under the Notes**

In making calculations and determinations with regard to the Notes, there may be a difference of interest between the Noteholders and the Issuer. Save where otherwise provided in the terms and conditions, the Issuer is required to act in good faith and in a commercially reasonable manner but does not have any obligations of agency or trust for any investors and has no fiduciary

obligations towards them. In particular, the Issuer and its affiliated entities may have interests in other capacities (such as other business relationships and activities). Prospective investors should be aware that any determination made by the Issuer may have a negative impact on the value of and return on the Notes.

Each of the Issuer, the Dealer 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 when acting in such other capacities the Issuer, the Dealer or any of their respective affiliates may pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for any particular Noteholder.

(c) **Hedging and dealing activities in relation to the Notes and Underlying Asset(s)**

In the ordinary course of its business the Issuer and/or any of its affiliates may effect transactions for its own account or for the account of its customers and may enter into one or more hedging transactions with respect to the Notes or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in or in respect of the Underlying Asset(s) or related derivatives which may affect the market price, liquidity, value of or return on the Notes and which could be adverse to the interest of the relevant Noteholders.

For example, the Issuer (itself or through an affiliate) may hedge the Issuer's obligations under the Notes by purchasing futures and/or other instruments linked to the Underlying Asset(s) or (if an Index) the stocks or other components underlying the Underlying Asset(s). The Issuer (or affiliate) may adjust its hedge by, among other things, purchasing or selling any of the foregoing, and perhaps other instruments linked to the Underlying Asset(s) or (if applicable) the components, at any time and from time to time, and may unwind the hedge by selling any of the foregoing on or before the maturity or settlement date (as applicable) for the Notes. The Issuer (or affiliate) may also enter into, adjust and unwind hedging transactions relating to other securities whose returns are linked to changes in the level, price, rate or other applicable value of the Underlying Asset(s) or (if applicable) the components. Any of these hedging activities may adversely affect the level, price, rate or other applicable value of the Underlying Asset(s) — directly or (if applicable) indirectly by affecting the level, price, rate or other applicable value of underlying components — and therefore the value of and return on the Notes. It is possible that the Issuer (or affiliate) could receive substantial returns with respect to such hedging activities while the value of and return on the Notes may decline.

Moreover, the Issuer (or affiliate) may also engage in trading in one or more of the Underlying Asset(s) or (if applicable) the components or instruments whose returns are linked to the Underlying Asset(s) or (if applicable) the components, for its proprietary accounts, for other accounts under its management or to facilitate transactions, including block transactions, on behalf of customers. Any of these activities of the Issuer (or affiliate) could adversely affect the level, price, rate or other applicable value of the Underlying Asset(s) — directly or (if applicable) indirectly by affecting the level, price, rate or other applicable value of the components — and therefore, the value of and return on the Notes. The Issuer (or affiliate) may issue or underwrite, other securities or financial or derivative instruments with returns linked to changes in the level, price, rate or other applicable value of the Underlying Asset(s) or (if applicable) one or more of the components, as applicable. By introducing competing products into the marketplace in this manner, the Issuer (or affiliate) could adversely affect the value of and return on the Notes.

(d) **Confidential information relating to the Underlying Asset(s)**

The Issuer and its affiliates (and any of their employees) may from time to time, by virtue of their status as underwriter, advisor or otherwise, possess or have access to information relating to the Underlying Asset(s) and any derivative instruments referencing them. None of the Issuer or its affiliates will be obliged (and may be subject to legal prohibition) to disclose any such information to an investor in the Notes.

## DOCUMENTS INCORPORATED BY REFERENCE

This Listing Supplement should be read and construed in conjunction with the following documents which shall be deemed to be incorporated in, and form part of, this Listing Supplement, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Listing Supplement to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Listing Supplement.

- (a) The registration document of CSi dated 23 April 2018 (the "**CSi Registration Document**") approved by the UK Listing Authority (as may be supplemented and/or replaced from time to time) is incorporated by reference in respect of CSi. The latest CSi Registration Document and any supplements thereto are available at <https://www.credit-suisse.com/media/assets/investment-banking/docs/financial-regulatory/international/csi-registration.pdf>.
- (b) The annual and current reports, including interim financial information, and other relevant information of CSi, are incorporated by reference in respect of CSi and are available at [https://www.credit-suisse.com/investment\\_banking/financial\\_regulatory/en/international.jsp](https://www.credit-suisse.com/investment_banking/financial_regulatory/en/international.jsp).
- (c) Any relevant information relating to CSi as may be published on or after the date of this Listing Supplement on the website of the Financial Conduct Authority at [www.fca.org.uk/news](http://www.fca.org.uk/news).

Copies of this Listing Supplement will be available for inspection during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the offices of the Paying Agents. In addition, copies of the documents incorporated by reference in this Listing Supplement (and any document incorporated by reference therein) will be available 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.

**OVERVIEW OF THE POTENTIAL FOR DISCRETIONARY DETERMINATIONS BY THE ISSUER**

Under the terms and conditions of the Notes, following the occurrence of certain events outside of its control, the Issuer may exercise its discretion to take one or more actions available to it in order to deal with the impact of such events on the Notes or its hedging arrangements (or both). **Any such exercise of a discretionary determination by the Issuer could have a material adverse impact on the value of and return on the Notes and/or could result in their early redemption.**

Below is an overview of the types of events that could give rise to a discretionary determination by the Issuer (if so specified to be applicable to the relevant Notes), the actions available to the Issuer to deal with the impact of such events and the effect of such event and/or action taken by the Issuer. Investors should also read the terms and conditions of the Notes which sets out in full the terms summarised below.

<b>What are the types of events that could give rise to a discretionary determination by the Issuer?</b>	<p>Broadly, there are three types of events that could give rise to a discretionary determination by the Issuer:</p> <ul style="list-style-type: none"> <li>(a) if the Issuer's obligations under the Notes (depending on the terms of the particular Notes) or its related activities involving the Underlying Assets become or will become illegal;</li> <li>(b) external events which affect the Underlying Asset(s); and</li> <li>(c) (depending on the terms of the particular Notes) external events which affect the Issuer's hedging arrangements and/or other related activities involving the Underlying Assets.</li> </ul>
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<b>What are the types of external events which affect the Underlying Asset(s)?</b>	There are many different external events that may affect an Underlying Asset, and these will vary depending on the type of Underlying Asset, including (but not limited to) those summarised in the table below:	
	<b>Type(s) of Underlying Asset</b>	<b>External events which affect such Underlying Asset(s)</b>
	<i>Equity</i>	<p><b>Potential Adjustment Events:</b> broadly, corporate actions relating to the share issuer which have a dilutive or concentrative effect on the theoretical value of the share - for example, a stock split or a distribution payment to holders of the shares.</p> <p><b>Extraordinary Events:</b> events which materially impact on the business of the share issuer, such as a merger, a takeover or tender offer, the nationalisation of the shares or assets of the share issuer, a delisting of the relevant shares on an exchange or the share issuer becomes insolvent.</p>
<i>Equity Index</i>	<p><b>Successor Index:</b> the index is replaced by another index which is calculated using the same (or substantially similar) formula.</p> <p><b>Index Adjustment Events:</b> events which materially impact on the calculation of the index - for example, the relevant sponsor cancels the index or fails to calculate the level of the index or materially changes the formula for calculating the index.</p>	

<p><b>What are the types of external events which affect the Issuer's hedging arrangements?</b></p>	<p>There are many different external events that may affect the Issuer's hedging arrangements, and these will vary depending on (a) the type of Underlying Asset or (b) the type of Notes, including (but not limited to) those summarised in the table below:</p>					
<table border="1"> <thead> <tr> <th data-bbox="507 304 794 405">Type(s) of Underlying Asset / Type of Security</th> <th data-bbox="802 304 1348 405">External events which affect the Issuer's hedging arrangements</th> </tr> </thead> <tbody> <tr> <td data-bbox="507 405 794 1368"><i>Equity, Equity Index</i></td> <td data-bbox="802 405 1348 1368"> <p><b>Change in law:</b> as a result of a change in any applicable law, it has become unlawful or illegal to conduct its hedging arrangements or other related activities involving the Underlying Assets or it will incur a materially increased cost in performing its obligations under the Notes or other related activities involving the Underlying Assets.</p> <p><b>Hedging Disruption:</b> an event which impacts the ability of the Issuer and/or its affiliates to hedge the risk of the Issuer entering into and performing its obligations under the Notes – for example, if the Issuer is unable to enter into a hedge or to realise the proceeds of a hedge.</p> <p><b>Increased Cost of Hedging:</b> the Issuer and/or its affiliates would incur a materially increased cost to hedge the risk of the Issuer entering into and performing its obligations under the Notes (except where the increased cost is due to the deterioration of the creditworthiness of the Issuer and/or its affiliates).</p> <p><b>FX Disruption:</b> an event which impacts on the ability of the Issuer and/or its affiliates to transfer or convert any relevant amounts in relation to its hedging arrangements.</p> <p><b>Jurisdictional Event:</b> an event where, as a result of the risks (which may be political, legal or otherwise) associated with certain emerging countries, has the effect of reducing the value of the proceeds of the Issuer's hedging arrangements.</p> </td> </tr> <tr> <td data-bbox="507 1368 794 1525"><i>Equity</i></td> <td data-bbox="802 1368 1348 1525"> <p><b>Insolvency Filing:</b> an event which impacts on the transferability of the shares as a result of insolvency or similar proceedings affecting the share issuer.</p> </td> </tr> </tbody> </table>	Type(s) of Underlying Asset / Type of Security	External events which affect the Issuer's hedging arrangements	<i>Equity, Equity Index</i>	<p><b>Change in law:</b> as a result of a change in any applicable law, it has become unlawful or illegal to conduct its hedging arrangements or other related activities involving the Underlying Assets or it will incur a materially increased cost in performing its obligations under the Notes or other related activities involving the Underlying Assets.</p> <p><b>Hedging Disruption:</b> an event which impacts the ability of the Issuer and/or its affiliates to hedge the risk of the Issuer entering into and performing its obligations under the Notes – for example, if the Issuer is unable to enter into a hedge or to realise the proceeds of a hedge.</p> <p><b>Increased Cost of Hedging:</b> the Issuer and/or its affiliates would incur a materially increased cost to hedge the risk of the Issuer entering into and performing its obligations under the Notes (except where the increased cost is due to the deterioration of the creditworthiness of the Issuer and/or its affiliates).</p> <p><b>FX Disruption:</b> an event which impacts on the ability of the Issuer and/or its affiliates to transfer or convert any relevant amounts in relation to its hedging arrangements.</p> <p><b>Jurisdictional Event:</b> an event where, as a result of the risks (which may be political, legal or otherwise) associated with certain emerging countries, has the effect of reducing the value of the proceeds of the Issuer's hedging arrangements.</p>	<i>Equity</i>	<p><b>Insolvency Filing:</b> an event which impacts on the transferability of the shares as a result of insolvency or similar proceedings affecting the share issuer.</p>
Type(s) of Underlying Asset / Type of Security	External events which affect the Issuer's hedging arrangements					
<i>Equity, Equity Index</i>	<p><b>Change in law:</b> as a result of a change in any applicable law, it has become unlawful or illegal to conduct its hedging arrangements or other related activities involving the Underlying Assets or it will incur a materially increased cost in performing its obligations under the Notes or other related activities involving the Underlying Assets.</p> <p><b>Hedging Disruption:</b> an event which impacts the ability of the Issuer and/or its affiliates to hedge the risk of the Issuer entering into and performing its obligations under the Notes – for example, if the Issuer is unable to enter into a hedge or to realise the proceeds of a hedge.</p> <p><b>Increased Cost of Hedging:</b> the Issuer and/or its affiliates would incur a materially increased cost to hedge the risk of the Issuer entering into and performing its obligations under the Notes (except where the increased cost is due to the deterioration of the creditworthiness of the Issuer and/or its affiliates).</p> <p><b>FX Disruption:</b> an event which impacts on the ability of the Issuer and/or its affiliates to transfer or convert any relevant amounts in relation to its hedging arrangements.</p> <p><b>Jurisdictional Event:</b> an event where, as a result of the risks (which may be political, legal or otherwise) associated with certain emerging countries, has the effect of reducing the value of the proceeds of the Issuer's hedging arrangements.</p>					
<i>Equity</i>	<p><b>Insolvency Filing:</b> an event which impacts on the transferability of the shares as a result of insolvency or similar proceedings affecting the share issuer.</p>					
<p><b>Why is it necessary for the Issuer to make discretionary determination following the occurrence of such events?</b></p>	<p>The Issuer may be unable to continue to perform its obligations under the Notes or its related hedging arrangements or other related activities if they become or will become illegal. In that case (depending on the terms of the particular Notes), the Issuer may need to (a) adjust the terms of the Notes so that it is no longer illegal for it to perform its obligations, or (b) early redeem the Notes.</p> <p>Where the Notes are linked to one or more Underlying Assets, the investment objective of the Notes is to allow an investor to gain an economic exposure to the Underlying Asset(s). If an Underlying Asset is materially impacted by an unexpected event – for example, (a) a company merges and the original stock that formed an Underlying Asset is restructured or changed, (b) the rules of an index that is an Underlying Asset are materially modified or (c) a material change to the investment objective and strategy of a fund that is an Underlying Asset – then it may not be possible to achieve the investment objective of the Notes based on the original terms and conditions of the Notes. The Issuer will need to make certain discretionary determinations in order to preserve the original economic objective and rationale of the Notes.</p>					

	<p>In addition, the Issuer or its affiliates or the hedging entity may enter into hedging arrangements in order to manage its exposure in relation to its payment obligations under the Notes and to enable it to issue the Notes at the relevant price and on the relevant terms. If the amount(s) payable by the Issuer under the Notes depend on the performance of the Underlying Asset(s) or an interest rate, the hedging arrangements may involve</p> <p>(a) holding the Underlying Asset(s) directly, or (b) entering into derivative contracts with counterparties to receive a corresponding economic exposure to the Underlying Asset(s) or the relevant interest rate, or to hedge the interest rate, currency rate or price risk in relation to the Underlying Asset(s) or the Notes. The exercise of the Issuer's discretion is necessary if an external event occurs subsequent to the issuance of the Notes which negatively impacts the Issuer's hedging arrangements or the costs of maintaining such hedging arrangements. The occurrence of such unanticipated external events is unlikely to have been reflected in the original pricing of the Notes.</p>
<p><b>If such an event occurs, what actions can the Issuer take?</b></p>	<p>Broadly, depending on the terms of the Notes (and bearing in mind that different terms may apply to different types of Underlying Assets and where specified to be applicable in the relevant Pricing Supplement), the Issuer may take one or more of the following actions in order to deal with the effect of the events outlined above:</p> <p>(a) <b>Adjustments to the terms and conditions of the Notes:</b> The Issuer may adjust the terms and conditions of the Notes to account for the economic effect of the external event on the Underlying Asset(s) or (where applicable in relation to the particular Notes) on its hedging arrangements or other related activities involving the Underlying Assets, and to preserve the original economic objective and rationale of the Notes. This may include adjustments to the amount(s) payable and/or any variable relevant to payment under the Notes.</p> <p>(b) <b>Substitution of the Underlying Asset(s):</b> In respect of Share Notes, Share Basket Notes and Reverse Convertible Notes (in each case where "Share Substitution" is specified to be applicable in the relevant Pricing Supplement), following an Extraordinary Event or Additional Disruption Event (in each case as described above), the Issuer may substitute the Underlying Asset(s) with a replacement asset satisfying the criteria set out in the applicable terms and conditions. The Issuer may also make adjustments to the terms and conditions of the Notes to account for such event and the replacement of the original Underlying Asset, and to preserve the original economic objective and rationale of the Notes.</p> <p>(c) <b>Early redemption and/or payment of the Early Redemption Amount:</b> In certain situations, if the Issuer determines that no adjustment to the terms and conditions would lead to a commercially reasonable result or the Underlying Asset(s) cannot be replaced with a suitable substitute asset (if applicable), the Issuer may early redeem the Notes prior to their scheduled maturity by payment of an Early Redemption Amount instead of the Final Redemption Amount, as the case may be, and no other amounts shall be payable in respect of the Notes on account of interest or otherwise following such determination by the Issuer. See "<i>How is the Early Redemption Amount calculated?</i>" below.</p>
<p><b>How is the Early Redemption Amount calculated?</b></p>	<p>The Early Redemption Amount will be determined in accordance with the terms of the Notes and may be equal to:</p> <p>(a) "par" which is the outstanding principal amount of such Notes plus accrued and unpaid interest;</p> <p>(b) a sum equal to the fair market value of the Notes (which may be greater than or equal to zero), determined by the Issuer in its sole and absolute discretion (including using its internal models and methodologies, taking into account the time remaining to maturity of the Notes, the relevant interest rates, the value, expected future</p>

Overview of the Potential for Discretionary Determinations by the Issuer

	<p>performance and/or volatility of the Underlying Asset(s) (if any) and any other relevant information), taking into account any associated losses, expenses or costs that are incurred (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 the Notes, and which may include a deduction to take account of the creditworthiness of the Issuer; or</p> <p>(c) any other amount specified in or determined pursuant to the terms of the Notes.</p>
<p><b>What is the effect of such event and/or action taken by the Issuer?</b></p>	<p>Any of the above actions, if taken by the Issuer, may result in a reduced return on the Notes and/or have a material adverse impact on the value of the Notes. The Early Redemption Amount could be less than such investor's initial investment (and may be reduced to zero).</p> <p>Further, if the Notes are redeemed early prior to the scheduled maturity, an investor may be unable to reinvest the redemption proceeds in another investment at the time that provides an equivalent return.</p>
<p><b>Will the Issuer notify me if such an event occurs and/or if it takes any of the above actions?</b></p>	<p>Yes, the Issuer will generally give notice to Noteholders as soon as practicable upon making any adjustments to the terms and conditions of the Notes, or if it substitutes an Underlying Asset with a replacement asset, or if the Issuer determines to early redeem the Notes or to pay the Early Redemption Amount at maturity, or if the Issuer makes any other discretionary determination.</p>
<p><b>Are there any other situations where the Issuer may make discretionary determinations?</b></p>	<p>If the Issuer determines that a disruption event in relation to an Underlying Asset has occurred which affects the valuation of such Underlying Asset on any relevant day, the Issuer may postpone, or apply alternative provisions for, the valuation of such Underlying Asset (such as by making its own determination of the value of such Underlying Asset or using an estimate of any variable to calculate the amount(s) payable under the Notes). Such determination(s) may have an adverse effect on the value of the Notes.</p>
<p><b>How will the Issuer exercise its discretion?</b></p>	<p>In considering whether and how to make such a discretionary determination, the Issuer shall (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 discretionary determination in accordance with its applicable regulatory obligations.</p>
<p><b>Where can I find more information?</b></p>	<p>See risk factors 3(h) (<i>In certain circumstances, the Issuer may redeem the Notes (other than due to a mandatory automatic early redemption event or exercise of a Call Option) prior to their scheduled maturity. The Early Redemption Amount payable on such early redemption may be less than the issue price or the purchase price and investors may therefore lose some or all of their investment and may not be able to reinvest the proceeds in another investment offering a comparable return</i>), 4(i) (<i>Jurisdictional Event</i>), 4(j) (<i>Occurrence of Additional Disruption Events</i>), 6(a)(iii) (<i>Determinations made by the Issuer in respect of Potential Adjustment Events and Extraordinary Events may have an adverse effect on the value of the Notes</i>), 6(b)(v) (<i>Occurrence of Index Adjustment Events</i>) for more information.</p>

## CREDIT SUISSE INTERNATIONAL

*The information provided below has been extracted from the Credit Suisse International ("CSI") Registration Document and is correct as of the date of this Listing Supplement.*

### Credit Suisse International

CSI was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199, was re-registered as an unlimited company under the name "Credit Suisse Financial Products" on 6 July 1990, and was renamed "Credit Suisse First Boston International" on 27 March 2000 and "Credit Suisse International" on 16 January 2006.

CSI, a bank domiciled in England established under English law, is an indirect wholly owned subsidiary of Credit Suisse Group AG. CSI's registered head office is in London and is located at One Cabot Square, London E14 4QJ and its telephone number is +44 (0)20 7888 8888.

CSI is authorised by the Prudential Regulation Authority ("**PRA**") and regulated by the Financial Conduct Authority ("**FCA**") and the PRA.

CSI is an unlimited liability company and, as such, its shareholders have a joint, several and unlimited obligation to meet any insufficiency in the assets of CSI in the event of its liquidation. The joint, several and unlimited liability of the shareholders of CSI to meet any insufficiency in the assets of CSI will only apply upon liquidation of CSI. Therefore, prior to any liquidation of CSI, the creditors may only have the benefit of recourse to the assets of CSI and not to those of its shareholders.

CSI commenced business on 16 July 1990. Its principal business is banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit. The primary objective of CSI is to provide comprehensive treasury and risk management derivative product services. CSI has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets. The business is managed as a part of the Global Markets and Investment Banking and Capital Markets Divisions of Credit Suisse AG. For more information on CSI's principal markets and activities, see sub-sections "Profile" on page 8 and "Principal business areas" on page 9 of the 2017 CSI Annual Report (as defined in the CSI Registration Document), which is incorporated by reference in the CSI Registration Document.

The liquidity and capital requirements of CSI are managed as an integral part of the wider Credit Suisse framework. This includes the local regulatory liquidity and capital requirements in the UK.

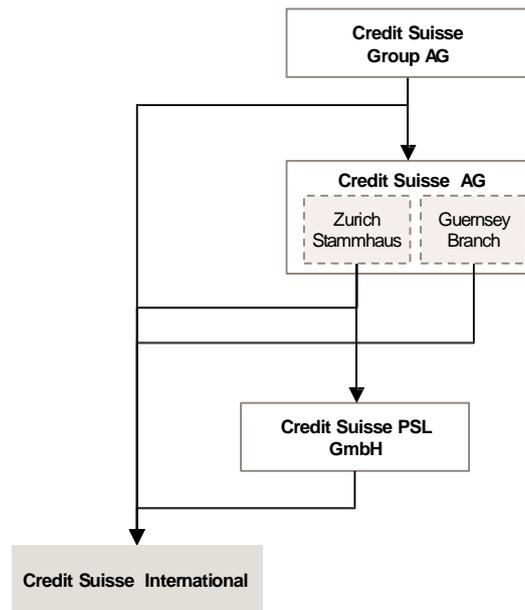
### Organisational Structure

The subsidiaries of CSI which are consolidated in the financial statements contained in the 2017 CSI Annual Report (as defined in the CSI Registration Document) are listed under sub-section "Composition of the CSI Group" on pages 89 to 91 of the 2017 CSI Annual Report (as defined in the CSI Registration Document). For information on CSI's relationship to Credit Suisse Group AG, see page 8 of the 2017 CSI Annual Report (as defined in the CSI Registration Document).

### Major Shareholders

The shareholders of CSI are:

- (i) Credit Suisse Group AG, whose head office is at Paradeplatz 8, CH-8001 Zürich, Switzerland, and who is the ultimate parent of the consolidated Credit Suisse Group which includes Credit Suisse AG;
- (ii) Credit Suisse AG, a Swiss bank and a leading global bank acting through its registered head office at Paradeplatz 8, CH-8001 Zürich, Switzerland (Zürich Stammhaus) which provides its clients with private banking, investment banking and asset management services worldwide;
- (iii) Credit Suisse AG, Guernsey Branch, whose place of business is at Helvetia Court, Les Echelons, South Esplanade, St Peter Port GY1 3ZQ, Guernsey was established as a Branch of Credit Suisse AG on 1 April 1986 and whose principal activities are deposit taking, bond issuing and lending the funds received within the Credit Suisse Group; and
- (iv) Credit Suisse PSL GmbH, whose registered office is c/o Credit Suisse AG, Paradeplatz 8, CH-8001 Zürich, Switzerland and was incorporated in Zürich, Switzerland on 29 September 2009 and whose principal activity is to finance, purchase, hold, manage and sell financial participations in other Credit Suisse Group companies.



There is trading of shares in CSi between these shareholders and therefore the respective shareholdings will change from time to time, although CSi will remain an indirect wholly owned subsidiary of Credit Suisse Group AG.

**Material Adverse Change and Significant Change**

There has been no significant change in the financial position of CSi and its consolidated subsidiaries since 31 December 2017.

There has been no material adverse change in the prospects of CSi and its consolidated subsidiaries since 31 December 2017.

See pages 12 and 131 to 143 of the 2017 CSi Annual Report, and the "Risk Factors" section of this Listing Supplement that together disclose the principal risks to CSi.

Please see "Operating Environment" on pages 54 to 56 of the Credit Suisse Group AG Annual Report 2017 and "Economic environment" on pages 9 to 10 of the 2017 CSi Annual Report 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, including CSi.

**Names and Addresses of Directors and Executives**

The business address of the members of the Board of Directors is One Cabot Square, London E14 4QJ.

The current members of the Board of Directors, their role within CSi and their principal activities outside CSi, if any, are as follows:

Board Member	External Activities
Noreen Doyle (Non- Executive Chair)	<ul style="list-style-type: none"> <li>• Independent member and Chair of the Board of Directors, the Nomination and the Advisory Remuneration Committee, independent member of the Risk Committee of CSi and Credit Suisse Securities (Europe) Limited.</li> <li>• Ms. Doyle is also:               <ul style="list-style-type: none"> <li>• Chair of the Board of Directors, Chair of the Corporate Governance and Nominating Committee and of the Executive-Finance Committee and Member of the Safety &amp; Sustainability Committee of Newmont Mining Corporation.</li> </ul> </li> </ul>
Paul Ingram	<ul style="list-style-type: none"> <li>○ Managing Director in the CRO division of CSi.</li> <li>• Mr. Ingram is also Chief Risk Officer of CSi and Credit Suisse Securities (Europe) Ltd.</li> </ul>

	<ul style="list-style-type: none"> <li>• Member of the Board of Directors of Credit Suisse Securities (Europe) Limited.</li> </ul>
Christopher Horne	<ul style="list-style-type: none"> <li>○ Managing Director in the CFO division and Chair of the Disclosure Committee of CSi.</li> <li>○ Mr. Horne is also Deputy CEO of CSi and Credit Suisse Securities (Europe) Ltd.</li> <li>○ Member of the Board of Directors of Credit Suisse Securities (Europe) Limited, Credit Suisse Investment Holdings (UK) and Credit Suisse Investments (UK).</li> </ul>
Alison Halsey (Non-Executive)	<ul style="list-style-type: none"> <li>○ Independent member of the Board of Directors, Chair of the Audit and the Conflicts Committee and Member of the Risk and the Nomination Committee of CSi and Credit Suisse Securities (Europe) Limited.</li> <li>○ Ms. Halsey is also: <ul style="list-style-type: none"> <li>▪ Non-executive Director and Member of the Risk, Compliance and Nominations Committees and Chair of the Audit Committee of Aon UK Limited.</li> </ul> </li> </ul>
David Mathers (CEO)	<ul style="list-style-type: none"> <li>○ Managing Director in the CFO division of Credit Suisse AG.</li> <li>○ Mr. Mathers is also CEO of CSi and Credit Suisse Securities (Europe) Ltd and CFO of Credit Suisse AG.</li> <li>○ Member of the Board of Directors of Credit Suisse Securities (Europe) Limited.</li> </ul>
Robert Endersby (Non-Executive)	<ul style="list-style-type: none"> <li>○ Independent member of the Board of Directors, Chair of the Risk Committee and Member of the Audit, the Advisory Remuneration and the Conflicts Committee of CSi and Credit Suisse Securities (Europe) Limited.</li> <li>○ Mr. Endersby is also Non-executive Director, Chair of Risk Committee, Member of Audit Committee, Remuneration Committee and Disclosure Committee of Tesco Personal Finance Group Limited and Tesco Personal Finance Plc.</li> </ul>
Caroline Waddington	<ul style="list-style-type: none"> <li>○ Managing Director in the CFO division of CSi.</li> <li>○ Ms. Waddington is also Regional CFO for Credit Suisse UK Regulated Entities including CSi and Chair of the UK Pension Committee.</li> <li>○ Member of the Board of Directors of Credit Suisse Securities (Europe) Limited and a Member of the Board of Directors of Credit Suisse Investment Holdings (UK) and Credit Suisse Investments (UK).</li> <li>○ Ms. Waddington is a member of the Board of Directors of: <ul style="list-style-type: none"> <li>▪ NameCo (No. 357) Limited;</li> <li>▪ Roffey Park Institute Limited; and</li> <li>▪ Brook House (Clapham Common) Management Company Limited.</li> </ul> </li> </ul>
John Devine (Non-Executive)	<ul style="list-style-type: none"> <li>○ Independent member of the Board of Directors, the Audit, the Nomination and the Conflicts Committee of CSi and Credit Suisse Securities (Europe) Limited.</li> <li>○ Mr. Devine is also: <ul style="list-style-type: none"> <li>▪ Non-Executive Director, Chair of Audit Committee, Member of Risk Committee and Remuneration Committee of Standard Life Aberdeen PLC; and</li> <li>▪ Non-Executive Director, Chair of Audit Committee, Member of Risk Committee and Nominations Committee of Citco Custody (UK) Ltd and Citco Custody Holding Ltd Malta.</li> </ul> </li> </ul>
Jonathan Moore	<ul style="list-style-type: none"> <li>○ Managing Director in the Fixed Income Department within the Investment Banking Division of CSi.</li> <li>○ Mr Moore is also Co-Head of Global Credit Products in EMEA and Head of EMEA Credit Trading and Global Derivatives.</li> </ul>

	<ul style="list-style-type: none"> <li>o Member of the Board of Directors of Credit Suisse Securities (Europe) Limited.</li> </ul>
Michael Dilorio	<ul style="list-style-type: none"> <li>o Managing Director in the Global Markets division of CSI.</li> <li>o Mr Dilorio is also Head of EMEA Equities which includes Cash Equities, Syndicate, Convertibles, Prime Services and Equity Derivatives.</li> <li>o Member of the Board of Directors of Credit Suisse Securities (Europe) Limited.</li> </ul>
Andreas Gottschling (Non-Executive)	<ul style="list-style-type: none"> <li>o Independent member of the Board of Directors, the Risk Committee and Advisory Remuneration Committee of CSI and Credit Suisse Securities (Europe) Limited.</li> <li>o Mr. Gottschling is also a member of the Board of Directors and the Risk Committee of Credit Suisse AG and Credit Suisse Group AG.</li> </ul>

Pages 1 to 9 and 27 to 28 of the 2017 CSI Annual Report provide further information on CSI's Board of Directors.

### Directors' Conflicts of Interest

There are no potential conflicts of interest of the members of the Board of Directors between their duties to CSI and their private interests and/or other duties. Potential conflicts of interest of members of the Board of Directors due to roles held with Credit Suisse Group AG / Credit Suisse AG are managed by a Board Conflicts Committee and Conflicts Management Framework.

### Legal and Arbitration Proceedings

During the period of 12 months ending on the date of this Listing Supplement there have been no governmental, legal or arbitration proceedings which may have, or have had in the past, significant effects on the financial position or profitability of CSI, and CSI is not aware of any such proceedings being either pending or threatened, except as disclosed in the 2017 CSI Annual Report (under the heading Contingent Liabilities and Other Commitments on page 89) and below:

- CSI is the defendant in German court litigation brought by Stadtwerke Munchen GmbH, a German water utility company (the "**claimant**"). The litigation relates to a series of interest rate swaps entered into between 2008 and 2012. The claimant alleges breach of an advisory duty to provide both investor- and investment-specific advice, including in particular a duty to disclose the initial mark-to-market value of the trades at inception. The claimant seeks damages of EUR 58 million, repayment of EUR 85 million of collateral held by CSI and release from all future obligations under the trades. Witness hearings took place in June – October 2017 and January 2018. A further hearing has been scheduled for April 2018.
- Credit Suisse is responding to requests from regulatory and enforcement authorities related to Credit Suisse's arrangement of loan financing to Mozambique state enterprises, Proindicus S.A. and Empresa Mocambicana de Atum S.A. (EMATUM), a distribution to private investors of loan participation notes (LPN) related to the EMATUM financing in September 2013, and Credit Suisse's subsequent role in arranging the exchange of those LPNs for Eurobonds issued by the Republic of Mozambique. Credit Suisse has been cooperating with the authorities on this matter.

Provision for litigation is disclosed in Note 26 to the consolidated financial statements on page 70 of the 2017 CSI Annual Report.

### Auditor

CSI's auditor is KPMG LLP, 15 Canada Square, London E14 5GL. KPMG LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

Further information on CSI's auditor may be found on pages 28 to 33 of the 2017 CSI Annual Report (as defined in the CSI Registration Document).

### Financial Information

Financial information relating to CSI is contained in its Annual Reports for the years ended 31 December 2016 and 31 December 2017 (the "**CSI Annual Reports**") which are incorporated by reference in the CSI Registration Document. Financial information in the CSI Annual Reports has been audited. CSI's Annual Reports are available to the public on the Credit Suisse Group AG website at [https://www.credit-](https://www.credit-suisse.com)

[suisse.com/ch/en/investment-banking/financial-regulatory/international.html](https://www.credit-suisse.com/ch/en/investment-banking/financial-regulatory/international.html).

## TAXATION

The following supersedes the section entitled "United States Taxation for Non U.S. Investors" in the "Taxation" section in the Programme Memorandum.

### UNITED STATES

The following is a summary of certain of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a "**Non-U.S. Holder**" (as defined below) that has no connection with the United States other than owning Notes. For purposes of this section, a Non-U.S. Holder means a beneficial owner of the Notes that for U.S. federal income tax purposes is a non-resident alien individual, a foreign corporation or a foreign estate or trust. If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisors regarding the tax consequences to their partners of an investment in the Notes.

This summary is based on interpretations of the United States Internal Revenue Code of 1986 (the "**Code**"), Treasury regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any of those changes may be applied retroactively and may adversely affect the U.S. federal income tax consequences described herein. Investors considering the purchase of Notes should consult their own tax advisors concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, beneficial ownership and disposition of Notes arising under the laws of any other taxing jurisdiction.

INVESTORS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES.

### U.S. Foreign Account Tax Compliance Act

Under certain provisions of the "Hiring Incentives to Restore Employment Act," generally referred to as "FATCA," and regulations thereunder, a 30% withholding tax is imposed on "withholdable payments" and certain "passthru payments" made to "foreign financial institutions" (as defined in the regulations or an applicable intergovernmental agreement) (and their more than 50% affiliates) unless the payee foreign financial institution agrees, among other things, to disclose the identity of any U.S. individual with an account at the institution (or the institution's affiliates) and to annually report certain information about such account. The term "withholdable payments" generally includes (1) payments of fixed or determinable annual or periodical gains, profits, and income ("**FDAP**"), in each case, from sources within the United States, and (2) gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the United States. "Passthru payments" means any withholdable payment and any foreign passthru payment. To avoid becoming subject to the 30% withholding tax on payments to it, a financial institution may be required to report information to the IRS regarding the holders of the Notes. In the case of holders who (i) fail to provide the relevant information, (ii) are foreign financial institutions who have not agreed to comply with these information reporting requirements, or (iii) hold the Notes directly or indirectly through such noncompliant foreign financial institutions, a payor may be required to withhold on a portion of payments under the Notes.

FATCA also requires withholding agents making withholdable payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or certify that they do not have any substantial U.S. owners) to withhold tax at a rate of 30%. If payments on the Notes are determined to be from sources within the United States, such payments will be treated as withholdable payments for these purposes. Withholding under FATCA will apply to all withholdable payments and certain passthru payments without regard to whether the beneficial owner of the payment is a U.S. person, or would otherwise be entitled to an exemption from the imposition of withholding tax pursuant to an applicable tax treaty with the United States or pursuant to U.S. domestic law. Unless a foreign financial institution is the beneficial owner of a payment, it will be subject to refund or credit in accordance with the same procedures and limitations applicable to other taxes withheld on FDAP payments provided that the beneficial owner of the payment furnishes such information as the IRS determines is necessary to determine whether such beneficial owner is a U.S.-owned foreign entity and the identity of any substantial U.S. owners of such entity. If such withholding applies, the Issuer will not be required to pay any additional amounts with respect to amounts withheld.

Subject to the exceptions described below, FATCA's withholding regime generally applies or will apply to (i) withholdable payments; (ii) payments of gross proceeds from a sale or disposition of property of a type that can produce U.S. source interest or dividends occurring after December 31, 2018; and (iii) foreign passthru payments made after the later of December 31, 2018, or the date that final regulations defining the term

"foreign passthrough payment" are published. Notwithstanding the foregoing, the provisions of FATCA discussed above generally will not apply to any obligation (other than an instrument that is treated as equity for U.S. tax purposes or that lacks a stated expiration or term) that is outstanding on June 30, 2014 (a "**grandfathered obligation**"), unless the obligation is materially modified after such date. If a Non-U.S. Holder holds its Notes through a foreign financial institution or foreign entity, a portion of any of such Non-U.S. Holder's payments may be subject to 30% withholding. The Issuer will not be required to pay any additional amounts with respect to amounts withheld.

### **Substitute Dividend and Dividend Equivalent Payments**

The Code and regulations thereunder treat a "dividend equivalent" payment as a dividend from sources within the United States. Such payments generally will be subject to U.S. withholding tax at a rate of 30%. A "dividend equivalent" payment is defined under the Code as (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" (a "specified NPC") that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii).

Final regulations provide that a dividend equivalent is any payment or deemed payment that references the payment of (i) a dividend from an underlying security pursuant to a securities lending or sale-repurchase transaction, (ii) a dividend from an underlying security pursuant to a specified NPC, (iii) a dividend from an underlying security pursuant to a specified equity-linked instrument (a "**specified ELI**"), and (iv) any other substantially similar payment. The regulations provide that a payment includes a dividend equivalent payment whether there is an explicit or implicit reference to a dividend with respect to the underlying security. An underlying security is any interest in an entity if a payment with respect to that interest could give rise to a U.S. source dividend pursuant to Treasury regulation section 1.861-3. An NPC is a notional principal contract as defined in Treasury regulation section 1.446-3(c). An equity-linked instrument ("**ELI**") is a financial instrument (other than a securities lending or sale-repurchase transaction or an NPC) that references the value of one or more underlying securities, including a futures contract, forward contract, option, debt instrument, or other contractual arrangement. A "section 871(m) transaction" is any securities lending or sale-repurchase transaction, specified NPC, or specified ELI.

For any payment made on or after January 1, 2017 with respect to any transaction issued on or after January 1, 2017 and before January 1, 2019, any NPC or ELI that has a delta of one with respect to an underlying security when the NPC or ELI is issued is a specified NPC or specified ELI, respectively. For any payment made on or after January 1, 2019 with respect to any transaction issued on or after January 1, 2019, (a) a "simple" NPC or "simple" ELI that has a delta of 0.8 or greater with respect to an underlying security when the NPC or ELI is issued is a specified NPC or specified ELI, respectively, and (b) a "complex" NPC or "complex" ELI that meets a substantial equivalence test with respect to an underlying security at the time of issuance is a specified NPC or specified ELI, respectively. The delta of a simple contract is determined, and the substantial equivalence test for a complex contract is performed, on the earlier of the date that the potential section 871(m) transaction is priced and the date when the potential section 871(m) transaction is issued; however, the issue date must be used if the potential section 871(m) transaction is priced more than 14 calendar days before it is issued. In addition, the delta or substantial equivalence of Notes that are held in inventory prior to their sale to an investor may, in certain cases, be required to be retested at the time of sale or disposition from inventory. If Notes sold from inventory are determined to be section 871(m) transactions and the same series of Notes sold at issuance were determined not to be section 871(m) transactions, holders of Notes sold at issuance may be adversely affected to the extent the Issuer or a withholding agent does not, or is unable to, identify and distinguish Notes sold to investors at issuance from those sold out of inventory.

Certain events could cause previously issued Notes to be deemed to be issued as new Notes for purposes of the effective dates provided in the regulations. For example, it is possible that the IRS could assert that a reconstitution or rebalancing of an underlying index or a basket of Notes is a significant modification of the Notes due to an exercise of discretion with respect to such reconstitution or rebalancing and, therefore, a deemed issuance of the Notes upon the occurrence of such event. It is also possible that U.S. withholding tax could apply to the Notes under these rules if a holder enters, or has entered, into certain other transactions in respect of the underlying equity or the Notes. A holder that enters, or has entered, into other transactions in respect of the underlying or the Notes should consult its own tax advisor regarding the application of section 871(m) to its Notes in the context of its other transactions.

Withholding on payments will be based on actual dividends or, if otherwise notified by the Issuer in accordance with applicable regulations, on estimated dividends used in pricing the Security. If a Security provides for any payments in addition to estimated dividends to reflect dividend amounts on the underlying security, withholding will be based on the total payments. If an issue of Notes is a section 871(m) transaction, information regarding the amount of each dividend equivalent, the delta of the potential 871(m) transaction,

the amount of any tax withheld and deposited, the estimated dividend amount and any other information necessary to apply the regulations in respect of such Notes will be provided, communicated, or made available to holders of the Notes in a manner permitted by the applicable regulations. Withholding tax may apply even where holders do not receive a concurrent payment on the Notes in respect of dividends on the underlying. U.S. tax will be withheld on any portion of a payment or deemed payment (including, if appropriate, the payment of the purchase price) that is a dividend equivalent.

If withholding applies, the rate of any withholding may not be reduced even if the holder is otherwise eligible for a reduction under an applicable treaty, although holders that are entitled to a lower rate of withholding under a tax treaty may be able to claim a refund for any excess amounts withheld by filing a U.S. tax return. However, holders may not receive the necessary information to properly claim a refund for any withholding in excess of the applicable treaty-based amount. In addition, the IRS may not credit a holder with withholding taxes remitted in respect of its Security for purposes of claiming a refund. Finally, a holder's resident tax jurisdiction may not permit the holder to take a credit for U.S. withholding taxes related to the dividend equivalent amount. The Issuer will not pay any additional amounts with respect to amounts withheld.

The relevant Pricing Supplement may indicate if the Issuer has determined that the Notes are transactions subject to withholding under section 871(m). Although the Issuer's determination generally is binding on holders, it is not binding on the IRS. The IRS may successfully argue that the Notes are subject to withholding under section 871(m), notwithstanding the Issuer's determination to the contrary. These regulations are extremely complex. Non-U.S. Holders should consult their tax advisors regarding the U.S. federal income tax consequences to them of these regulations and whether payments or deemed payments on the Notes constitute dividend equivalent payments.

### **Foreign Investment in U.S. Real Property**

A Non-U.S. Holder may be subject to U.S. federal income tax on a disposition of a "U.S. real property interest" as defined in Treasury Regulations section 1.897-1(c) (a "**USRPI**"). Any gain on such disposition is treated as effectively connected with a U.S. trade or business of the non-U.S. holder and is subject to tax and withholding on the amount realized on the disposition. A USRPI may consist of a direct interest in U.S. real property or an interest in a United States real property holding corporation (a "**USRPHC**") within the meaning of section 897 of the Code. However, an interest in a USRPHC that does not exceed generally 5% of the corporation's regularly traded stock is not a USRPI.

Thus, a Non-U.S. Holder who owns directly, indirectly or constructively, shares of any of the underlying that are considered to be a USRPI, or other interests having a return based on the appreciation in the value of, or in the gross or net proceeds or profits generated by, such underlying, may be subject to U.S. federal income tax on the sale or exchange of the Notes if such Non-U.S. Holder owns more than generally 5% of the shares of such underlying when considering the shares or interests of such underlying that are directly, indirectly or constructively owned by such Non-U.S. Holder. Ownership of the Notes may also impact the taxation of such other shares or interests.

The Issuer does not intend to determine whether the issuer of shares in any underlying is a USRPHC. It is possible that the issuer of shares in an underlying is a USRPHC, and that the Notes constitute an ownership interest in or an option on a USRPI, with the consequences described above. It is also possible that the issuer of shares in such underlying is not a USRPHC. In making its investment decision, a Non-U.S. Holder should be prepared to accept the tax treatment that results from either the underlying being treated as a USRPI or from the underlying not being a USRPI.

Each Non-U.S. Holder, in connection with acquiring the Notes, is deemed to represent that it does not own, and will not own, more than 5% of the shares of each of the underlying that is considered to be a USRPHC, either directly, indirectly or constructively. The Issuer and any withholding agent will rely on the accuracy of this representation. For purposes of this discussion, any interest other than solely as a creditor within the meaning of Treasury Regulations Section 1.897-1(d) shall be treated as ownership of shares of the underlying. Even if the Issuer does not withhold, there can be no assurances that an intermediary withholding agent will not withhold in respect of a Security. Further, holders may have U.S. income tax liability that exceeds amounts withheld, if any. The Issuer will not make any additional payments for any amounts withheld or tax liability arising under section 897 of the Code.

Holders should consult their own tax advisors on the impact of other shares or interests in the underlying, the impact of ownership of the Notes on such other shares or interests, and the consequences of making the representation in the preceding paragraph.

### **U.S. Federal Estate Tax Treatment**

A Security may be subject to U.S. federal estate tax if an individual holds the Security at the time of his or her death. The gross estate of a Non-U.S. Holder domiciled outside the United States includes only property situated in the United States. Holders should consult their tax advisors regarding the U.S. federal estate tax

consequences of holding the Notes at death.

**Backup Withholding and Information Reporting**

A Non-U.S. Holder of the Notes may be subject to backup withholding with respect to certain amounts paid to such holder unless it provides a correct taxpayer identification number, complies with certain certification procedures establishing that it is not a U.S. person or establishes proof of another applicable exemption, and otherwise complies with applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. A Non-U.S. Holder can claim a credit against its U.S. federal income tax liability for amounts withheld under the backup withholding rules, and amounts in excess of its liability are refundable if such holder provides the required information to the IRS in a timely fashion. A Non-U.S. Holder of the Notes may also be subject to information reporting to the IRS with respect to certain amounts paid to such holder unless it (1) provides a properly executed IRS Form W-8 (or other qualifying documentation) or (2) otherwise establishes a basis for exemption. If such withholding applies, the Issuer will not be required to pay any additional amounts with respect to amounts withheld.

**OFFERS**

An investor intending to acquire or acquiring any Notes from any person (an "**Offeror**") will do so, and offers and sales of the Notes to an investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such investor including as to price, allocations and settlement arrangements. Neither the Issuer nor the Dealer will be a party to any such arrangements with investors (except where the Issuer or the Dealer is itself the relevant Offeror) and, accordingly, this Listing Supplement and any relevant Pricing Supplement may not contain such information and, in such case, an investor must obtain such information from the relevant Offeror.

**ANNEX (PROGRAMME MEMORANDUM)**

**Credit Suisse AG, acting through its London Branch**

**and**

**Credit Suisse International**  
as Issuers

**Unlisted Securities Programme**

Under its Unlisted Securities Programme, as described in this Programme Memorandum (the "**Programme**"), Credit Suisse AG, acting through its London Branch and Credit Suisse International (together the "**Issuers**", and each an "**Issuer**") may from time to time issue notes (the "**Notes**"), certificates (the "**Certificates**") or warrants (the "**Warrants**"). Notes, Certificates and Warrants shall be referred to collectively as "**Securities**" herein. The Securities will be subject to the applicable general terms and conditions set out in this Programme Memorandum as may (but need not) be supplemented and/or modified by the terms set out in the product supplement relating to the particular type of Security (each a "**Product Supplement**") and on the terms set out in a pricing supplement specific to a particular issue of Securities (each a "**Pricing Supplement**").

Each Pricing Supplement will contain information in respect of Securities of the relevant Series (as defined herein) (and distinguish between different Tranches (as defined herein) of the relevant Series where applicable).

Securities issued under this Programme will not be listed on any stock exchange.

Restrictions have been imposed on offers and sales of the Securities and on the distribution of documents relating thereto in the United States of America, the United Kingdom, the European Economic Area, France, Hong Kong, Italy, Luxembourg, and Singapore. The distribution of this document and offers and sales of the Securities in certain other jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuers to inform themselves about, and to observe, any such restrictions. See "Sale and Subscription".

See "Investment Considerations" for certain considerations relating to an investment in Securities.

**Programme Memorandum dated 17 June 2011**

The attention of prospective purchasers of Securities is drawn to "Investment Considerations" on page 7 of this Programme Memorandum, together with any "Investment Considerations" set out in the relevant Pricing Supplement. Any prospective purchaser should conduct its own investigation into the Securities, including the underlying share, equity index, inflation index, commodity (or commodity index), exchange rate, basket of any combination of the foregoing or other asset, rate or variable (as the case may be) to which the Securities are linked and, in deciding whether or not to purchase the Securities, should form its own view of the merits of such an investment based upon such investigations.

This Programme Memorandum does not constitute an offer of Securities, and may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of Securities or the distribution of this Programme Memorandum in any jurisdiction where any such action is required except as specified in the relevant Pricing Supplement.

The distribution of this Programme Memorandum and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Programme Memorandum comes are required by the Issuers to inform themselves about, and to observe, any such restrictions.

The Securities have not been and will not be registered under the Securities Act of 1933 of the United States of America, as amended, (the "**Securities Act**"). Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States of America or to U.S. persons. See "Sale and Subscription". Terms used in this paragraph and not otherwise defined have the meanings given to them by Regulation S under the Securities Act.

In the context of the initial placement of the Securities, sales may result in the payment of commissions or other benefits for investors.

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## SUMMARY OF THE PROGRAMME

*The following summary is qualified in its entirety by the remainder of this Programme Memorandum. Capitalised terms used but not defined in this summary shall have the meanings given to them elsewhere in this Programme Memorandum.*

<b>Issuers:</b>	<p><i>Credit Suisse AG, acting through its London Branch ("CS").</i> Information on CS is provided in CS's registration document, the most recent version of which is available at the offices of any of the Fiscal Agent, Principal Certificate Agent or Principal Warrant Agent.</p> <p><i>Credit Suisse International ("CSI").</i> Information on CSI is provided in CSI's registration document, the most recent version of which is available at the offices or any of the Fiscal Agent, Principal Certificate Agent or Principal Warrant Agent.</p>
<b>Description:</b>	Programme for the issue of Notes, Certificates and Warrants
<b>Dealers and Selling Agents:</b>	The Issuer may from time to time appoint one or more dealers and/or selling agents in respect of one or more Series including, for example, CSI. Any such appointment will be made pursuant to an agreement to be entered into in respect of the relevant Series between the Issuer and the relevant Dealer and/or Selling Agent. References in this Programme Memorandum to "Dealers" and "Selling Agents" are to all persons appointed as a dealer or selling agent, respectively, for one or more Series.
<b>Fiscal Agent and Principal Certificate Agent:</b>	Citibank Europe plc
<b>Principal Warrant Agent:</b>	Citigroup Global Markets Deutschland AG & Co. KGaA
<b>Calculation Agent:</b>	CSI
<b>Description of the Securities and potential Underlying Assets:</b>	The amount payable or, where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, deliverable, in respect of the Securities may be linked to the performance or valuation of one or more shares, equity indices, inflation indices, commodities (or commodity indices), exchange rates, exchange rate indices, basket of any combination of the foregoing and/or other assets, rates or variables as the case may be and as specified in the relevant Pricing Supplement (the " <b>Underlying Asset(s)</b> ").
<b>Notes:</b>	<p>The Notes are debt securities issued by the Issuer. The currency of denomination, the denomination and the maturity date will be specified in the Pricing Supplement.</p> <p>The amount payable or, where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, deliverable, on the Maturity Date shall be as specified in the relevant Pricing Supplement. The amount due on the Maturity Date may be an amount calculated by reference to one or more Underlying Assets or, where Physical Settlement is not specified to be applicable, or unless otherwise specified in the relevant Pricing Supplement, the outstanding principal amount. Unless redeemed by instalments (if so specified in the Pricing Supplement) the Notes will be redeemed on the Maturity Date specified in the Pricing Supplement and may not (unless otherwise specified in the Pricing Supplement) be redeemed before then except for</p>

reasons of default by the Issuer or the illegality of the Issuer's payment obligations or hedging arrangements or following certain events in relation to Underlying Assets.

The Notes may bear interest and/or premium at a fixed rate or at different fixed rates for different periods or may bear interest at one or more fixed rates followed by a period in which they bear a floating rate of interest or may bear a floating rate of interest throughout the term of the Notes. Alternatively, they may bear no interest and/or premium. In the case of floating rate interest, the rate will be reset periodically by reference to a reference rate specified in the Pricing Supplement and may be at such rates or at a margin above or below such rates and may be subject to one or more maximum and/or minimum rates of interest and/or premium, all as specified in the Pricing Supplement.

**Certificates:**

Certificates entitle the holder to payment or, where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, to delivery on the Redemption Date of the Redemption Amount and may be linked to the level or price of one or more Underlying Assets. If so specified in the Pricing Supplement, there may also be interim payments and/or mandatory early redemption and/or redemption at the option of the Issuer and/or the holders. Otherwise they may only be redeemed before the Redemption Date for reasons of illegality of the Issuer's payment obligations or hedging arrangements or following certain events in relation to Underlying Assets.

**Warrants:**

Warrants entitle the holder to payment, or where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, to delivery of a Settlement Amount either following the Expiration Date (in the case of European style Warrants) or the relevant Exercise Date (in the case of American style Warrants). The Settlement Amount will be linked to the level or price of one or more Underlying Assets, unless otherwise specified in the relevant Pricing Supplement. They may only be redeemed before the Expiration Date for reasons of illegality of the Issuer's payment obligations or hedging arrangements or following certain events in relation to Underlying Assets.

**Redemption Amount or Settlement Amount:**

The calculation of the Redemption Amount (in respect of Notes and Certificates) or the Settlement Amount (in respect of Warrants) will be set out in the relevant Pricing Supplement.

If Physical Settlement is specified to be applicable in the relevant Pricing Supplement, the Issuer shall, in accordance with the provisions as set out in the relevant Pricing Supplement, discharge its payment obligation by delivery of an amount of the specified Underlying Asset.

**Maturity**

Such maturity as specified in the relevant Pricing Supplement, subject, in relation to specific currencies, to compliance with applicable legal and/or regulatory and/or central bank requirements and provided that no Securities shall be issued hereunder with a scheduled maturity falling after 31 December 2012.

**Early Redemption:**

If so specified in the relevant Pricing Supplement, the Issuer may redeem Securities early, in accordance with such provisions as are set out in the relevant Pricing Supplement.

<b>Adjustments, Early Redemption or Substitution:</b>	The terms and conditions of the Securities contain provisions dealing with non-business days, disruptions, adjustments, and illegality events which may affect the Underlying Assets and/or the Securities and the timing and calculation of payments and may result in the Securities being redeemed earlier than they might otherwise be redeemed and/or adjustments being made to the terms and conditions thereof. They also allow for the possibility of the substitution of the Issuer without the consent of the Securityholders with an affiliate of the Issuer provided that such affiliate has, or is guaranteed by an affiliate which has, a long-term unsecured debt rating equal to or higher than that of the Issuer.
<b>Form of Securities:</b>	<p>Each Series of Notes may be issued in bearer form ("<b>Bearer Notes</b>") or in registered form ("<b>Registered Notes</b>"). Each Tranche of Bearer Notes will be represented on issue by a Permanent Global Note. Registered Notes that are held by or on behalf of one or more Clearing Systems will be represented by a Global Certificate. Certificates in respect of Registered Notes will not otherwise be issued. A Permanent Global Note will be exchangeable for Notes in definitive form at the request of the Holder.</p> <p>Each Series of Certificates will be represented by a Global Certificate which will be held on behalf of the Central Clearing Systems. Certificates will not be issued in definitive form.</p> <p>Each Series of Warrants will be represented by a Global Warrant which will be held on behalf of the Central Clearing Systems. Warrants will not be issued in definitive form.</p>
<b>Clearing Systems:</b>	Clearstream, Luxembourg and Euroclear (the " <b>Central Clearing Systems</b> " or the " <b>Clearing Systems</b> ") and, in relation to any Series, such other clearing system as may be specified in the relevant Pricing Supplement.
<b>Increase in Issue Size:</b>	In respect of any Series of Securities, 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 of such Series.
<b>Transfer:</b>	<p>The transfer of Certificates and Warrants may only be effected through an account at the relevant Clearing System.</p> <p>The transfer of Registered Notes may only be effected through the delivery of a duly completed form of transfer to the Registrar or any Transfer Agent.</p>
<b>Status of Securities:</b>	The Securities will constitute unsubordinated and unsecured obligations of the Issuer as described in the section of the General Terms and Conditions of the relevant Securities entitled "Status".
<b>Taxation:</b>	All payments will be made subject to all applicable taxes, and the Issuer shall not pay additional amounts should withholding tax become payable on the Securities. See the section of the applicable General Terms and Conditions entitled "Taxation".
<b>Governing Law:</b>	English law.

**Listing:**

Securities will not be listed on any stock exchange.

## INVESTMENT CONSIDERATIONS

The purchase of Securities involves complex risks and is suitable only for prospective purchasers who have such knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in Securities. Before making an investment decision, a prospective purchaser of Securities should consider carefully, in the light of its own financial circumstances and investment objectives, all the information set out or incorporated by reference in this Programme Memorandum, (if applicable) the relevant Product Supplement and the relevant Pricing Supplement and, in particular, the considerations set out below and the specific further investment considerations (if any) set out in the relevant Pricing Supplement. The Investment Considerations set forth below should also be read in conjunction with the "Risk Factors" set forth in the relevant Issuer's registration document.

### **Credit Risk**

Securities are obligations of the relevant Issuer. Securityholders are exposed to the credit risk of the relevant Issuer.

### **Limited Liquidity**

There can be no assurance that a secondary market for any of the Securities will develop, or, if a secondary market does develop, that it will provide the holders of the Securities with liquidity or that it will continue for the life of the Securities. A decrease in the liquidity of an issue of Securities may cause, in turn, an increase in the volatility associated with the price of such issue of Securities. Illiquidity may have a severely adverse effect on the market value of 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. The relevant 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 holder can realise value from a Security prior to its maturity or expiry (other than in the case of an American style Warrant) 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 any Underlying Asset may not have changed since the issue date.

To the extent that Warrants of a particular issue are exercised, the number of Warrants remaining outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants.

### **Optional Redemption by the relevant Issuer**

Any call option of the relevant Issuer in respect of the Securities may negatively impact their market value. During any period when the Issuer may elect to redeem Securities, the market value of those Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The relevant Issuer may be expected to redeem Securities when its cost of borrowing is lower than the interest rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Securities being redeemed.

Where Securities are linked to Underlying Assets, if certain events occur in relation to an Underlying Asset and it determines that it is unable to make an appropriate adjustment to the terms of the Securities, the relevant Issuer may redeem the Securities at their fair market value.

### **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 rate of interest received on the Securities.

## Currency Risk

Investors may be exposed to currency risks because (i) the Underlying Assets may be denominated or priced in currencies other than the currency in which the Securities are denominated and/or (ii) the Securities and/or the Underlying Assets may be denominated in currencies other than the currency of the country in which the investor is resident. The value of the Securities may therefore increase or decrease as a result of fluctuations in those currencies.

## Warrants

Warrants involve complex risks which may include interest, share price, commodity, foreign exchange, time value and/or political risks. Investors should recognise that their Warrants may expire worthless. They should be prepared to sustain a total loss of the purchase price of the Warrants. This risk reflects the nature of a Warrant as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires. Assuming all other factors are held constant, the more a Warrant is "out-of-the-money" and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment.

The risk of the loss of some or all of the purchase price of a Warrant upon expiration means that, in order to recover and realise a return upon the investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the Underlying Asset. With respect to European style Warrants, the only way in which a holder can realise value from the Warrant prior to the Exercise Date in relation to such Warrant is to sell it at its then market price in an available secondary market.

The Settlement Amount determined in respect of any Warrants exercised at any time prior to expiration is typically expected to be less than the value that can be realised from the Warrants if such Warrants are sold at their then market price in an available secondary market at that time. The difference between the market price value and the determined Settlement Amount will reflect, among other things, a "time value" for the Warrants. The "time value" of the Warrants will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the Underlying Asset, as well as by a number of other interrelated factors, including those specified herein.

Before exercising or selling Warrants, Warrantheolders should carefully consider, among other things, (i) the trading price of the Warrants, (ii) the value and volatility of the Underlying Asset, (iii) the time remaining to expiration, (iv) the probable range of Settlement Amounts, (v) any change(s) in interim interest rates and relevant dividend yields, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the securities comprised in any relevant equity index and (ix) any related transaction costs.

In the case of the exercise of Warrants, there will be a time lag between the giving by the Warrantheolder of instructions to exercise and the determination of the Settlement Amount. Such time lag could be extended, particularly if there are limitations on the maximum amount of Warrants that may be exercised on one day. The prices or levels of the relevant Underlying Assets could change significantly during such time lag resulting in a decrease in the Settlement Amount (including a decrease to zero).

If so indicated in the relevant Pricing Supplement, the relevant Issuer may limit the number of Warrants which may have the same Valuation Date (other than on the Expiration Date). In such event, the Valuation Date of Warrants forming the excess over the relevant maximum amount may be postponed.

## Conflicts of Interest

In making calculations and determinations with regard to the Securities, there may be a difference of interest between the investors and the relevant Issuer. The relevant Issuer is required to act in good faith but does not have any obligations of agency or trust for any investors and has no fiduciary obligations towards them. In particular the relevant Issuer and its affiliated entities may have interests in other capacities (such as other business relationships and activities).

As the Calculation Agent will generally be an affiliate of the relevant Issuer, there may also be potential conflicts of interest between the investors and the Calculation Agent. Any determination made by the Calculation Agent may have an impact on the value and financial return of the Securities. Any such determination exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest or proven error) shall be binding on the relevant Issuer and all investors.

## Loss of Investment

If the amount payable on redemption, exercise or expiry of the Securities is less than their issue price, investors may lose all or part of their investment.

## Adjustments and Early Redemption, or Cancellation

In certain circumstances the relevant Issuer may make adjustments to the terms of the Securities (including substituting Underlying Assets) or redeem, or cancel them at their fair market value as determined by it without the consent of the Securityholders.

## Securities linked to other Assets

Where the amounts of payments under Securities are linked to the performance or valuation of equity indices, inflation indices, shares, depositary receipts, commodities, commodity indices, exchange rates, exchange rate indices and/or other assets, rates or variables as the case may be (each, an "**Underlying Asset**") an investment in the Securities is not the same as an investment in any or all of the Underlying Assets or any share, security, exchange rate, commodity or other component (each, a "**Component**") comprised in a relevant index or an investment which is directly linked to any of them. In particular, investors will not benefit from any dividends unless the relevant equity index is a total return index.

The levels or prices of Underlying Assets (and of Components comprised in an index) may go down as well as up throughout the term of the Securities. Such fluctuations may affect the value of the Securities. Furthermore, the levels or prices of such Underlying Assets at any specific date may not reflect their prior or future performance or valuation. There can be no assurance as to the future performance or valuation of any Underlying Asset. Accordingly, before investing in the Securities, investors should carefully consider whether any investment linked to the relevant Underlying Assets is suitable for them.

Securities linked to Underlying Assets may involve complex risks, which include, among other things, share price risks, credit risks, commodity risks, foreign exchange risks, interest rate risks, political and/or issuer risks. If the Securities are linked to an Underlying Asset which involves emerging market countries there may be additional risks, including event, market, liquidity, regulatory, settlement and holder risks and investors should note that the risk of occurrence and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries.

Where the Securities are linked to Underlying Assets which include depositary receipts investors should consult the relevant deposit agreement for the rights attaching to those depositary receipts, which may be different from the rights attaching to the underlying shares of such depositary receipts. In particular, depositary receipts may not get the benefit of any dividend paid on such underlying shares.

Where an Underlying Asset is an index (a "**Proprietary Index**") composed by the relevant Issuer or one of its affiliates (the "**Index Creator**"), the rules of such index may be amended by the Index Creator. No assurance can be given that any such amendment would not be prejudicial to Securityholders.

The value of a Proprietary Index is published subject to the provisions in the rules of the index. None of the Issuer, the Index Creator or the relevant publisher is obliged to publish any information regarding such index other than as stipulated in the rules of the index. The Index Creator may enter into licensing arrangements with investors pursuant to which the investor in question can obtain further and more detailed information, such as the constituent stocks, against payment of licensing fees and typically subject to a time lag. It is expected that only large professional investors will enter into such licensing arrangements.

The Issuer and the Index Creator are affiliated entities and may face a conflict of interest between their obligations as Issuer and Index Creator, respectively, and their interests in another capacity. No assurance can be given that the resolution of such potential conflicts of interest may not be prejudicial to the interests of Securityholders. The Securities may be linked to the performance of specific commodity indices. As a result of rollover gains/costs that have to be taken into account within the calculation of such indices and under certain market conditions, such indices may outperform or underperform the underlying commodities contained in such indices. Furthermore, the prices of the underlying commodities may be referenced by the price of the current futures contract or active front contract and rolled into the following futures contract before expiry. The price of the Securities during their lifetime and at maturity is, therefore, sensitive to fluctuations in the expected futures prices and can substantially differ from the spot price of the commodities. Commodities strongly depend on

supply and demand and are subject to increased price fluctuations. Such price fluctuations may be based (among others) on the following factors: perceived shortage of the relevant commodity, weather damage, loss of harvest, governmental intervention or political upheavals.

## **Tax**

### ***General***

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.

## GENERAL TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the general terms and conditions which, subject to the provisions of (if any) the relevant Product Supplement and of the Pricing Supplement, shall be applicable to the Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. Definitions used in these General Terms and Conditions of the Notes shall not apply to any other General Terms and Conditions contained in this Programme Memorandum.*

The Notes (which expression shall include any Notes issued pursuant to General Condition 11) are issued by whichever of Credit Suisse AG, acting through its London Branch or Credit Suisse International is specified to be the Issuer (the "**Issuer**") in the relevant Pricing Supplement (as defined below) pursuant to an Agency Agreement dated 1 July 2010 (as may be amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**") between the Issuers, Citibank Europe plc as fiscal agent and the other agents named in it and with the benefit of a deed of covenant entered into by Credit Suisse AG, acting through its London Branch on 19 November 2009 and a deed of covenant entered into by Credit Suisse International on 1 July 2010 (as amended and/or restated and/or supplemented as at the Issue Date, each a "**Deed of Covenant**"). The fiscal agent, the paying agents (which shall include the Principal Certificate Agent and the Principal Warrant Agent), the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**", the "**Transfer Agents**" and the "**Calculation Agent(s)**", and together the "**Agents**". The Noteholders (as defined in General Condition 1) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement and each Deed of Covenant are available for inspection at the specified office of the Fiscal Agent.

The amount payable or deliverable on the Notes may be linked to one or more "**Underlying Asset(s)**" as shall be specified in the relevant Pricing Supplement.

The Notes of any series (a "**Series**") and of any tranche (a "**Tranche**") comprising, together with another Tranche or other Tranches, a Series, are subject to these General Terms and Conditions of the Notes (the "**General Conditions**"), as modified and/or supplemented by the terms of (if any) the relevant product supplement (each a "**Product Supplement**") relating to the relevant Notes (the "**Product Terms**") and the terms of the relevant Pricing Supplement (each a "**Pricing Supplement**") relating to the relevant Notes (the "**Pricing Supplement Terms**" and together with the Product Terms (if any), the "**Terms**"). The relevant Pricing Supplement will be appended to the Permanent Global Note representing the Notes (the "**Permanent Global Note**"). For the avoidance of doubt, a Product Supplement may not be prepared in respect of some or all of the Notes, in which case all references in these General Conditions in relation to such Notes to "Product Supplement" and "Product Terms" shall be disregarded.

Expressions used herein and not defined shall have the meaning given to them in the relevant Terms. In the event of any inconsistency between the General Conditions and (if any) the Product Terms, the Product Terms will prevail. In the event of any inconsistency between the Pricing Supplement Terms and the General Conditions and (if any) the Product Terms, the Pricing Supplement Terms will prevail. Reference to "**Conditions**" are to the General Conditions as supplemented or amended by (if any) the Product Terms and the Pricing Supplement Terms.

## 1. Form, Denomination and Title

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

Bearer Notes will be represented by a permanent global Note (a "**Permanent Global Note**") in bearer form (a "**Classic Global Note**" or "**CGN**") which will be deposited with a common depository on behalf of Clearstream Banking société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. ("**Euroclear**", and together with Clearstream, Luxembourg, the "**Central Clearing Systems**") or such other clearing system as may be agreed between the Issuer and the Fiscal Agent (the "**Alternative Clearing System**" and, together with the Central Clearing Systems, the "**Clearing Systems**") on or before the relevant issue date. The Permanent Global Note will be exchangeable for Notes in definitive form in the circumstances set out below.

Registered Notes will initially be represented by interests in a global registered certificate (the "**Global Certificate**"), which will be deposited with a common nominee for, and registered in the name of a common nominee of, the Central Clearing Systems or an Alternative Clearing System (as shall be specified in the Pricing Supplement) on or before its issue date.

In the case of Notes in definitive form in respect of which interest is payable in accordance with the Conditions, such Notes shall have interest coupons ("**Coupons**") attached. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons.

In the case of Notes in definitive form in respect of which the principal is payable in instalments, such Notes shall have receipts ("**Receipts**") for the payment of instalments of principal relating to such Notes.

Title to the Bearer Notes and Coupons 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 Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Permanent Global Note representing it) or its theft or loss (or that of the related Permanent Global Note) and no person shall be liable for so treating the holder.

For so long as any of the Notes is represented by a Permanent Global Note or a Global Certificate held by or on behalf of one or more Clearing Systems specified in the Pricing Supplement, 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 Notes (in which regard any certificate or other document issued by the relevant Clearing System as to the nominal amount of such Notes 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 Notes for all purposes other than with respect to the right to payment on such nominal amount of such Notes, the right to which shall be vested, as against the Issuer and any Agent, solely in the bearer of the relevant Permanent Global Note or the person in whose name the Registered Note is registered in accordance with and subject to its terms (and the expressions "**Noteholder**" and "**holder**" of Notes and related expressions in the Conditions shall be construed accordingly). Rights in respect of Notes 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.

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

A Permanent Global Note representing a Note with an original maturity of more than 183 days will be exchangeable, free of charge, in whole but not in part, on or after the due date for exchange, for Notes

in definitive form, if requested by the holder on behalf of the beneficial owner of interests in the Permanent Global Security. Any such request must include the name, address and telephone number of the requesting beneficial owner. Upon such request, the holder's interests in the Permanent Global Note shall be exchanged for interests in Notes in definitive form and such Notes shall be removed, upon issuance, from the Clearing System and may not be readmitted to the Clearing System. No Notes in definitive form will be delivered to any address within the United States or its possessions (which include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island, and Northern Mariana Islands).

## 2. Transfers of Registered Notes

### (a) Transfer of Registered Notes

To transfer one or more Registered Notes a duly completed form of transfer in the form available from the Registrar or any Transfer Agent must be delivered to the specified office of the Registrar or any Transfer Agent together with such other evidence as to the holder's identity and authority as the Registrar or Transfer Agent may reasonably require. All transfers of Registered Notes and entries on the Register will be made subject to the regulations 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 Note upon request.

### (b) Transfers Free of Charge

The transfer of Notes 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).

### (c) Closed Periods

No Noteholder may require the transfer of a Registered Note 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 Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to General Condition 5(d)(iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b) below).

## 3. Status

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

## 4. Interest and other Calculations

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

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

(b) **Interest on Floating Rate Notes:**

(i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum

(expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either Specified Interest Payment Dates or, if there is no Specified Interest Payment Date, Interest Payment Date shall mean each date which falls the number of months or other period specified in the relevant Terms as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (iii), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

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

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

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

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

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

- (d) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in General Condition 5(b)(i)).

- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Terms.
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgement) at the Rate of Interest in the manner provided in this General Condition 4 to the Relevant Date (as defined in General Condition 8).
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:**
- (i) If any Margin or Rate Multiplier is specified in the relevant Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
  - (ii) If any Maximum or Minimum Rate of Interest, or Instalment Amount or Final Redemption Amount is specified in the relevant Terms, then any Rate of Interest, or Instalment Amount, or Final Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest transferable amount of such currency.
- (h) **Calculations:** The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** On such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, each of the Paying Agents, the Noteholders and any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to General Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under General Condition 9, the accrued interest and the

Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this General Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made.

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

"**Business Day**" means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET2 system is operating (a "**TARGET Business Day**"); and/or
- (iii) in the case of a currency and/or one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres;

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

- (i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified in the relevant Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified in the relevant Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if "**Actual/360**" is specified in the relevant Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Terms, the number of days in the Calculation Period divided by 360 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 Terms, 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 Terms, 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 Terms:
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

**"Determination Date"** means the dates specified as such in the relevant Terms or, if none is so specified, the Interest Payment Dates;

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

**"Designated Maturity"** means the period set out in the relevant Terms.

**"Delivery Agent"** means Credit Suisse International (or such other Delivery Agent as may be appointed by the relevant Issuer from time to time).

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

**"Interest Amount"** means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

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

**"Interest Period Date"** means each Interest Payment Date unless otherwise specified in the relevant Terms.

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

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

**"Rate of Interest"** means the rate of interest payable from time to time in respect of the Notes.

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

**5. Redemption, Purchase and Option****(a) Redemption by Instalments and Final Redemption:**

- (i) Unless previously redeemed, purchased and cancelled (as provided either in these General Conditions or as specified in the relevant Terms), or the relevant Instalment Date is extended pursuant to any Issuer's or Noteholder's option in accordance with General Condition 5(d) or 5(e) or as specified in the relevant Terms, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note 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 Note, 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, purchased and cancelled (as provided either in these General Conditions or as specified in the relevant Terms), or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with General Condition 5(d) or 5(e) or as specified in the relevant Terms, each Note shall be finally redeemed on the Maturity Date at its Final Redemption Amount (which, unless otherwise provided in the relevant Terms, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

**(b) Early Redemption:**

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

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

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

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

The Notes may be redeemed at the option of the Issuer, in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with General Condition 12, the Noteholders (which notice shall be irrevocable), if the Issuer shall have determined in good faith that the performance of any of its obligations under the Notes or that any arrangements made to hedge its position under the Notes shall have or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any government, administrative, legislative or judicial authority or power, or any change in the interpretation thereof.

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

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

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

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

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

In the case of Notes 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**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within

the notice period together with (in the case of Bearer Notes) Notes in definitive form and all unmatured Coupons relating thereto with any Paying Agent or (in the case of Registered Notes) with the Registrar or any Transfer Agent at its specified office.

- (f) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this General Condition and the provisions specified hereon.
- (g) **Purchases:** The Issuer, any subsidiary and/or any Affiliate of the Issuer may at any time purchase Notes (provided that all unmatured Coupons and Receipts (if any) are purchased with them) in the open market or otherwise at any price and may hold or resell or cancel them. References to "Affiliate" include 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. As used herein, "control" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "controlled by" and "controls" shall be construed accordingly.
- (h) **Cancellation:** Notes purchased by or on behalf of the Issuer or any of its subsidiaries or Affiliates may (at the option of the Issuer in accordance with paragraph (g) above) be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note (together with, in the case of Notes in definitive form, any related Coupons and Receipts) to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Global Certificate representing such Note to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (i) **Reference to Principal:** References to principal shall be deemed to include, wherever the context so admits, any amounts payable under the Notes other than by way of interest.
- (j) **Physical Settlement:** Where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, subject to any conditions specified in the relevant Terms, the Issuer shall discharge its payment obligation by delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms. For such purpose, "**Underlying Asset Amount**" means in relation to a Tranche, the amount of Underlying Asset(s) as specified in the relevant Pricing Supplement, which may be delivered by the Delivery Agent on behalf of the relevant Issuer on the date specified in the relevant Pricing Supplement.

## 6. Payments

### (a) **Bearer Notes**

Payments of principal and interest in respect of Bearer Notes shall be made against presentation and annotation or, if no further payment is to be made, surrender of the Permanent Global Note at the specified office of any Paying Agent outside the United States and its possessions (which include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island, and Northern Mariana Islands) 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. A record of each payment so made will be endorsed on each Permanent Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

### (b) **Registered Notes**

Payments of principal and interest in respect of Registered Notes shall be made to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments on each Registered Note 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 Note 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.

**(c) Notes in definitive form**

Payments of principal or interest in respect of Notes in definitive form shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest or Coupons as the case may be, at the specified office of any Paying Agent outside the United States and its possessions (which include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island, and Northern Mariana Islands) 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.

**(d) Discharge of Obligation**

- (i) The holder of a Permanent Global Note or Global Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Permanent Global Note or Global Certificate and, unless Physical Settlement is specified to be applicable in the relevant Pricing Supplement, the Issuer will be discharged by payment to, or to the order of, the holder of such Permanent Global Note or Global Certificate in respect of each amount so paid. Where the relevant Pricing Supplement specifies Physical Settlement, in lieu of paying the Redemption Amount the Issuer shall discharge its payment obligation in respect of the relevant Notes by delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms.
- (ii) Each of the persons shown in the records of the relevant Clearing System as the holder of a particular nominal amount of Notes represented by such Permanent Global Note 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 Permanent Global Note or Global Certificate shall have any claim against the Issuer in respect of any payments or delivery of the Underlying Asset Amount due on that Permanent Global Note or Global Certificate.

**(e) Unmatured Coupons to become void**

Upon the due date for redemption of any Notes in definitive form, all unmaturing Coupons relating to such Notes (whether or not still attached) shall become void and no payment shall be made in respect of them.

**(f) Receipts**

Upon the due date for redemption of any Note in definitive form that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

**(g) Indemnity for missing Coupons**

Where any Note in definitive form that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, redemption shall be made only against the provision of such indemnity as the Issuer may require.

**(h) Payments Subject to Laws**

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

**(i) Appointment of Agents**

The Agents initially appointed by the Issuer and their respective specified offices are specified in the 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 of a fiduciary nature for or with any Noteholder. The Issuer may at any time vary or terminate the appointment of any Agent and appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, and (iii) a Transfer Agent in relation to Registered Notes.

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

**(j) Non-Business Days**

If any date for payment in respect of any Note or Coupon 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.

**7. Taxation**

The Issuer is not liable for or otherwise obliged to pay, and the relevant Noteholder 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 Note, including, without limitation, the payment of any Redemption Amount, Interest Amount or Instalment Amount. The Issuer shall have the right, but not the duty, to withhold or deduct from any amount payable to the Noteholder, such amount as is necessary (i) for the payment of any such taxes, duties, charges, withholdings or other payments, (ii) any withholding taxes imposed by the United States or a political subdivision thereof or (iii) 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 Condition. The Issuer shall not be obliged to make any payment to a Noteholder to compensate them for such withholding or deduction.

**8. Prescription**

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them. For the purposes of the General Conditions, "**Relevant Date**" means, in respect of any payment, (i) the date on which such payment first becomes due and payable or (ii) if the full amount of moneys payable has not been received by the Fiscal Agent on or prior to such date, the date on which, the full amount of such moneys having been so received, notice to that effect is given to the Noteholders in accordance with General Condition 12.

**9. Events of Default**

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

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

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

## 10. Meeting of Noteholders and Modifications

- (a) Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than one tenth in nominal amount of the Notes 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 Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any other amount payable or deliverable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Final Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or any other amount payable on the Notes or deliverable in respect of the Notes, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders 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 Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders and Couponholders (whether or not they were present at the meeting at which such resolution was passed). The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Permanent Global Note may be exchanged.

This General Condition 10(a) and the corresponding provisions of the Agency Agreement are subject to the rights of the Issuer to modify and amend the Conditions of the Notes or the Agency Agreement in each case without the consent of the Noteholders in accordance with the terms of General Condition 10(b).

- (b) Modification:** The Issuer may from time to time modify and amend the Conditions of the Notes or the Agency Agreement, in each case without the consent of the Noteholders, in such manner as the Issuer deems necessary or desirable, if the modification or amendment:
- (i) is of a formal, minor or technical nature; or
  - (ii) is made to cure a manifest or proven error; or
  - (iii) is made to cure any ambiguity; or is made to correct or supplement any defective provisions of the Notes or the Agency Agreement (as applicable); or
  - (iv) will not materially and adversely affect the interests of the Noteholders.

Any such modification or amendment shall take effect in accordance with its terms and be binding on the holders, and shall be notified to the Noteholders in accordance with General Condition 12 as soon as practicable (but failure to give such notice, or non-receipt thereof, shall not affect the validity of such modification or amendment).

11. **Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further Notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such Notes to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

12. **Notices**

So long as any Notes are held in or on behalf of a Clearing System, notices to the holders of such Notes may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders. Notices to the holders of Notes may also be given by publication in the newspaper specified in the 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 be given by a Noteholder shall be in writing and given by being lodged with an Agent. Where Notes are held in or on behalf of a Clearing System, such notices may be given by the holder of a Note 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 Noteholder's holding of Notes.

Where Notes 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 Noteholder in writing by being lodged with an Agent, subject to the Noteholder providing evidence from the Clearing System satisfactory to the Issuer of the Noteholder's holding of Notes.

Couponholders shall be deemed for all purposes to have notice of the contents of any Notice given to the Noteholders.

13. **Calculations and Determinations**

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

14. **Substitution of the Issuer**

The Issuer, or any previously substituted company, may at any time, without the consent of the Noteholders or Couponholders, substitute for itself as principal obligor under the Notes 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:

- (i) 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;
- (ii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes represent legal, valid and binding obligations of the Notes having been taken, fulfilled and done and being in full force and effect;
- (iii) the Issuer shall have received an opinion of counsel concluding that payments on the Notes will not be subject to US withholding tax (other than US withholding tax that can be avoided by

satisfying certain identification and certification requirements). Any such opinion shall be in form and substance satisfactory to the Issuer in its sole and absolute discretion and from counsel chosen by the Issuer, and shall not be addressed or delivered to, and may not be relied upon, by the Holders or any other party; and

- (iv) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Noteholders in accordance with General Condition 12.

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.

"**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 Noteholders in accordance with General Condition 12 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.

The Issuer may not be substituted unless the Issuer receives an opinion of counsel concluding that payments on the Notes will not be subject to US withholding tax (other than US withholding tax that can be avoided by satisfying certain identification and certification requirements).

#### 15. **Third Parties**

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

#### 16. **Miscellaneous Definitions**

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

"**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.

"**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.

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

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

"**TARGET Business Day**" means a day on which the TARGET2 System or any successor thereto is operating.

#### 17. **Governing Law and Jurisdiction**

The Agency Agreement and the Notes and any non-contractual matters arising out of or in connection with the Agency Agreement and the Notes are governed by, and shall be construed in accordance with, English law.

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

The 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 may be enforced in the courts of any other jurisdiction. Nothing in this General Condition 17 shall limit any right to take Proceedings against the Issuer 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.

**FORM OF PRICING SUPPLEMENT FOR NOTES**

*The following is the pro forma pricing supplement for general issues of Notes under the Programme.*

**[Credit Suisse AG, acting through its London Branch / Credit Suisse International]**

This Pricing Supplement is supplemental to the Programme Memorandum dated 17 June 2011 relating to the Unlisted Securities Programme of Credit Suisse AG, acting through its London Branch and Credit Suisse International (whichever is specified to be the Issuer in this Pricing Supplement, the "**Issuer**").

**[TITLE OF ISSUE]**

**Issue Price: [●]**

**Pricing Supplement dated [●]**

This Pricing Supplement is supplemental to, and should be read and construed in conjunction with, the Programme Memorandum[, the relevant Product Supplement(s) *delete if not applicable; specify if applicable*] and all [other] documents which are incorporated by reference therein.

Terms defined in the Programme Memorandum have the same meaning in this Pricing Supplement.

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

[References to [CURRENCY SYMBOL] are to [SPECIFY CURRENCY].] <sup>1</sup>

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<sup>1</sup> Delete if the relevant currency is referenced in General Condition 16.

**INVESTMENT CONSIDERATIONS**

*[INSERT CONSIDERATIONS SPECIFIC TO ISSUE]*

Except as set out below, the Notes will be subject to the General Conditions set out in the Programme Memorandum and the following Pricing Supplement Terms:

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

- |     |  |   |
|-----|--|---|
| 1.  | Issuer:  | [Credit Suisse AG, acting through its London Branch / Credit Suisse International]  |
| 2.  | Series Number:   | [●]   |
| 3.  | Tranche Number   |   |
|     | <i>(If fungible with an existing Series, details of that series, including the date on which the Notes become fungible).</i> | [●]/Not Applicable  |
| 4.  | Specified Currency or Currencies:  | [●]   |
| 5.  | Aggregate Nominal Amount   |   |
|     | (i) Series:  | [●]   |
|     | (ii) Tranche:  | [●]   |
| 6.  | Issue Price:   | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> ( <i>in the case of fungible issues only, if applicable</i> )]               |
| 7.  | Specified Denominations:   | [●]   |
| 8.  | Issue Date:  | [●]   |
| 9.  | Interest Commencement Date   |   |
|     | <i>(if different from the Issue Date):</i>   | [●]   |
| 10. | Maturity Date:   | [●] [specify date for Fixed Rate or Zero Coupon Notes] or (for Floating Rate Notes) Interest Payment Date falling in [●] [specify the relevant month and year] <sup>2</sup> |
| 11. | Interest Basis:  | [Fixed Rate]<br>[Floating Rate]<br>[Zero Coupon]<br>[Currency/Equity/Index/Other Variable-linked]<br>[Other ( <i>specify</i> )]<br>(further particulars specified below)    |
| 12. | Redemption/Payment Basis:  | [Redemption at par]<br>[Partly Paid]  |

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<sup>2</sup> The Maturity Date shall not be scheduled to fall after 31 December 2012.

- [Instalment]
- [Currency/Equity/Index/Other Variable-linked]
- [Other (*specify*)]
13. Change of Redemption/Payment Basis: [●] [*Specify details of any provision for convertibility of Notes into another redemption/payment basis*] Not Applicable
14. Put/Call Options: [Put]
- [Call]
- [(further particulars specified below)]
- PROVISIONS RELATING TO INTEREST**
15. **Fixed Rate Notes Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate [(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount [(s)]: [●] per [●] in nominal amount
- (iv) Broken Amount: [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s) and the Interest Payment Date(s) to which they relate*]
- (v) Day Count Fraction (General Condition 4(j)):
- [Actual/Actual]
- Actual/Actual - ISDA
- Actual/365 (Fixed)
- Actual/360
- 30/360
- 360/360 / Bond Basis
- 30E/360 / Eurobond Basis
- 30E/360 (ISDA)
- Actual/Actual – ICMA]
- (vi) Determination Date(s): [●] [*Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)*] in each year.<sup>3</sup>□

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<sup>3</sup> Only to be completed for an issue where Day Count Fraction is Actual/Actual-ISMA.

- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
16. **Floating Rate Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
- (i) Specified Period(s)/Specified Interest Payment Dates: [●]
- (ii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Other (*give details*)]
- (iii) Additional Business Centre(s) (General Condition 4(j)): [●]
- (iv) Interest Period Date(s): [Not Applicable/specify dates]  
[●]
- (v) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
  - ISDA Definitions: (if different from those set out in the Conditions) [●]
- (vi) Margin(s): [+/-] [●] per cent. per annum
- (vii) Minimum Rate of Interest: [●]per cent. per annum
- (ix) Day Count Fraction (General Condition 4(j)):
- [Actual/Actual
  - Actual/Actual – ISDA
  - Actual/365 (Fixed)
  - Actual/360
  - 30/360
  - 360/360 / Bond Basis
  - 30E/360 / Eurobond Basis
  - 30E/360 (ISDA)
  - Actual/Actual – ICMA]
- (x) Rate Multiplier: [●]
- (xi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of [●]

calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

17. **Variable Rate Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●]
- (ii) Additional Business Centre(s) (General Condition 4(j)) [●]
- (iii) Interest Payment Date(s): [●] in each year
- (iv) Interest Determination Date: [The date falling [●] Business Days prior to the Interest Payment Date for each Interest Period/The date falling [●] Business Days prior to the beginning of each Interest Period/Other (*specify*)]
- (v) Day Count Fraction (General Condition 4(j)):
- [Actual/Actual  
Actual/Actual ISDA  
Actual 365 (Fixed)  
Actual/360  
30/360  
360/360 / Bond Basis  
30E/360 / Eurobond Basis  
30E/360 (ISDA)  
Actual/Actual ICMA]
- (vi) Determination Date(s): [●] [*Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)*] in each year
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Available/*give details*]
18. **Zero Coupon Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield (General Condition 5(b)): [●] per cent. per annum
- (ii) Day Count Fraction (General Condition 4(j)):
- [Actual/Actual  
Actual/Actual - ISDA  
Actual/365 (Fixed)  
Actual/360  
30/360]

360/360 / Bond Basis

30E/360 /Eurobond Basis

30E/360 (ISDA)

Actual/Actual - ICMA]

- (iii) Any other formula/basis of determining amount payable: [Not Applicable/*give details*]

**PROVISIONS RELATING TO REDEMPTION**

19. Final Redemption Amount The Final Redemption Amount in respect of each Note will be [●] [*set out formula and related definitions for calculating the Final Redemption Amount*]/[Nominal amount/Other (*specify*)]/as set out in the Schedule hereto]
20. Early Redemption Amount  
Early Redemption Amount(s) payable on redemption for illegality reasons (General Condition 5(c)) or an event of default (General Condition 9) and/or the method of calculating the same (if required or if different from that set out in the General Conditions): [As set out in Conditions/Other (*specify*)]
21. Call Option [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●]
- (iii) If redeemable in part:
- (a) Minimum nominal amount to be redeemed: [●]
- (b) Maximum nominal amount to be redeemed: [●]
- (iv) Option Exercise Date(s): [●]
- (v) Description of any other Bank's option: [●]
- (vi) Notice period (if other than as set out in the Conditions): [●]
22. Put Option [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such

amount(s):

- (iii) Option Exercise Date(s):
- (iv) Description of any other Noteholders' option:
- (v) Notice period (if other than as set out in the Conditions):
23. Settlement Currency (The Specified Currency/)  
*(The currency in which the Final Redemption Amount will be paid)*
24. Physical Settlement
25. Underlying Asset(s):
- GENERAL PROVISIONS**
26. Form of Notes:  [Bearer Notes/Registered Notes]  
  
Permanent Global Note which is exchangeable for Notes in definitive form at the option of a holder
27. Financial Centre(s) (General Condition 6(f) (and definition of "Currency Business Day" in General Condition 16)) or other special provisions relating to payment dates:  [Not Applicable/Give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 16(iii) relates]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Bank to forfeit the Notes and interest due on late payment:  [Not Applicable/give details]
29. Details relating to Instalment Notes:  [Not Applicable/give details]
- (i) Instalment Amount(s):
- (ii) Instalment Date(s):
- (iii) Minimum Instalment Amount:
- (iv) Maximum Instalment Amount:
30. Security Codes and Ticker Symbols
- ISIN:  [Not Applicable]
- Common Code:  [Not Applicable]
- 
31. Clearing and Trading
- Clearing System(s):  [Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg]  [Other]

- Tradeable Amount: [●]
32. Delivery: Delivery [against/free of] payment
33. Calculation Agent: [Credit Suisse International] [Other]
34. The Agents appointed in respect of the Notes are:
- Fiscal Agent:  
[Citi]
- Paying Agent:  
[Citi]
- Transfer Agent:  
[Citi]
- Registrar:  
[Citi]
- Delivery Agent:  
[Credit Suisse International]  
*[Delete or add additional agents as appropriate]*
35. Dealer(s): [Credit Suisse (Securities) Europe Limited] [Credit Suisse International] [Other]
36. Additional steps that may only be taken following approval by Extraordinary Resolution in accordance with General Condition 9(a): [Not Applicable/give details]
37. Additional Provisions: [Not Applicable/give details]

Signed on behalf of the Issuer:

By: \_\_\_\_\_

Duly authorised

By: \_\_\_\_\_

Duly authorised

**ADDITIONAL SELLING RESTRICTIONS**

*[If applicable]*

**TAXATION PROVISIONS**

*[If desired or relevant]*

**SCHEDULE**

*[If desired or relevant in respect of share linked Notes]*

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Initial Issue of Securities

Permanent Global Notes are issued in 'Classic Global Note' (CGN) form. Upon the initial deposit of a Permanent Global Note with a common depository for the Clearing Systems (the "**Common Depository**") or registration of Registered Notes in the name of any nominee for the Clearing Systems and delivery of the relevant Global Certificate to the Common Depository, the Clearing Systems will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with the Clearing Systems held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with the Clearing Systems or other clearing systems.

### Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of the Clearing Systems or any other clearing system as the holder of a Note represented by a Permanent Global Note or a Global Certificate must look solely to the Clearing Systems or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Permanent Global Note or the holder of the underlying Registered Notes as the case may be, and in relation to all other rights arising under the Permanent Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of the Clearing Systems or such clearing system (as the case may be). No person other than the holder of such Permanent Global Note or Global Certificate shall have a claim directly against the relevant Issuer in respect of payments or delivery due on the Notes for so long as the Notes are represented by such Permanent Global Note or Global Certificate and such obligations of the Issuer will be discharged by (i) payment to the bearer of such Permanent Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid or, (ii) where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms.

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

### Exchange

Each Permanent Global Note with an original maturity of more than 183 days will be exchangeable, free of charge, in whole but not in part, on or after the due date for exchange, for Notes in definitive form, if requested by the holder on behalf of the beneficial owner of interests in the Permanent Global Note.

### Global Certificates in respect of Registered Notes

If the Notes are held in a Clearing System and are represented by a Global Certificate, the following will apply in respect of transfers of such Registered Notes. These provisions will not prevent the trading of interests in the Notes within a Clearing System (which will be subject to the rules and procedures of the relevant Clearing System), but will limit the circumstances in which the Notes may be withdrawn from the relevant Clearing System.

Transfers of the holding of Notes represented by any Global Certificate pursuant to General Condition 2 may only be made in part:

- (i) if the relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the person in whose name the Notes are registered has given the Registrar not less than 30 days' notice at its specified office of its intention to effect such transfer.

**Deed of Covenant**

Under the Deed of Covenant the Issuer has covenanted in favour of the Noteholders from time to time that if principal in respect of any Notes is not paid when due, it will make payment of the unpaid amounts in respect of the Notes to the relevant Clearing Systems for crediting to the accounts of the relevant Noteholders in accordance with the rules and procedures of the relevant Clearing System.

## GENERAL TERMS AND CONDITIONS OF THE CERTIFICATES

*The following is the text of the general terms and conditions which, subject to the provisions of (if any) the relevant Product Supplement and Pricing Supplement, will apply to the Certificates. References in the Conditions to "Certificates" are to the Certificates of one Series only, not to all Certificates that may be issued under the Programme. Definitions used in these General Terms and Conditions of the Certificates shall not apply to any other General Terms and Conditions contained in this Programme Memorandum.*

In relation to the Certificates, Credit Suisse AG, acting through its London Branch ("**CS**") and Credit Suisse International ("**CSI**") have executed an Agency Agreement dated 1 July 2010 (as may be amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**") with Citibank Europe plc, as principal certificate agent (the "**Principal Certificate Agent**", which expression shall include, wherever the context so admits, any successor principal certificate agent), and the other agents named therein. The Certificateholders (as defined in General Condition 1) are deemed to have notice of all the provisions of the Agency Agreement applicable to them. CS has executed a general deed of covenant by deed poll dated 19 November 2009, and CSI has executed a general deed of covenant by deed poll dated 1 July 2010 (as amended and/or supplemented as at the Issue Date) (each a "**Deed of Covenant**") in favour of Certificateholders from time to time in respect of Certificates issued from time to time under the Programme under which it has agreed to comply with the terms of all such Certificates. Whichever of CS or CSI is specified in the relevant Pricing Supplement to be the Issuer is the "**Issuer**". Copies of the Agency Agreement (including the form of global certificate referred to below) and the relevant Issuer's Deed of Covenant are, and, so long as any Certificate remains outstanding, will be available for inspection during normal business hours at the specified office of the Principal Certificate Agent.

In these general terms and conditions (the "**General Conditions**" and together with the Terms, as defined below, the "**Conditions**"), references to the "**Central Clearing System(s)**" are to Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"); references to "**National Clearing System(s)**" are to such other clearing systems (if any) as may be specified in the relevant Pricing Supplement or notified to Certificateholders in accordance with General Condition 8; and references to a "**Clearing System**" shall be to a Central Clearing System or a National Clearing System, as the case may be, and shall include its respective successors and assigns.

The amount payable or deliverable on the Certificates may be linked to one or more "**Underlying Asset(s)**" as shall be specified in the relevant Pricing Supplement.

The Certificates of any series (a "**Series**") and of any tranche (a "**Tranche**") comprising, together with another Tranche or other Tranches, a Series, are subject to these General Conditions, as modified and/or supplemented by the terms of (if any) the relevant product supplement (each a "**Product Supplement**") relating to the relevant Certificates (the "**Product Terms**") and the terms of the relevant Pricing Supplement (each a "**Pricing Supplement**") relating to the relevant Certificates (the "**Pricing Supplement Terms**") and together with the Product Terms (if any), the "**Terms**"). The relevant Pricing Supplement will be appended to the global certificate representing the relevant Certificates (the "**Global Certificate**"). For the avoidance of doubt, a Product Supplement may not be prepared in respect of some or all of the Certificates, in which case all references in these General Conditions in relation to such Certificates to "Product Supplement" and "Product Terms" shall be disregarded.

Expressions used herein and not defined shall have the meaning given to them in the relevant Terms. In the event of any inconsistency between the General Conditions and (if any) the Product Terms, the Product Terms will prevail. In the event of any inconsistency between the Pricing Supplement Terms, the General Conditions and (if any) the Product Terms, the Pricing Supplement Terms will prevail. Reference to "**Conditions**" are to the General Conditions as supplemented or amended by (if any) the Product Terms and the Pricing Supplement Terms.

### 1. Form, Title and Transfer

#### (a) Form

The Certificates shall be represented at all times by the Global Certificate deposited outside the United Kingdom with a common depository for the Central Clearing Systems. Certificates in definitive form shall not be issued.

**(b) Title**

Each person for the time being appearing in the books of the relevant Clearing System(s) as the holder of a Certificate (other than one Clearing System to the extent that it appears on the books of another Clearing System) or such other person as may be specified as a Certificateholder in the relevant Pricing Supplement, shall be treated for all purposes by the Issuer, the Certificate Agents and the relevant Clearing System(s) as the holder thereof, notwithstanding any notice to the contrary (each such person being referred to herein as a "holder" or "Certificateholder").

**(c) Transfer**

Transfers of Certificates may be effected only in integral multiples of the Minimum Transferable Number of Certificates and (i) in the case of Certificates held through a relevant Clearing System, through such relevant Clearing System and (ii) as otherwise specified in the relevant Pricing Supplement. Title will pass upon registration of the transfer in the books of such relevant Clearing System, or as otherwise specified in the relevant Pricing Supplement.

**2. Status**

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

**3. Redemption and Payment****(a) Payments on the Redemption Date**

Subject as provided in paragraph (d) below, the Issuer will (subject to General Condition 9) pay or cause to be paid on the Redemption Date the Redemption Amount in respect of each Certificate to the relevant Clearing System for credit to the Certificateholder's account for value on the Redemption Date. The Redemption Amount will be calculated as set out in the relevant Terms.

**(b) Interim payments**

In addition, if so specified in the relevant Pricing Supplement, the Issuer will pay or cause to be paid on such dates as may be specified therein such amounts as may be specified or determined in accordance with the provisions of such Pricing Supplement ("**Interim Payments**"). Such payments shall be made in the manner set out in paragraph (a) above.

**(c) Payment subject to applicable laws etc.**

Payment by the Issuer of any Redemption Amount or Interim Payment will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations and the rules and procedures of the relevant Clearing System) and neither the Issuer nor any Certificate Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer nor any Certificate Agent shall under any circumstances be liable for any acts or defaults of any Clearing System in the performance of its duties in relation to the Certificates.

**(d) Physical Settlement**

Where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, subject to any conditions specified in the relevant Pricing Supplement, in lieu of paying the Redemption Amount, the Issuer shall discharge its payment obligation by delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms. For such purpose, "**Underlying Asset Amount**" means in relation to a Tranche, the amount of

Underlying Asset(s) as specified in the relevant Pricing Supplement, which may be delivered by the Delivery Agent on behalf of the relevant Issuer on the date specified in the relevant Pricing Supplement.

#### 4. **Illegality**

The Issuer may terminate the Certificates if it has determined in good faith that the performance of its obligations thereunder or that any arrangement made to hedge its obligations thereunder has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or any change in the interpretation thereof ("**applicable law**"). In such circumstances, the Issuer shall, however, if and to the extent permitted by applicable law, pay or cause to be paid to the account of the relevant Clearing System (or to the account of the relevant Certificateholders in such other manner as may be permitted by applicable law) in respect of each Certificate held by such Certificateholder an amount determined by the Issuer as representing the fair market value of such Certificate immediately prior to such termination (ignoring such unlawfulness, illegality or, as the case may be, other prohibition). Payment shall be made through the relevant Clearing System only and in such manner as shall be notified to the Certificateholders in accordance with the Conditions.

#### 5. **Purchases by the Issuer**

The Issuer, any subsidiary and/or any Affiliate of the Issuer may at any time purchase Certificates at any price in the open market or by tender or private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

Reference to "Affiliate" includes 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. As used herein, "control" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "controlled by" and "controls" shall be construed accordingly.

#### 6. **Certificate Agents**

The Issuer reserves the right at any time to vary or terminate the appointment of any of the agents whose duties in relation to the Certificates are listed in the Agency Agreement (the "**Certificate Agents**"), provided that so long as any Certificate is outstanding, there shall be a Principal Certificate Agent. Notice of any termination of appointment and of any changes in the specified office of any of the Certificate Agents shall be given to Certificateholders in accordance with the Conditions. In acting under the Agency Agreement, the Certificate Agents shall act solely as agents of the Issuer and shall not assume any obligation or duty to or any relationship of agency or trust for or with, the Certificateholders.

#### 7. **Further issues**

The Issuer may from time to time without the consent of the Certificateholders create and issue further certificates, so as to form a single issue with the Certificates, pursuant to a supplemental global certificate or by endorsement to the Global Certificate.

#### 8. **Notices**

So long as any Certificates are held in or on behalf of a Clearing System, notices to the holders of such Certificates may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders. Notices to the holders of Certificates may also be given by publication in the newspaper specified in the 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 be given by a Certificateholder shall (in the case of a Certificate not held in or on behalf of a Clearing System) be in writing and given by being lodged with a Certificate Agent. Where Certificates are held in or on behalf of a Clearing System, such notices may be given by the holder of a Certificate

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 Certificateholder's holding of Certificates.

Where Certificates 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 Certificateholder in writing by being lodged with a Certificate Agent, subject to the Certificateholder providing evidence from the Clearing System satisfactory to the Issuer of the Certificateholder's holding of Certificates.

## 9. Certificateholder Early Redemption Procedure

This General Condition only applies to Certificates in respect of which the relevant Terms specifies that Certificateholder Early Redemption is applicable.

### (a) **Certificateholder Early Redemption Entitlement**

If the relevant Terms specifies that Certificateholder Early Redemption is applicable, a Certificateholder may require the Issuer to redeem Certificates held by such Certificateholder on a Certificateholder Early Redemption Notification Date (as specified in the relevant Terms) by payment from the Issuer on the relevant Redemption Date of the relevant Certificateholder Early Redemption Amount, provided that (unless otherwise specified in the relevant Terms) the relevant Redemption Date shall not fall less than 15 calendar days after the Certificateholder Early Redemption Notification Date.

### (b) **Certificateholder Early Redemption**

To redeem Certificates early, a duly completed Certificateholder early redemption notice in the form and with the content prescribed by the relevant Clearing System through which the relevant Certificateholder redeems early its Certificates (a "**Certificateholder Early Redemption Notice**") must be delivered to that relevant Clearing System and a copy sent for information purposes to the Principal Certificate Agent or any additional or such other Certificate Agent as may be specified for such purpose in the relevant Terms on or prior to the Cut-off Time on any day that is a Certificateholder Early Redemption Notification Date (as specified in the relevant Terms).

"**Cut-off Time**" means in respect of the relevant Clearing System through which the relevant Certificate is held 9.00 a.m. (London time) or such other time or times as the Issuer may determine to be necessary in accordance with the operational procedures of the relevant Clearing System and notify to the Certificateholders in accordance with General Condition 8.

A Certificateholder Early Redemption Notice delivered after the relevant Cut-off Time the Certificateholder Early Redemption Notification Date shall be void.

Each Certificateholder Early Redemption Notice shall be deemed to constitute an irrevocable election and undertaking by the holder of the number of Certificates specified in it to redeem early such Certificates.

Failure to send a copy of the Certificateholder Early Redemption Notice to any relevant Certificate Agent will not affect the validity of the Certificateholder Early Redemption Notice and, in the case of any discrepancy between the Certificateholder Early Redemption Notice delivered to the relevant Clearing System and such copy, the terms of the Certificateholder Early Redemption Notice sent to the relevant Clearing System shall prevail.

### (c) **Verification**

In accordance with its normal operating procedures, the relevant Clearing System is expected to verify that, according to its records, each person redeeming Certificates has Certificates in the amount being redeemed in its securities account with the relevant Clearing System on the Certificateholder Early Redemption Notification Date. If the relevant Clearing System determines that a Certificateholder Early Redemption Notice is improperly completed or the Clearing System determines that the relevant Certificateholder has insufficient Certificates in

the Clearing System account(s) specified on the Certificateholder Early Redemption Notification Date, the Certificateholder Early Redemption Notice will be treated as void.

**(d) Notification of Principal Certificate Agent**

The relevant Central Clearing System is expected to notify the Principal Certificate Agent, in accordance with its normal operating procedures, of (i) the number and details of Certificates being redeemed early, and (ii) details of the account to which the relevant Redemption Amount is to be credited. If the Central Clearing System fails so to notify the Principal Certificate Agent the Certificateholder Early Redemption Notice shall be void unless the Central Clearing System so notifies the Principal Certificate Agent by 12.00 noon (London time) on the third Exchange Business Day after the Certificateholder Early Redemption Notification Date.

**(e) Debit of Certificateholder's Account**

The relevant Clearing System is expected on the relevant Redemption Date, in accordance with its normal operating procedures, to debit the relevant account of the Certificateholder with the Certificate(s) being redeemed early.

**(f) Certificateholder Early Redemption subject to applicable laws etc.**

Early redemption of the Certificates and payment by the Issuer of any Certificateholder Early Redemption Amount will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations and the rules and procedures of the relevant Clearing System) and neither the Issuer nor any Certificate Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer nor any Certificate Agent shall under any circumstances be liable for any acts or defaults of any Clearing System in the performance of its duties in relation to the Certificates.

**(g) Determinations**

Any determination as to whether a Certificateholder Early Redemption Notice is duly completed and in proper form shall be made by the relevant Clearing System, and shall be conclusive and binding on the Issuer, the Certificate Agents and the relevant Certificateholder.

**(h) Effect of Certificateholder Early Redemption Notice**

Delivery of a Certificateholder Early Redemption Notice shall constitute an irrevocable election and undertaking by the Certificateholder to redeem early the Certificates specified therein, provided that the person redeeming early and delivering such Certificateholder Early Redemption Notice is the person then appearing in the books of the relevant Clearing System as the holder of the relevant Certificates. If the person redeeming early and delivering the Certificateholder Early Redemption Notice is not the person so appearing, such Certificateholder Early Redemption Notice shall for all purposes be void.

After the delivery of a Certificateholder Early Redemption Notice (other than a Certificateholder Early Redemption Notice which shall have become void) the Certificateholder specified in such Certificateholder Early Redemption Notice may not otherwise transfer such Certificates. Notwithstanding this, if any Certificateholder does so transfer or attempts to transfer such Certificates, the Certificateholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Certificateholder Early Redemption Notice and subsequently (i) entering into replacement hedging operations in respect of such Certificates or (ii) paying any amount on the subsequent early redemption of such Certificates without having entered into any replacement hedging operations.

## 10. Calculations and Determinations

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

## 11. Taxation

The Issuer is not liable for or otherwise obliged to pay, and the relevant Certificateholder 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 Certificate, including, without limitation, the payment of any Redemption Amount or Interim Payment. The Issuer shall have the right, but not the duty, to withhold or deduct from any amount payable to the Certificateholder, such amount as is necessary (i) for the payment of any such taxes, duties, charges, withholdings or other payments, (ii) any withholding taxes imposed by the United States or a political subdivision thereof or (iii) 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 Condition. The Issuer shall not be obliged to make any payment to a Certificateholder to compensate them for such withholding or deduction.

## 12. Modification

The Issuer may from time to time modify and amend the Conditions of the Certificates or the Agency Agreement, in each case without the consent of the Certificateholders, in such manner as the Issuer deems necessary or desirable, if the modification or amendment:

- (i) is of a formal, minor or technical nature; or
- (ii) is made to cure a manifest or proven error; or
- (iii) is made to cure any ambiguity; or is made to correct or supplement any defective provisions of the Certificates or the Agency Agreement (as applicable); or
- (iv) will not materially and adversely affect the interests of the Certificateholders.

Any such modification or amendment shall take effect in accordance with its terms and be binding on the holders, and shall be notified to the Certificateholders in accordance with General Condition 8 as soon as practicable (but failure to give such notice, or non-receipt thereof, shall not affect the validity of such modification or amendment).

## 13. Substitution of the Issuer

The Issuer, or any previous substituted company, may at any time, without the consent of the Certificateholders, substitute for itself as principal obligor under the Certificates 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:

- (i) 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;
- (ii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Certificates represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect;

- (iii) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Certificateholders in accordance with General Condition 8.

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.

"**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 Certificateholders in accordance with General Condition 8 to change the office through which it is acting for the purpose of the Certificates, 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.

The Issuer shall have received an opinion of counsel concluding that payments on the Certificates will not be subject to US withholding tax (other than US withholding tax that can be avoided by satisfying certain identification and certification requirements). Any such opinion shall be in form and substance satisfactory to the Issuer in its sole and absolute discretion and from counsel chosen by the Issuer, and shall not be addressed or delivered to, and may not be relied upon, by the Holders or any other party.

#### 14. **Third Parties**

No person shall have any right to enforce any term or condition of the Certificates under the Contracts (Rights of Third Parties) Act 1999.

#### 15. **Miscellaneous Definitions**

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

#### 16. **Governing Law and Jurisdiction**

The Agency Agreement and the Certificates and any non-contractual matters arising out of or in connection with the Agency Agreement and the Certificates are governed by, and shall be construed in accordance with, English law.

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

The 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 may be enforced in the courts of any other jurisdiction. Nothing in this General Condition 16 shall limit any right to take Proceedings against the Issuer 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.

**FORM OF PRICING SUPPLEMENT FOR CERTIFICATES**

The following is the pro forma pricing supplement for general issues of Certificates under the Programme.

**[Credit Suisse AG, acting through its London Branch / Credit Suisse International]**

This Pricing Supplement is supplemental to the Programme Memorandum dated 17 June 2011 relating to the Unlisted Securities Programme of Credit Suisse AG, acting through its London Branch and Credit Suisse International (whichever is specified to be the Issuer in this Pricing Supplement, the "**Issuer**").

**[TITLE OF ISSUE]**

**Issue Price: [●]**

**Pricing Supplement dated [●]**

This Pricing Supplement is supplemental to, and should be read and construed in conjunction with, the Programme Memorandum[, the relevant Product Supplement(s) *[delete if not applicable; specify if applicable]* and all [other] documents which are incorporated by reference therein.

Terms defined in the Programme Memorandum have the same meaning in this Pricing Supplement.

In the event of any inconsistency between the Pricing Supplement Terms and the General Conditions, the Pricing Supplement Terms will prevail.

[References to [CURRENCY SYMBOL] are to [SPECIFY CURRENCY].]

**INVESTMENT CONSIDERATIONS**

*[INSERT CONSIDERATIONS SPECIFIC TO ISSUE]*

## TERMS OF THE CERTIFICATES

Except as set out below, the Certificates will be subject to the General Conditions set out in the Programme Memorandum and also to the following Pricing Supplement Terms:

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

- |     |  |  |
|-----|--|--|
| 1.  | Issuer:  | [Credit Suisse AG, acting through its London Branch/Credit Suisse International]   |
| 2.  | Title:   | [●]  |
| 3.  | Number of Certificates:  | [●]  |
| 4.  | Type of Certificates:  | [●] [Not Applicable]   |
| 5.  | Minimum Transferable Number:   | [●]  |
|     | <i>(Minimum number of Certificates which can be transferred)</i>   |  |
| 6.  | Issue Date:  | [●]  |
| 7.  | Issue Price:   | [●] per Certificate  |
| 8.  | Redemption Amount:<br><i>(Payable by the Issuer on the Redemption Date)</i>                                      | The Redemption Amount in respect of each Certificate will be [●] [set out formula and related definitions for calculating the Redemption Amount]                   |
| 9.  | Settlement Currency:<br><i>(The currency in which the Redemption Amount and Interim Payment(s) will be paid)</i> | [●]  |
| 10. | Redemption Date:<br><i>(Date on which the Redemption Amount will be paid)</i>                                    | [●] <sup>4</sup>   |
| 11. | Underlying Asset(s):   | [●]  |
| 12. | Physical Settlement:   | [Applicable/Not Applicable]  |
| 13. | Currency-linked Certificates:  | [Applicable/Not Applicable]<br><br><i>[Specify relevant Currency provisions, adjustments and market disruptions as applicable]</i>                                 |
| 14. | Share-linked Certificates:   | [Applicable/Not Applicable/ As set out in the Schedule hereto]<br><br><i>[Specify relevant Share provisions, adjustments and market disruptions as applicable]</i> |
| 15. | Index-linked Certificates:   | [Applicable/Not Applicable]<br><br><i>[Specify relevant Index provisions, adjustments and market disruptions as applicable]</i>                                    |

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<sup>4</sup> The Redemption Date shall not be scheduled to fall after 31 December 2012.

16. Other Variable-linked Certificates: [Applicable/Not Applicable]  
*[Specify relevant Underlying Asset provisions, adjustments and market disruptions as applicable]*
17. Additional or other Certificate Agent(s) and specified office(s), in addition to the Principal Certificate Agent: [●] [Not Applicable]
18. Securities Codes and Ticker Symbols
- ISIN: [●] [Not Applicable]
- Common Code: [●] [Not Applicable]
- [●] [●]
19. Clearing and Trading
- Clearing System(s): [Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg] *[Other – Specify any National Clearing Systems if applicable]*
20. Additional definition of “Certificateholder”: *(For the purposes of General Condition 1(b) in the case of National Clearance Systems)* [●] [Not Applicable]
21. Additional provisions relating to transfer: *(For the purposes of General Condition 1(c) in the case of National Clearance Systems)* [●] [Not Applicable]
22. Names of Dealers/Selling Agents: [Credit Suisse (Securities) Europe Limited] [Credit Suisse International] *[Other]*
23. Certificateholder Early Redemption: [Applicable] [Not Applicable]
24. Certificateholder Early Redemption Notification Date: [●] [Not Applicable]
25. Certificateholder Early Redemption Reference Date: [●] [Not Applicable]
26. Certificateholder Early Redemption Amount: [The Redemption Amount] [●] *[set out formula and related definitions for calculating the Certificateholder Early Redemption Amount]* [Not Applicable]
27. Additional Provisions: [Not Applicable]  
*[Specify any other applicable provisions]*

Signed on behalf of the Issuer:

By: \_\_\_\_\_

Duly authorised

By: \_\_\_\_\_

Duly authorised

**SCHEDULE**

*[If desired or applicable in respect of share linked Certificates]*

## GENERAL TERMS AND CONDITIONS OF THE WARRANTS

*The following is the text of the general terms and conditions which, subject to the provisions of (if any) the relevant Product Supplement and Pricing Supplement, will apply to the Warrants. References in the Conditions to "Warrants" are to the Warrants of one Series only, not to all Warrants that may be issued under the Programme. Definitions used in these General Terms and Conditions of the Warrants shall not apply to any other General Terms and Conditions contained in this Programme Memorandum.*

In relation to the Warrants, Credit Suisse AG, acting through its London branch ("**CS**") and Credit Suisse International ("**CSI**") have executed an Agency Agreement dated 1 July 2010 (as amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**"), with Citigroup Global Markets Deutschland AG & Co. KGaA as principal warrant agent (the "**Principal Warrant Agent**" which expression shall include, wherever the context so admits, any successor principal warrant agent), and the other agents named therein. The Warrantholders (as defined in General Condition 1) are deemed to have notice of all the provisions of the Agency Agreement applicable to them. CS has executed a general deed of covenant by deed poll dated 19 November 2009 and CSI has executed a general deed of covenant by deed poll dated 1 July 2010 (as amended and/or supplemented as at the Issue Date, each a "**Deed of Covenant**") in favour of Warrantholders from time to time in respect of Warrants issued from time to time under the Programme under which it has agreed to comply with the terms of all such Warrants. Whichever of CS or CSI is specified to be the Issuer in the relevant Pricing Supplement is the "**Issuer**". Copies of the Agency Agreement (including the form of global warrant referred to below) and each Issuer's Deed of Covenant are, and, so long as any Warrant remains outstanding, will be available for inspection during normal business hours at the specified office of the Principal Warrant Agent.

In these general terms and conditions (the "**General Conditions**" and together with the Terms, as defined below, the "**Conditions**") references to the "**Central Clearing System(s)**" are to Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"); references to "**National Clearing System(s)**" are to other clearing systems (if any) as may be specified in the relevant Pricing Supplement or notified to Warrantholders in accordance with General Condition 9; and references to a "**Clearing System**" shall be to a Central Clearing System or a National Clearing System, as the case may be, and shall include its respective successors and assigns.

The amount payable or deliverable on the Warrants may be linked to one or more "**Underlying Asset(s)**" as shall be specified in the relevant Pricing Supplement.

The Warrants of any series (a "**Series**") and of any tranche (a "**Tranche**") comprising, together with another Tranche or other Tranches, a Series, are subject to these General Conditions, as modified and/or supplemented by the terms of (if any) the relevant product supplement (each a "**Product Supplement**") relating to the relevant Warrants (the "**Product Terms**") and the terms of the relevant Pricing Supplement (each a "**Pricing Supplement**") relating to the relevant Warrants (the "**Pricing Supplement Terms**" and together with the Product Terms (if any), the "**Terms**"). The relevant Pricing Supplement will be appended to the global warrant representing the relevant Warrants (the "**Global Warrant**"). For the avoidance of doubt, a Product Supplement may not be prepared in respect of some or all of the Warrants, in which case all references in these General Conditions in relation to such Warrants to "Product Supplement" and "Product Terms" shall be disregarded.

Expressions used herein and not defined shall have the meaning given to them in the relevant Terms. In the event of any inconsistency between the General Conditions and (if any) the Product Terms, the Product Terms will prevail. In the event of any inconsistency between the Pricing Supplement Terms, the General Conditions, and (if any) the Product Terms, the Pricing Supplement Terms will prevail. Reference to "**Conditions**" are to the General Conditions as supplemented or amended by (if any) the Product Terms and the Pricing Supplement Terms.

### 1. Form, Title and Transfer

#### (a) Form

The Warrants shall be represented at all times by the Global Warrant deposited outside the United Kingdom with a common depositary for the Central Clearing Systems. Warrants in definitive form shall not be issued.

**(b) Title**

Each person for the time being appearing in the books of the relevant Clearing System(s) as the holder of a Warrant (other than one Clearing System to the extent that it appears on the books of another Clearing System) or such other person as may be specified as a Warrantholder in the relevant Pricing Supplement, shall be treated for all purposes by the Issuer, the Warrant Agents and the relevant Clearing System(s) as the holder thereof, notwithstanding any notice to the contrary (each such person being referred to herein as a "**holder**" or "**Warrantholder**").

**(c) Transfer**

Transfers of Warrants may be effected only in integral multiples of the Minimum Transferable Number of Warrants and in the case of Warrants held through a relevant Clearing System through such relevant Clearing System and as otherwise specified in the relevant Pricing Supplement. Title will pass upon registration of the transfer in the books of such relevant Clearing System or as otherwise specified in the relevant Pricing Supplement.

**2. Status**

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

**3. Exercise Rights****(a) Exercise of Warrants****(i) Automatic Exercise**

Each Warrant shall (unless, if American Style applies, previously exercised) be deemed to have been automatically exercised on the Expiration Date (subject to prior termination or cancellation of the Warrants in accordance with General Conditions 5 and 6 or in any relevant Product Supplement or Pricing Supplement), and the Exercise Date for such Warrants will be the Expiration Date.

**(ii) American Style**

The following applies only to Warrants specified to be American Style:

Each Warrant is exercisable (subject to General Conditions 3(a)(i) and 4), free of charge on any Exercise Business Day during the period from, but excluding, the Issue Date to, and including, the Exercise Business Day before the Expiration Date (the "**Exercise Period**") subject to prior termination or cancellation of the Warrants as provided in General Conditions 5 and 6 or in any relevant Product Supplement or Pricing Supplement.

The Warrants may be exercised only in the Minimum Exercise Number and an Exercise Notice (as defined in General Condition 4(a)) that purports to exercise Warrants in a number smaller than the Minimum Exercise Number shall be void.

If a Maximum Exercise Number is specified in the relevant Pricing Supplement, then if, other than in the case of the Expiration Date, the Issuer determines that the Valuation Date (or if more than one, the initial Valuation Date) of more than the Maximum Exercise Number of Warrants would, except as a consequence of this provision otherwise fall on the same date, the Issuer may deem the Valuation Date (or if more than one, the initial Valuation Date) for the Maximum Exercise Number of such Warrants to be the originally applicable Valuation Date for such Warrants, and the relevant Valuation Date for the remainder of such Warrants to be (subject to provisions in the relevant Product Supplement (if any) relating to Market Disruption Events) the

next Exchange Business Day following the originally applicable Valuation Date. The order of receipt by the Principal Warrant Agent of the notifications to it under General Condition 4(c) shall govern the priority of Warrants for selection by the Issuer for their respective Valuation Dates being moved to the next Exchange Business Day, in the case of the Valuation Date of more than the Maximum Exercise Number of Warrants occurring on the same date, as set out above. The Issuer may, however, at any time, in its discretion, accept more than the Maximum Exercise Number of Warrants in respect of any day.

**(b) Entitlement on exercise of Warrants**

Warrants which have been duly exercised or deemed exercised entitle the relevant Warrantheader to require the Issuer to pay, subject to the Conditions of the Warrants, the Settlement Amount in respect of such Warrants in the Settlement Currency on the Settlement Date in accordance with the Conditions.

**(c) Settlement Amount**

Subject as provided in paragraph (d) below, the Settlement Amount will be calculated as set out in the relevant Terms.

**(d) Physical Settlement**

Where Physical Settlement is specified to be applicable in the relevant Pricing Supplement, subject to any conditions specified in the relevant Pricing Supplement, in lieu of paying the Settlement Amount, the Issuer shall discharge its payment obligation by delivery of the Underlying Asset Amount in accordance with the terms specified in the relevant Terms. For such purpose, "**Underlying Asset Amount**" means in relation to a Tranche, the amount of Underlying Asset(s) as specified in the relevant Pricing Supplement, which may be delivered by the Delivery Agent on behalf of the relevant Issuer on the date specified in the relevant Pricing Supplement.

**4. Exercise Procedure**

This General Condition 4 only applies to Warrants to which American Style is specified to apply in the relevant Terms.

**(a) Exercise Notice**

To exercise Warrants, a duly completed exercise notice in the form and with the content proscribed by the relevant Clearing System through which the relevant Warrantheader exercises its Warrants (an "**Exercise Notice**") must be delivered to that relevant Clearing System and a copy sent for information purposes to the Principal Warrant Agent or such other Warrant Agent as may be specified for such purpose in the relevant Terms on any day during the Exercise Period.

The day within the Exercise Period upon which a duly completed Exercise Notice is delivered (or deemed delivered) to the relevant Clearing System shall be the "Exercise Date" provided that if it is not received by the relevant Clearing System by the relevant Cut-off Time on that day or if that day is not an Exercise Business Day, the next following Exercise Business Day shall be the Exercise Date.

"**Cut-off Time**" means in respect of the relevant Clearing System through which the relevant Warrant is held 9.00 a.m. (London time) or any other time specified in the relevant Terms in respect of that Clearing System or such other time or times as the Issuer may determine to be necessary in accordance with the operational procedures of the relevant Clearing System and notify to the Warrantheaders in accordance with General Condition 9.

An Exercise Notice delivered after the relevant Cut-off Time on the Exercise Business Day before the Expiration Date shall be void.

Each Exercise Notice shall be deemed to constitute an irrevocable election and undertaking by the holder of the number of Warrants specified in it to exercise such Warrants.

Failure to send a copy of the Exercise Notice to any Warrant Agent will not affect the validity of the Exercise Notice and, in the case of any discrepancy between the Exercise Notice delivered to the relevant Clearing System and such copy, the terms of the Exercise Notice sent to the relevant Clearing System shall prevail.

**(b) Verification**

In accordance with its normal operating procedures, the relevant Clearing System is expected to verify that, according to its records, each person exercising Warrants has Warrants in the amount being exercised in its securities account with the relevant Clearing System on the Exercise Date. If the relevant Clearing System determines that an Exercise Notice is improperly completed or the Clearing System determines that the relevant Warrantholder has insufficient Warrants in the Clearing System account(s) specified on the Exercise Date, the Exercise Notice will be treated as void and a new duly completed Exercise Notice must be submitted by the relevant Cut-off Time on the Exercise Business Day before the Expiration Date if exercise of the holder's Warrants is still desired and possible.

**(c) Notification of Principal Warrant Agent**

The relevant Central Clearing System is expected to notify the Principal Warrant Agent, in accordance with its normal operating procedures, of (i) the number and details of Warrants being exercised, and (ii) details of the account to which the relevant Settlement Amount is to be credited. If the Central Clearing System fails so to notify the Principal Warrant Agent the Exercise Notice shall be void unless the Central Clearing System so notifies the Principal Warrant Agent by 12.00 noon. (London time) on the third Exercise Business Day after the Exercise Date in which event, except in relation to an Exercise Date falling on the Expiration Date, the Exercise Date shall be the day on which such notification is made.

**(d) Debit of Warrantholder's Account**

The relevant Clearing System is expected on or before the Settlement Date, in accordance with its normal operating procedures, to debit the relevant account of the Warrantholder with the Warrants being exercised.

**(e) Exercise subject to applicable laws etc.**

Exercise of the Warrants and payment by the Issuer of any Settlement Amount will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations and the rules and procedures of the relevant Clearing System) and neither the Issuer nor any Warrant Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer nor any Warrant Agent shall under any circumstances be liable for any acts or defaults of any Clearing System in the performance of its duties in relation to the Warrants.

**(f) Determinations**

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the relevant Clearing System, and shall be conclusive and binding on the Issuer, the Warrant Agents and the relevant Warrantholder.

**(g) Effect of Exercise Notice**

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the Warrants specified therein, provided that the person exercising and delivering such Exercise Notice is the person then appearing in the books of the relevant Clearing System as the holder of the relevant Warrants. If the person exercising and delivering

the Exercise Notice is not the person so appearing, such Exercise Notice shall for all purposes be void.

After the delivery of an Exercise Notice (other than an Exercise Notice which shall have become void), the Warranthead specified in such Exercise Notice may not otherwise transfer such Warrants. Notwithstanding this if any Warranthead does so transfer or attempts to transfer such Warrants, the Warranthead will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement hedging operations in respect of such Warrants or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging operations.

**(h) Expiry of Warrants**

Any Warrant in respect of which a duly completed Exercise Notice has not been delivered in accordance with this General Condition 4 by the relevant Cut-off Time on the Exercise Business Day before the Expiration Date shall be deemed to have been exercised on the Expiration Date.

**5. Illegality**

The Issuer may terminate the Warrants if it has determined in good faith that the performance of its obligations thereunder or that any arrangement made to hedge its obligations thereunder has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or any change in the interpretation thereof ("**applicable law**"). In such circumstances, the Issuer shall, however, if and to the extent permitted by applicable law, pay or cause to be paid to the account of the relevant Clearing System (or to the account of the relevant Warrantheads in such other manner as may be permitted by applicable law) in respect of each Warrant held by such Warranthead an amount determined by the Issuer as representing the fair market value of such Warrant immediately prior to such termination (ignoring such unlawfulness, illegality or, as the case may be, other prohibition). Payment shall be made through the relevant Clearing System only and in such manner as shall be notified to the Warrantheads in accordance with the Conditions.

**6. Purchases by the Issuer**

The Issuer and any subsidiary and/or Affiliate of the Issuer may at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

Reference to "Affiliate" includes 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. As used herein, "control" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "controlled by" and "controls" shall be construed accordingly.

**7. Warrant Agents**

The Issuer reserves the right at any time to vary or terminate the appointment of any of the agents whose duties in relation to the Warrants are listed in the Agency Agreement (the "**Warrant Agents**"), provided that so long as any Warrant is outstanding, there shall be a Principal Warrant Agent. Notice of any termination of appointment and of any changes in the specified office of any of the Warrant Agents shall be given to Warrantheads in accordance with the Conditions. In acting under the Agency Agreement, the Warrant Agents shall act solely as agents of the Issuer and shall not assume any obligation or duty to or any relationship of agency or trust for or with, the Warrantheads.

**8. Further Issues**

The Issuer may from time to time without the consent of the Warrantheolders create and issue further warrants, so as to form a single issue with the Warrants, pursuant to a supplemental global warrant or by endorsement to the Global Warrant.

**9. Notices**

So long as any Warrants are held in or on behalf of a Clearing System, notices to the holders of such Warrants may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders. Notices to the holders of Warrants may also be given by publication in the newspaper specified in the 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 be given by a Warrantheolder shall (in the case of a Warrant not held in or on behalf of a Clearing System) be in writing and given by being lodged with a Warrant Agent. Where Warrants are held in or on behalf of a Clearing System, such notices may be given by the holder of a Warrant 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 Warrantheolder's holding of Warrants.

Where Warrants 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 Warrantheolder in writing by being lodged with a Warrant Agent, subject to the Warrantheolder providing evidence from the Clearing System satisfactory to the Issuer of the Warrantheolder's holding of Warrants.

**10. Calculations and Determinations**

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

**11. Taxation**

The Issuer is not liable for or otherwise obliged to pay, and the relevant Warrantheolder shall pay, any tax, duty, charges, withholding or other payment which may arise as a result of, or in connection with, the ownership, transfer, exercise or enforcement of any Warrant, including, without limitation, the payment of any Settlement Amount. The Issuer shall have the right, but not the duty, to withhold or deduct from any amount payable to the Warrantheolder, such amount as is necessary (i) for the payment of any such taxes, duties, charges, withholdings or other payments, (ii) any withholding taxes imposed by the United States or a political subdivision thereof or (iii) 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 Condition. The Issuer shall not be obliged to make any payment to a Warrantheolder to compensate them for such withholding or deduction.

**12. Modification**

The Issuer may from time to time modify and amend the Conditions of the Warrants or the Agency Agreement, in each case without the consent of the Warrantheolders, in such manner as the Issuer deems necessary or desirable, if the modification or amendment:

- (i) is of a formal, minor or technical nature; or
- (ii) is made to cure a manifest or proven error; or

- (iii) is made to cure any ambiguity; or is made to correct or supplement any defective provisions of the Warrants or the Agency Agreement (as applicable); or
- (iv) will not materially and adversely affect the interests of the Warrantheolders.

Any such modification or amendment shall take effect in accordance with its terms and be binding on the Holders, and shall be notified to the Warrantheolders in accordance with General Condition 9 as soon as practicable (but failure to give such notice, or non-receipt thereof, shall not affect the validity of such modification or amendment).

### 13. Substitution of the Issuer

The Issuer, or any previous substituted company, may at any time, without the consent of the Warrantheolders, substitute for itself as principal obligor under the Warrants 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:

- (i) 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;
- (ii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Warrants represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect;
- (iii) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Warrantheolders in accordance with General Condition 9.

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.

"**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 Warrantheolders in accordance with General Condition 9 to change the office through which it is acting for the purpose of the Warrants, 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.

The Issuer shall have received an opinion of counsel concluding that payments on the Notes will not be subject to US withholding tax (other than US withholding tax that can be avoided by satisfying certain identification and certification requirements). Any such opinion shall be in form and substance satisfactory to the Issuer in its sole and absolute discretion and from counsel chosen by the Issuer, and shall not be addressed or delivered to, and may not be relied upon, by the Holders or any other party.

### 14. Third Parties

No person shall have any right to enforce any term or condition of the Warrants under the Contracts (Rights of Third Parties) Act 1999.

### 15. Miscellaneous Definitions

References to "**AUD**" are to Australian dollars, references to "**CAN**" are to Canadian dollars, references to "**DKr**" are to Danish Krone, references to "**EUR**" and "**€**" are to euro, references to "**GBP**" and "**£**" are to pounds sterling, references to "**HK\$**" and "**HKD**" are to Hong Kong dollars, references to "**JPY**" and "**¥**" are to Japanese yen, references to "**SKr**" are to Swedish Kronor, references to "**Sfr**" and "**CHF**" are to Swiss Francs, references to "**SGD**" and "**S\$**" are to Singapore dollars and references to "**USD**" and "**U.S.\$**" are to United States dollars.

**16. Governing Law**

The Agency Agreement and the Warrants and any non-contractual matters arising out of or in connection with the Agency Agreement and the Warrants are governed by, and shall be construed in accordance with, English law.

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

The 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 may be enforced in the courts of any other jurisdiction. Nothing in this General Condition 16 shall limit any right to take Proceedings against the Issuer 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.

**FORM OF PRICING SUPPLEMENT FOR WARRANTS**

*The following is the pro forma pricing supplement for issues of Warrants under the Programme*

**[Credit Suisse AG, acting through its London Branch / Credit Suisse International]**

This Pricing Supplement is supplemental to the Programme Memorandum dated 17 June 2011 relating to the Unlisted Securities Programme of Credit Suisse AG, acting through its London Branch and Credit Suisse International (whichever is specified to be the Issuer in this Pricing Supplement, the "**Issuer**").

**[TITLE OF ISSUE]**

**Issue Price: [●]**

**Pricing Supplement dated [●]**

This Pricing Supplement is supplemental to, and should be read and construed in conjunction with, the Programme Memorandum, (if any) the relevant Product Terms, [the relevant Local Supplement(s) *delete if not applicable; specify if applicable*] and all other documents which are incorporated by reference therein.

Terms defined in the Programme Memorandum have the same meaning in this Pricing Supplement.

In the event of any inconsistency between the General Conditions and (if any) the Product Terms, the Product Terms will prevail. In the event of any inconsistency between the Pricing Supplement Terms, the General Conditions, (if any) the Product Terms, the Pricing Supplement Terms will prevail.

[References to [CURRENCY SYMBOL] are to [SPECIFY CURRENCY].] <sup>5</sup>

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<sup>5</sup> Delete if the relevant currency is referenced in General Condition 15

**INVESTMENT CONSIDERATIONS**

*[INSERT CONSIDERATIONS SPECIFIC TO ISSUE]*

### Pricing Supplement Terms

*"Not Applicable" means an item is not applicable at the date of this Pricing Supplement, subject to amendment as provided in the Conditions. Italics in the left column denote a brief explanation of the Pricing Supplement Terms. Words in italics do not form any part of the Pricing Supplement.*

- |     |                              |   |
|-----|------------------------------|---|
| 1.  | Issuer:                      | [Credit Suisse AG, acting through its London Branch/Credit Suisse International]  |
| 2.  | Title:                       | [●]   |
| 3.  | Number of Warrants:          | [Up to] [●]   |
| 4.  | Type of Warrants:            | [Put/Call/OTHER]  |
| 5.  | Expiration Date:             | [●]   |
|     |                              | <i>(Date on which Warrants will, if not previously exercised or terminated, be deemed exercised)</i>  |
| 6.  | Minimum Transferable Number: | [●]   |
|     |                              | <i>(Minimum number of Warrants which can be transferred)</i>  |
| 7.  | Minimum Exercise Number:     | [●] [, or integral multiples thereof] <i>[Only for American Style Warrants. This must not be more than the Minimum Transferable Number]</i>   |
|     |                              | <i>(Minimum number of Warrants which can be exercised at any time)</i>  |
| 8.  | Maximum Exercise Number:     | [●] <i>[Only for American Style Warrants]</i>   |
|     |                              | <i>(Maximum number of Warrants which can be valued on a single Valuation Date, subject as otherwise specified in the Conditions)</i>  |
| 9.  | Exercise Style:              | [European/American/OTHER]   |
|     |                              | <i>(European Style Warrants will be deemed exercised on the Expiration Date; American Style Warrants can be exercised at any time up to and including the Exercise Business Day before the Expiration Date and failing which will be deemed exercised on the Expiration Date)</i> |
| 10. | Issue Date:                  | [●]   |
| 11. | Issue Price:                 | [●] per [QUANTITY] Warrant[s]   |
| 12. | Underlying Asset(s):         | [●]   |
| 13. | Currency-linked Warrants:    | [Applicable/Not Applicable]   |
|     |                              | <i>[Specify relevant Currency provisions, adjustments and market disruptions as applicable]</i>   |
| 14. | Share-linked Warrants:       | [Applicable/Not Applicable/As set out in the Schedule hereto]   |
|     |                              | <i>[Specify relevant Share provisions, adjustments and market disruptions as applicable]</i>  |

15. Index-linked Warrants: [Applicable/Not Applicable]  
[Specify relevant Index provisions, adjustments and market disruptions as applicable]
16. Commodity-linked Warrants: [Applicable/Not Applicable]  
[Specify relevant Commodity provisions, adjustments and market disruptions as applicable]
17. Other Variable-linked Warrants [Applicable/Not Applicable]  
[Specify relevant Underlying Asset provisions, adjustments and market disruptions as applicable]
18. Strike Price: [●]
19. Initial Setting Date: [[●] [specify date]/the final Initial Averaging Date]  
(This is the date for setting the Strike Price) [Not applicable if Strike Price is known before Issue Date]
20. Initial Averaging Dates: [●] [specify dates]  
(The Strike Price is determined by reference to the prices of the Underlying Asset(s) on these dates)
21. Initial Averaging Date Disrupted Day: [Omission/Postponement/Modified Postponement]  
(Provisions determining the consequences of an Initial Averaging Date being a Disrupted Day)
22. Valuation Time: [●]
23. Averaging Dates: [●] [specify dates]  
(The Settlement Amount is determined by reference to the prices of the Underlying Asset(s) prevailing on these dates)
24. Averaging Date Disrupted Day: [Omission/Postponement/Modified Postponement]  
(Provisions determining the consequences of an Averaging Date being a Disrupted Day)
25. Observation Period: [Not Applicable/The period from and including [●] to and including [●].]  
(The period during which Observation Dates occur)
26. Observation Dates: [[specify dates]/Each Scheduled Trading Day in respect of the relevant [Underlying Asset(s)] in the Observation Period]  
(Amounts payable are determined by reference to the prices of the Underlying Asset(s) prevailing on these dates)
27. Observation Date Disrupted Day: [Omission/Postponement/Modified Postponement]  
(Provisions determining the consequences of an Observation Date being a Disrupted Day)

28. Settlement Amount: The Settlement Amount in respect of [●] Warrant(s) will be [Set out other formula and related definitions for calculating the Settlement Amount]  
(Payable by the Issuer on the Settlement Date)
29. Physical Settlement [Applicable/Not Applicable]
30. Settlement Currency: [●]  
(The currency in which the Settlement Amount will be paid)
31. Additional Business Day Centres: [Not Applicable/specify]  
(For purposes of the definition of Currency Business Day, contained in the Product Supplement (if any))
32. Settlement Date: [3/other] Currency Business Days after the Valuation Date (or, if there is more than one Valuation Date, the last such Valuation Date), provided that, if that day is not a Clearing System Business Day, it shall be the next Currency Business Day which is also a Clearing System Business Day.<sup>6</sup>  
(Date on which the Settlement Amount will be paid)
33. Additional or other Warrant Agent(s) and specified office(s), in addition to the Principal Warrant Agent and the Warrant Agent in Luxembourg: [●]/Not Applicable]
34. Security Codes and Ticker Symbols
- ISIN: [●] [Not Applicable]
- Common Code: [●] [Not Applicable]
- [●] [●]
35. Clearing and Trading
- Clearing System(s): [Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg] [Other – Specify any National Clearing Systems if applicable]
36. Additional definition of "Warrantholder" [●]  
(For the purposes of General Condition 1(b) in the case of National Clearing Systems)
37. Additional provisions relating to transfer: [●]  
(For the purposes of General Condition 1(c) in the case of National Clearing Systems)
38. Names of Dealers/Selling Agents: [●]

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<sup>6</sup> The Settlement Date shall not be scheduled to fall after 31 December 2012.

Signed on behalf of the Issuer:

By: \_\_\_\_\_

Duly authorised

By: \_\_\_\_\_

Duly authorised

1 **[Additional Selling Restrictions]**

[add if applicable]

2 **[Information on the Underlying Asset(s)]**

Information about the [*Underlying Asset(s)*] can be obtained from [include relevant website], provided that this website does not form part of this Pricing Supplement or the General Conditions of the Warrants. The price[s] of the [*Underlying Asset(s)*] [is/are] available on [include the relevant Bloomberg or Reuters Code(s)].

**SCHEDULE**

*[If desired or applicable in respect of share linked Warrants]*

## TAXATION

### United Kingdom taxation

*The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Securities. The comments do not deal with any other United Kingdom tax aspects of acquiring, holding or disposing of Securities. Prospective Noteholders should be aware that the particular terms of issue of any series of Securities as specified in the relevant Pricing Supplement may affect the tax treatment of that and other series of Securities. The following is a general guide and should be treated with appropriate caution.*

#### **UK withholding tax on UK source interest**

Interest on Securities may be paid by the relevant Issuer without withholding or deduction for on account of United Kingdom income tax if, as at the date of payment of that interest, the Issuer is a "bank" for the purposes of section 991 Income Tax Act 2007 and so long as such payments are made by it in the ordinary course of its business.

Each of Credit Suisse International and Credit Suisse AG, acting through its London Branch, as at 31 March 2010 and 4 May 2010, respectively, was a "bank" for the purposes of that definition. In accordance with the published practice of HMRC, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:

- the borrowing in question relates to the capital structure of the Issuer. A borrowing is regarded as relating to the capital structure of the Issuer if it conforms to any of the definitions of Tier 1, 2 or 3 capital adopted by the Bank of England, whether or not it actually counts towards Tier 1, 2 or 3 capital for regulatory purposes; or
- the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

In all cases falling outside the section 991 Income Tax Act 2007 exemption described above, interest on Securities will fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. However this withholding will not apply where the relevant interest is paid on Securities with a maturity of less than one year from the date of the issue and which are not issued under arrangements the effect of which is to render such Securities as part of the borrowing with a total term of a year or more.

#### **Other rules relating to United Kingdom withholding tax**

Securities may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on such Securities will not be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in "UK withholding tax on UK source interest" above, but may be subject to reporting requirements as outlined below.

Where Securities are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest for UK tax purposes. Payments of interest are potentially subject to United Kingdom withholding tax as outlined above and reporting requirements as outlined below.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

The references to "interest" in this United Kingdom taxation section mean "interest" as understood in United Kingdom tax law. The statements 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.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an Issuer and does not consider the tax consequences of any such substitution.

### **Reporting Requirements**

Where interest is paid to holders of Securities (or to any person acting on their behalf) by the relevant Issuer or by any person in the United Kingdom acting on behalf of an Issuer (a "**payment agent**"), or is received by any person in the United Kingdom acting on behalf of the relevant holder of Securities (other than solely by clearing or arranging the clearing of a check) (a "**collecting agent**"), then the relevant Issuer, the payment agent or the collecting agent (as the case may be) may be required to supply to HMRC information including details of the payment and certain details relating to the holder (including the holder's name and address). These provisions will apply regardless of whether the interest has suffered a withholding or deduction for or on account of United Kingdom income tax and whether or not the holder of the Security is resident in the United Kingdom for United Kingdom taxation purposes. Where the holder is not so resident, the details provided to HMRC may be passed by HMRC to the tax authorities of the jurisdiction in which the holder is resident for taxation purposes.

The provisions referred to above may also apply, in certain circumstances, to payments of amounts due on redemption of Securities that constitute "deeply discounted securities" (as defined in the Income Tax (Trading and Other Income) Act 2005).

### **European Union savings tax directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income 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 non-corporate entities, resident in that other Member State (interest payments on the Securities will for these purposes be Savings Income). However, for a transitional period, Austria and Luxembourg are instead applying a withholding system in relation to such payments unless during such period they elect otherwise. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries including Switzerland and certain dependent or associated territories of certain Member States have adopted and implemented similar measures to the EU Directive (a withholding system in the case of Switzerland).

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 non-corporate entities, resident in certain dependent or associated territories or non-EU countries.

Where an individual Noteholder receives a payment of Savings Income from any Member State or dependent or associated territory employing the withholding arrangement, the individual Noteholder 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 Noteholder 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 EC Council Directive 2003/48/EC or the relevant law conforming with the directive in a dependent or associated territory.

The directive has been the subject of a review which has resulted in a series of proposals being put forward to amend the directive. Any changes could apply to Securities that have already been issued at the date of the amendment of the directive.

## Hong Kong

### **Withholding Tax**

Under existing Hong Kong laws, payments of principal (including premium and discounts) and interest in respect of the Securities will be payable without withholding for or on account of any Hong Kong taxes.

### **Profits Tax**

Profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong, interest on the Securities will be subject to Hong Kong profits tax where such interest is received by or accrued to:

- a financial institution (as defined in the Inland Revenue Ordinance) and such interest arises through or from the carrying on by the financial institution of its business in Hong Kong;
- a corporation carrying on a trade, profession or business in Hong Kong and such interest is derived from Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is derived from Hong Kong and is in respect of the funds of the trade, profession or business.

No capital gains tax is currently levied in Hong Kong; however, Hong Kong profits tax may be charged on profits arising on the sale, disposal or redemption of Securities where such sale, disposal or redemption are or form part of a trade, profession or business carried on in Hong Kong.

### **Stamp Duty**

Stamp duty will not be payable on the issue of Securities in bearer form provided either:

- (i) such Securities are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Securities constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable, it is payable by the relevant Issuer on the issue of Securities in bearer form at a rate of 3 per cent. of the market value of the Securities at the time of issue.

No stamp duty will be payable on any subsequent transfer of Securities in bearer form.

Stamp duty may be payable on any transfer of Securities in registered form if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Securities in registered form provided that either:

- (i) the Securities in registered form are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) the Securities in registered form constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of Securities in registered form it will be payable by each of the purchaser and the seller at the rate of 0.1 per cent. (together 0.2 per cent.) of the consideration for, or (if greater) the value of, the Securities bought and sold.

The Pricing Supplement in respect of any Securities will disclose whether or not any stamp duty is payable on the issue or subsequent transfer of the Securities, and the manner in which such stamp duty will be payable. In addition in the case of any Securities the terms and conditions of which provide for the physical settlement of the

Underlying Assets on redemption of the Securities, the Pricing Supplement, will include details of any stamp duty payable on such physical settlement and the amount of such stamp duty payable by the relevant Securityholder.

## Singapore

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the Monetary Authority of Singapore (“MAS”) in force as at the date of the Programme Memorandum and are subject to any changes in such laws, measures or guidelines, or the interpretation of such laws, measures or guidelines, occurring after such date, which changes could be made on a retroactive basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The following is a summary of the material Singapore tax consequences to a holder of the Notes. Neither those statements nor any other statements in the Programme Memorandum are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling, or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective holders of the Notes are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer nor any other persons involved in the Programme Memorandum accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.*

### **Income Tax - General**

#### Individual Taxpayers

An individual is a tax resident in Singapore in a year of assessment if in the preceding year he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax.

A Singapore tax resident individual is taxed at progressive rates ranging from 0 per cent. to 20 per cent. for the year of assessment 2011 (that is, in respect of income earned during the calendar year or other basis period ending in 2010).

Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 20 per cent. for the year of assessment 2011.

#### Corporate Taxpayers

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax if certain prescribed conditions are met including the following:

- (i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received; and
- (ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15 per cent..

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore (“IRAS”) with respect to such conditions.

Non-resident corporate taxpayers, with certain exceptions, are subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to be received in Singapore.

The corporate tax rate in Singapore is 17 per cent. with effect from the year of assessment 2010. In addition, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company’s chargeable income otherwise subject to normal taxation is exempt from corporate tax. New companies will also, subject to certain conditions, be eligible for full tax exemption on their normal chargeable income of up to S\$100,000 a year for each of the company’s first three years of assessment.

### **Singapore Withholding Tax**

Under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (“ITA”), the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17 per cent. with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 20 per cent.. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent.. The rate of 15 per cent. may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (i) interest from debt securities derived on or after 1 January 2004;
- (ii) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (iii) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

### **Capital gains**

Any gains considered to be in the nature of capital made from the sale of securities will not be taxable in Singapore. However, any gains from the sale of securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of Securities who are adopting Financial Reporting Standard 39: Financial Instruments - Recognition and Measurement (“FRS 39”) for Singapore income tax purposes may be required to recognise gains or losses on

such Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on “Adoption of FRS 39 treatment for Singapore income tax purposes”.

### ***Adoption of FRS 39 treatment for Singapore income tax purposes***

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications arising from the adoption of FRS 39 – Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of Securities who may be subject to the tax treatment under the FRS 39 Circular may be required to recognise income derived from such Securities in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law), and should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of such Securities.

### **United States Taxation for Non U.S. Investors**

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

#### ***Legislation Affecting Dividend Equivalent Payments***

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

#### ***Legislation Affecting Securities Held Through Foreign Accounts***

Under the Act, a 30% withholding tax is imposed on “withholdable payments” made to foreign financial institutions (and their more than 50% affiliates) unless the payee foreign financial institution agrees, among other things, to disclose the identity of any U.S. individual with an account at the institution (or the institution’s affiliates) and to annually report certain information about such account. “Withholdable payments” include payments of interest (including original issue discount), dividends, and other items of fixed or determinable annual or periodical gains, profits, and income (“FDAP”), in each case, from sources within the United States, as well as gross proceeds from the sale of any property of a type which can produce interest or dividends from sources within the United States. The Act also requires withholding agents making withholdable payments to certain foreign entities that do not disclose the name, address, and taxpayer identification number of any substantial U.S. owners (or certify that

they do not have any substantial United States owners) to withhold tax at a rate of 30%. We will treat payments on the securities as withholdable payments for these purposes.

Withholding under the Act will apply to all withholdable payments without regard to whether the beneficial owner of the payment is a U.S. person, or would otherwise be entitled to an exemption from the imposition of withholding tax pursuant to an applicable tax treaty with the United States or pursuant to U.S. domestic law. Unless a foreign financial institution is the beneficial owner of a payment, it will be subject to refund or credit in accordance with the same procedures and limitations applicable to other taxes withheld on FDAP payments provided that the beneficial owner of the payment furnishes such information as the IRS determines is necessary to determine whether such beneficial owner is a United States owned foreign entity and the identity of any substantial United States owners of such entity. Generally, the Act's withholding and reporting regime will apply to payments made after December 31, 2012. Thus, if an investor holds the securities through a foreign financial institution or foreign corporation or trust, a portion of the payments made after December 31, 2012 may be subject to 30% withholding.

### ***Physical Settlement of Equity Interests***

If a Security specifies Physical Settlement of the Underlying Asset and, as result, a non-U.S. holder acquires equity that distributes dividend payments that are deemed to be from sources within the United States, then such dividend payments will be subject to withholding of 30 per cent.. Gain realized on the sale, exchange, retirement or other disposition of such equity by a non-U.S. holder will generally not be subject to U.S. federal income tax unless (i) such income is effectively connected with a trade or business conducted by the non-U.S. holder in the United States, or (ii) the non-U.S. holder has or had a current or former relationship with the United States, including a relationship as a citizen or resident thereof or based on an individual's presence in the United States for 183 days or more in the taxable year of the applicable jurisdiction. Further, if the equity interest is in a "United States Real Property Holding Corporation" ("**USRPHC**"), as defined in Section 897, then gain derived by a non-U.S. holder from the disposition of a USRPHC is treated as income effectively connected with the conduct of a U.S. trade or business and such non-U.S. holder will be subject to U.S. tax on a net basis. In addition, the IRS may seek to recharacterize the acquisition of a Security that specifies Physical Settlement as a current transfer of the Underlying Asset in which case, a holder may be treated as owning, for U.S. federal income tax purposes, the Underlying Asset prior to Physical Settlement with the attendant tax consequences discussed above.

Each potential purchaser of Securities should consult its own tax advisor to obtain a more detailed explanation of the consequences of Physical Settlement and to learn how it might affect such investor in its particular circumstances.

### ***Information Reporting and Back-up Withholding***

Under certain circumstances, the Code requires "information reporting," and may require "backup withholding" with respect to certain payments made on the Securities and the payment of the proceeds from the disposition of the Securities. A non-U.S. holder of the Securities generally will not be subject to these information reporting requirements or backup withholding with respect to distributions on the Securities if it provides certifications as to its status as a non-U.S. holder under penalties of perjury on the appropriate IRS Form W-8. However, while the payment of proceeds from the disposition of a Security by a non-U.S. holder to or through a non-U.S. office of a U.S. broker or to or through a non-U.S. broker with certain specific types of relationships to the United States generally will not be subject to backup withholding, such payment will be subject to information reporting unless the non-U.S. holder certifies its status as a non-U.S. holder (and, if applicable, its beneficial owners also certify their status as non-U.S. holders) under penalties of perjury or the broker has certain documentary evidence in its files as to the non-U.S. holder's foreign status and the broker has no actual knowledge to the contrary.

Backup withholding is not an additional tax and may be refunded (or credited against the non-U.S. holder's U.S. federal income tax liability, if any); provided, that certain required information is furnished to the IRS. The information reporting requirements may apply regardless of whether withholding is required.

Non-U.S. holders should consult their tax advisors regarding the application of information reporting and backup withholding to their particular situations, the availability of an exemption therefrom, and the procedure for obtaining an exemption, if available.

## SALE AND SUBSCRIPTION

### General

The Issuer (as specified in the relevant Pricing Supplement) may appoint dealers (each a "**Dealer**") or selling agents (each a "**Selling Agent**") under a dealer agreement or selling agency agreement in respect of an issue of Securities and each Dealer and/or each Selling Agent will be required to comply with the selling restrictions set out below and any other selling restrictions as may be specified and/or applicable at the relevant time.

No action has been or will be taken by any Dealer or Selling Agent 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 save as specified in the relevant Pricing Supplement. No offers, sales or deliveries of any 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 relevant Issuer.

### United States

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

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

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

The Dealer has in place arrangements reasonably designed to ensure that the Notes will be sold (or resold in connection with their original issuance) only to a person who is not a United States person or who is a United States person that is a financial institution (as defined in United States Treasury Regulation section 1.165-12(c)(1)(v)) purchasing for its own account or for the account of a customer and that agrees to comply with the requirements of section 165(j)(3)(A), (B), or (C) and the regulations thereunder.

### United Kingdom

The Dealer and/or Selling Agent will be required to represent and agree that:

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

### Australia

No information memorandum, prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the "**Corporations Act**")) in relation to the Securities has been or will be lodged with the Australian Securities and Investments Commission ("**ASIC**") or the Australian Securities Exchange Limited. The Securities may not be offered or sold, directly or indirectly, in the Commonwealth of Australia, its territories or possessions,

or to any resident of Australia, except by way of an offer or sale not required to be disclosed pursuant to Part 6D.2 or Part 7.9 of the Corporations Act.

Accordingly, each Dealer and/or Selling Agent has represented and agreed, and each further Dealer and/or Selling Agent appointed under the Programme will be required to represent and agree, that it:

- (i) has not, directly or indirectly, offered for issue or sale or invited applications for the issue of or for offers to purchase nor has it sold, the Securities;
- (ii) will not, directly or indirectly, offer for issue or sale or invite applications for the issue of or for offers to purchase nor will it sell the Securities; and
- (iii) has not distributed and will not distribute any draft, preliminary or definitive information memorandum, or any advertisement or other offering material, in Australia, its territories or possessions,

unless:

- (i) the amount payable for the Securities on acceptance of the offer by each offeree or invitee is a minimum amount of A\$500,000 (or its equivalent in another currency, disregarding amounts, if any, lent by the offeror or its associates) or the offer or invitation is otherwise an offer or invitation for which no disclosure is required to be made under Part 6D.2 or Part 7.9 of the Corporations Act and the Corporations Regulations made under the Corporations Act;
- (ii) the offer, invitation or distribution complies with all applicable laws, regulations and directives in relation to the offer, invitation or distribution and does not require any document to be lodged with ASIC; and
- (iii) the offer, invitation or distribution is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act.

### **Brazil**

The Securities may not be offered or sold to the public in Brazil and accordingly the offering of the Securities has not been submitted to the Brazilian Securities Commission for approval. Documents relating to the offering, as well as the information contained herein and therein may not be supplied to the public as a public offering in Brazil or be used in connection with any offer for subscription or sale to the public in Brazil.

The Securities may only be offered to residents of Brazil if (i) any such Brazilian residents are contacted solely on a private, personal and one-to-one basis; and (ii) any such offering does not use any telecommunication means directed to the public in general (such as mass mailing, public advertisements on the internet, in newspapers, or through other means), nor try to reach, by any manner, an undetermined number of investors, under the risk that any such actions be considered as an unauthorized public offer of the Securities in Brazil.

### **Chile**

Neither the Issuers nor the Securities have been registered with the Superintendencia de Valores y Seguros pursuant to Law No. 18,045, the Ley de Mercado de Valores, and regulations thereunder. This document does not constitute an offer of, or an invitation to subscribe for or purchase, the Securities in the Republic of Chile, other than to individually identified investors pursuant to a private offering within the meaning of Article 4 of the Ley de Mercado de Valores (an offer that is not "addressed to the public at large or to a certain sector or specific group of the public").

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (Directive 2003/71/EC) (each, a "**Relevant Member State**"), the Dealer represents, warrants and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Securities to the public (within the meaning of that Directive) in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State in circumstances which do not require the publication by the Issuer or the Dealer of a prospectus pursuant to the Prospectus Directive or pursuant to any applicable national law of any Relevant Member State.

## France

This Programme Memorandum has not been prepared in connection with a public offering of securities (titres financiers) in France and no prospectus has been submitted for approval (visa) to the *Autorité des Marchés Financiers*. This Programme Memorandum may be made available, and the Securities may be offered or sold, in France by authorised persons only (A) to permitted investors consisting of (1) persons licensed to perform the investment service of asset management on behalf of third parties (*gestion de portefeuille pour compte de tiers*), (2) qualified investors (*investisseurs qualifiés*) acting for their own account and/or (3) a restricted circle of investors (*cercle restreint d'investisseurs*) acting for their own account, all as defined in, and in accordance with, Articles D. 411-1 to D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier* or (B) in other circumstances which do not constitute a public offering pursuant to Article L. 411-2 of the French *Code monétaire et financier*. The direct or indirect resale to the public in France of the Securities may be made only as provided by Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

## Italy

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

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

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

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

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

## Hong Kong

Each Dealer and/or Selling Agent has represented and agreed, and each further Dealer and/or Selling Agent appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), by means of any document, any Securities other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong 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 Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be

accessed or read by, the public in 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" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

## Luxembourg

This Programme Memorandum is strictly private and confidential. The Securities are being offered to institutional investors and high net worth investors, and may not be reproduced or used for any other purpose, nor provided for or sold to any person other than the recipient thereof. In Luxembourg, the Programme Memorandum has not been approved by the "*Commission de Surveillance du Secteur Financier*" and may not accordingly be used for direct or indirect offering or reselling of the Securities to the public in Luxembourg unless such offering or resale occurs in compliance with the Luxembourg Act of 10 July 2005 relating to prospectuses for securities. In addition, none of the Issuers constitute a Luxembourg undertaking for collective investment in accordance with the Luxembourg law dated 20 December 2002 on undertakings for collective investment.

## Mexico

The Securities have not been offered or sold and will not be offered or sold in Mexico by any subsidiary of the Issuers.

The Securities have not and will not be registered with the National Registry of Securities maintained by the National Banking and Securities Commission of Mexico and have not and may not be publicly offered in Mexico. The Securities may only be offered in Mexico pursuant to a private placement to institutional and qualified investors in Mexico as such terms are defined by the Mexican Ley del Mercado de Valores.

## Singapore

This Programme Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this 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 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 by a relevant person which is

(a) a corporation (which is not an accredited investor as defined under 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 is an accredited investor,

securities (as defined under section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (however described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Securities pursuant to an offer made under section 275 except:

- (1) to an institutional investor or to a relevant person defined in section 275(2) of the SFA, or any person arising from an offer referred to in section 275(1A) or section 276(4)(i)(B) of the SFA;
- (2) where no consideration is given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in section 276(7) of the SFA.

## **General**

The offer and sale of the Securities will also be subject to such other restrictions on distribution and transfer as may be set out in the Pricing Supplement.

These selling restrictions may be modified by the agreement of the relevant Issuer and the Dealer(s) following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Securities to which it relates or in a supplement to this Programme Memorandum.

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

Each Dealer and/or Selling Agent will be required to agree that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes the Programme Memorandum, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

## GENERAL INFORMATION

- 1 Credit Suisse AG, acting through its London Branch has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme. The Programme is established and Securities will be issued in accordance with the Organisational Guideline and Regulation of Credit Suisse AG dated 28 May 2002. No specific resolution of the Board of Directors of Credit Suisse AG, acting through its London Branch is required.
- 2 Credit Suisse International has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme. The establishment of the Programme is authorised pursuant to a resolution of the Board of Directors of Credit Suisse International dated 13 March 2006.
- 3 Copies of the Agency Agreement, Deeds of Covenant and most recent registration document of each Issuer will be available for inspection during normal business hours on any business day in the relevant local jurisdiction (except Saturdays, Sundays and legal holidays) at the offices of the Fiscal Agent, Principal Certificate Agent and Principal Warrant Agent.
- 4 Any Bearer Note with an original maturity of more than 183 days must bear the following legend:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code".

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