

**Amendment to Program Information**

**Credit Suisse International**

## AMENDMENT TO PROGRAM INFORMATION

Type of Information:	Amendment to Program Information
Date of Announcement:	16 December 2022
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Information on initial Program Information:	
Date of Announcement:	22 April 2022
Scheduled Issuance Period:	27 April 2022 to 26 April 2023
Maximum Outstanding Issuance Amount:	Unlimited

This amendment is filed to update the information included in the Program Information dated 22 April 2022 (as amended on 21 July 2022, 7 September 2022 and 6 October 2022). This constitutes an integral part of the Program Information dated 22 April 2022 (as amended on 21 July 2022, 7 September 2022 and 6 October 2022) and shall be read together with it.



## Credit Suisse International

### Unlisted Securities Programme (Unlimited Program Size)

This Supplement (the "**Supplement**") is supplemental to, and should be read in conjunction with, (i) the Listing Supplement dated 26 April 2018 (the "**Listing Supplement**") in respect of the unlisted securities programme (the "**Programme**") established by Credit Suisse International ("**CSI**" or the "**Issuer**") on 17 June 2011 for the issuance of notes (the "**Notes**") of CSI and Credit Suisse AG ("**CS**"), (ii) any other documents incorporated by reference therein and (iii) in relation to any particular Notes, the Pricing Supplement relating to those Notes. Capitalised terms used in this Supplement but not defined herein shall have the meanings ascribed to them in the Listing Supplement.

Supplement to Listing Supplement dated 16 December 2022

*The sections below replace the part beginning from the section entitled "This Listing Supplement" to the section entitled "Risk Factors" of the Listing Supplement.*

## **This Listing Supplement**

Under the Programme described in this Listing Supplement (including Annexes thereto, any amendments and supplements thereto from time to time, and any other documents incorporated by reference), Credit Suisse International ("**CSI**" or the "**Issuer**"), may issue Notes (the "**Notes**" and each, a "**Note**") on the terms set out herein and in the relevant Pricing Supplement. This Listing Supplement (including Annexes thereto, any amendments and supplements thereto from time to time, and any other documents incorporated by reference) 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.

## **The Programme Memorandum is not a "prospectus"**

Prospective investors should further take note that the Programme Memorandum does not constitute a "prospectus" for the purposes of Article 8 of Regulation (EU) 2017/1129 (the "Prospectus Regulation") or Article 8 of the "UK Prospectus Regulation" (being Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**")) and has been prepared on the basis that no prospectus shall be required under the Prospectus Regulation or the UK Prospectus Regulation, as the case may be, for any Notes to be offered and sold under it. The Programme Memorandum has not been approved or reviewed by any regulator which is a competent authority under the Prospectus Regulation in the EEA, the United Kingdom (the "UK") or in any other jurisdiction.

## **The Programme**

This Listing Supplement (including Annexes thereto, any amendments and supplements thereto from time to time, and any other documents incorporated by reference) is one of a number of offering documents under the unlisted securities programme established on 17 June 2011 for the issuance of Notes (the "**Programme**") of CSI.

## **Listing**

Notes issued by the Issuer under the Listing Supplement will not be listed on (i) any regulated market in the European Economic Area (the "**EEA**") for the purposes of Directive 2014/65/EU on Markets in Financial Instruments (as may be amended, varied or replaced from time to time) ("**MiFID II**") or (ii) on a UK regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"), unless a prospectus is prepared for such purpose pursuant to the prospectus Regulation or the UK Prospectus Regulation, as the case may be.

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. The relevant Pricing Supplement may replace or modify the General Terms and Conditions of the Notes and the relevant Product Supplement 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 Annexes 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 (including Annexes

thereto, any amendments and supplements thereto from time to time, and any other documents incorporated by reference) and the relevant Pricing Supplement. Therefore, you should read this Listing Supplement (including Annexes thereto and the documents which are incorporated by reference) together with the relevant Pricing Supplement.

### **Types of underlying assets**

The economic or "payout" terms of the Notes may be linked to movements in one or more of the following types of underlying assets (each, an "**Underlying Asset**"):

- an equity share;
- an equity index;
- an exchange-traded fund;
- a commodity or a commodity futures contract; or
- a commodity index.

The interest payable under certain Notes issued under this Listing Supplement (including Annexes thereto, any amendments and supplements thereto from time to time, and any other documents incorporated by reference) may also be calculated by reference to a fixed rate of interest or a reference rate for determining floating rate interest.

### **Benchmark Regulations: Article 29(2) Statement on Benchmarks**

Amounts payable under the Notes may be calculated by reference to one or more specific indices, rates or price sources or a combination of indices, rates or price sources. Any such index, rate or price source may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**EU Benchmark Regulation**") and Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds as it forms part of domestic law by virtue of the European Union (Withdrawal) Act (2018) (the "**EUWA**") (the "**UK Benchmark Regulation**") together with the EU Benchmark Regulation, "**Benchmark Regulations**"). In cases where amounts payable under Notes are calculated by reference to one or more such indices, rates or price sources, the relevant Pricing Supplement will specify:

- the name of each index, rate or price source so referenced;
- the legal name of the administrator of each such index, rate or price source; and
- whether or not the legal name of the administrator of each such index, rate or price source appears on the register (the "**Benchmark Register**") of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 26 of the EU Benchmark Regulation and by the Financial Conduct Authority ("**FCA**") pursuant to Article 36 of the UK Benchmark Regulation, in each case at the date of the relevant Pricing Supplement.

Not every index, rate or price source will fall within the scope of the Benchmark Regulations. Where an index, rate or price source falls within the scope of the EU Benchmark Regulation, the transitional provisions in Article 51 or the provisions of Article 2 of the EU Benchmark Regulation may apply, such that the administrator of such index, rate or price source is not at the date of the relevant Pricing Supplement required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence). Where an index, rate or price source falls within the scope of the UK Benchmark Regulation, the transitional provisions in Article 51, the provisions of Article 2 of the UK Benchmark Regulation or regulations 51 to 65 of the Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019 may apply, such that the administrator of such index, rate or price source is

not at the date of the relevant Pricing Supplement required to obtain authorisation/registration (or, if located outside the United Kingdom (the "UK{ XE "UK" }"), recognition, endorsement or equivalence).

The registration status of any administrator under the Benchmark Regulations is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Pricing Supplement to reflect any change in the registration status of the administrator.

### **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 and return on 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" in 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" in this 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 (including Annexes thereto, any amendments and supplements thereto from time to time, and any other documents incorporated by reference).

*The sections below replace the section entitled "Prohibition of sales to EEA Retail Investors" in the Listing Supplement.*

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

The Notes are not intended to be offered, sold or otherwise made available to and may not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**{ XE "EEA " }"). For these purposes, "**retail investor**{ XE "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 on Markets in Financial Instruments (as may be amended, varied or replaced from time to time) ("**MiFID II**{ XE "MiFID II" }"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as may be amended, varied or replaced from time to time) (the "**Insurance Distribution Directive**{ XE "Insurance Distribution Directive" }"), 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 Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as may be amended, varied or replaced from time to time) (the "**PRIPs Regulation**{ XE "PRIPs 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 such Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

### **Prohibition of Sales to UK Retail Investors**

The Notes are not intended to be offered, sold or otherwise made available to and may not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**{ XE "FSMA" }") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**{ XE "UK PRIIPs Regulation" }") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

*The section in the Listing Supplement entitled "The distribution of this Listing Supplement is restricted" shall be replaced with the following section "The distribution of the Listing Supplement and this Supplement to Listing Supplement is restricted".*

### **The distribution of the Listing Supplement and this Supplement to Listing Supplement is restricted**

The distribution of the Listing Supplement and this Supplement to 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 "Sale and Subscription" of Annex 1 (*Programme Memorandum*) of the Listing Supplement.

In relation to each Member State of the European Economic Area, the Dealer represents, warrants and agrees that it has not made and will not make an offer of Notes to the public (within the meaning of the Prospectus Regulation) in that Member State except that it may make an offer of Notes to the public in that Member State in circumstances which do not require the publication by the Issuer or the Dealer of a prospectus pursuant to the Prospectus Regulation.

*The section in the Listing Supplement entitled "United States restrictions" shall be deleted in its entirety.*

*The paragraph entitled "European Economic Area" in the section headed "Sale and Subscription" set out in Annex 1 (Programme Memorandum) shall be superseded by the above.*



## OVERVIEW OF THE PROGRAMME

*The section in the Listing Supplement entitled "Description of CREDIT SUISSE INTERNATIONAL" shall be replaced with the following sections "Issuer" and "Notes", the sections in the Listing Supplement entitled "Status of Notes", "Underlying Assets", "Adjustments", "Key risks relating to the Issuer" and "Key risks relating to the Notes" shall be updated by the information below, and the following section Additional information relating to Notes issued by CSi: shall be added..*

### **Issuer**

The Issuer{ XE "Issuers" } may from time to time, issue Notes under the Programme, subject to compliance with all relevant laws, regulations and directives.

### **Notes**

Notes entitle the holder to payment on the Maturity Date of the Redemption Amount (or delivery on the Share Delivery Date of the Share Amount and payment on the Maturity Date of the Fractional Cash Amount, as applicable). The Redemption Amount payable on the Maturity Date (or the Share Amount deliverable on the Share Delivery Date, as applicable) 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 and/or its hedging arrangements.

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 as the case may be, all as specified in the relevant Pricing Supplement. The Notes may also bear interest that is linked to one or more Underlying Assets.

### **Status of Notes**

The Notes are unsubordinated and unsecured obligations of the Issuer and will rank equally among themselves and with all other unsubordinated and unsecured obligations of the Issuer from time to time outstanding.

### **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, commodities, and/or other variables.

### **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, the Underlying Asset(s) or the relevant reference rate(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.

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

Notes are general unsecured obligations of the Issuer. Noteholders are exposed to the risk that the 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 relating to its strategy, risks from estimates and valuations, risks relating to off-balance sheet entities, country and currency exchange risk, operational and compliance risk, legal (including regulatory) risks, competition risk, conduct risk, technology risk and 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.

### **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 the Listing Supplement and this Supplement to 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 the Listing Supplement and this Supplement to Listing Supplement and any documents incorporated by reference herein. The Listing Supplement and this Supplement to 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 the Listing Supplement and this Supplement to 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 Note prior to its maturity is to sell it at its then market price in the market. The price in the market for a Note 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 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. If you sell your Notes prior to the Maturity Date or the Settlement Date, as the case may be, you may suffer a substantial loss. 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.

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 referenced by such Notes;

- 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 participation rate of the Notes is less than 100 per cent., an investor will not participate fully in the performance (whether positive or negative) of the Underlying Asset(s). In such case, 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 a reliable 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 fluctuations may affect the value of and return on 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) an Underlying Asset may be denominated or priced in currencies other than the currency in which the Notes are denominated, or (b) 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.

In certain circumstances, the Issuer may make adjustments to the terms of the Notes (including substituting or replacing an Underlying Asset or reference rate, as the case may be) or redeem or cancel them at an Early Redemption Amount as determined by it without the consent of the Noteholders. Such an Early Redemption Amount may be less than the issue price or purchase 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 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.

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 affect the market price, 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 instruments 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) and unless otherwise specified in the

relevant Pricing Supplement, 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.

### **Additional information relating to Notes issued by CSi**

Pursuant to Article 41(4) of Commission Delegated Regulation (EU) 2017/565, as it forms part of onshored EU law in the UK by virtue of the EUWA, in respect of Notes issued by CSi to meet prudential requirements specified in Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (as amended from time-to-time (including, but not limited to, by Regulation (EU) 2019/876) and as onshored in the UK), Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (as amended from time-to-time (including, but not limited to, by Directive (EU) 2019/878) and as onshored in the UK) or Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time-to-time and onshored in the UK), we are required to provide you with an explanation of the differences between such Notes and bank deposits in respect of the following attributes.

- **Yield**

The yield on a bank deposit will be dependent on the interest that the bank agrees to pay on the money deposited, which may fluctuate from time to time as determined by the bank. The yield on the Notes will be dependent on its particular terms and, while the actual interest payable on the Notes may change from time to time in accordance with the terms of the Notes, the method of calculation should not fluctuate over its term. In certain circumstances, it may be the case that no interest is paid on the Notes. Where the Notes do not provide for scheduled repayment in full of the issue or purchase price at maturity or upon automatic early redemption or optional early redemption of the Notes, the yield will be reduced by any loss of the initial capital which is invested.

- **Risk**

The risk of a bank deposit reflects the credit risk of the institution with which it is held. Subject to any protection available under the UK Financial Services Compensation Scheme (the "FSCS" <sup>{ XE "FSCS" }</sup>), in the event of a UK bank's insolvency under either the Insolvency Act 1986 or Part 2 of the UK Banking Act 2009, you would rank as a general creditor. Where your deposit is protected by the FSCS (please see details below), you would rank as an ordinary preferred creditor pursuant to Paragraph 15B of Schedule 6 to the Insolvency Act 1986 in respect of an amount equal to any compensation payable to you under the FSCS and/or, where you are an individual or qualify as a micro-enterprise, small enterprise or medium-sized enterprise under Paragraph 15C of Schedule 6 to the Insolvency Act 1986, you would rank as a secondary preferred creditor pursuant to Paragraphs 15BA or 15BB of Schedule 6 to the Insolvency Act 1986 in respect of any amounts that (i) relate to your FSCS protected deposits but exceed the compensation payable to you under the FSCS or (ii) relate to your deposits made through a non-UK branch which would have qualified for FSCS protection had they been made through one of our UK branches. In each of the above cases, you may lose some or all of the value of your deposit, including your initial capital.

The risk of repayment of the Notes principally reflects the credit risk of CSi; the risk on payment of any interest or return on the Notes (if any) principally will reflect market risks that affect the Underlying Assets.

Subject to any protection available under the FSCS, as a holder of the Notes, in the event of our insolvency, your position will depend on the terms of the Notes and the application of any mandatory rules (for example, the bail-in rules under the Banking Act 2009).

There are other potential risks to payment of the interest and/or repayment of the capital depending on the terms of the Notes. For example, if the Notes are redeemed early pursuant to their terms and conditions at the discretion of CSi, the Unscheduled Termination Amount may,

subject to the conditions and other restrictions set out in the terms and conditions, be less than the initial issue price or purchase price.

- Liquidity

A bank deposit is repayable on demand and an investor will, subject to the insolvency of the institution with which it is held, be able to redeem it at any point, unless the deposit is subject to particular withdrawal restrictions (e.g. term deposits), in which case liquidity will be more restricted. The Notes may only be redeemed in accordance with their terms. It may not be possible to realise your investment in the Notes before the expiry of the term or without incurring additional costs.

- Protection

A bank deposit placed with a UK bank and held in the UK will be protected by the FSCS if you are an eligible depositor (which generally excludes depositors that are financial services sector entities, funds or public authorities, among others), which will guarantee the first £85,000 of your deposit in the event of the UK bank's insolvency, provided you are eligible under such scheme. Your investment in the Notes will not be protected by the FSCS.

## RISK FACTORS

*The section in the Listing Supplement entitled "RISK FACTORS" shall be replaced with the information below in its entirety.*

### 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.

#### (b) Risks relating to the Issuer

The Issuer faces a variety of risks that are substantial and inherent in its businesses including liquidity risk, credit risk, market risk, country risk, operational risk, legal and regulatory risk, conduct risk, reputational risk and technology risk. These are described in more detail below.

The Issuer has direct access to funding sources of the Credit Suisse Group AG ("**CSG**") and its consolidated subsidiaries (the "**Group**"). After making enquiries of the Group, the Directors of the Issuer have received a confirmation that the Group will ensure that the Issuer maintains a sound financial position and is able to meet its debt obligations for the foreseeable future. As a result, risks affecting the Group will also apply to the Issuer. The risk factors affecting the Group are set out on pages 38 to 52 of the 2021 CS Annual Report which is incorporated by reference into the registration document of the Issuer dated 20 June 2022 (the "**CSi Registration Document**").

##### (i) Liquidity risk

###### *Overview*

Liquidity risk is the risk that the Issuer will not be able to meet both expected and unexpected, current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the firm. In this context, liquidity risk implies funding liquidity risk, not market liquidity risk.

For further information on liquidity risk management, refer to "*ii) Liquidity Risk*" in "*41 – Financial Risk Management – Risks Detail*" in the notes to the consolidated financial statements in the 2021 CSi Annual Report (as defined in the CSi Registration Document, the same hereinafter).

*The Issuer's liquidity could be impaired if it were unable to access the capital markets, sell its assets or if its liquidity costs increase*

The Issuer's ability to borrow on a secured or unsecured basis and the cost of doing so can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity or the market perceptions of risk relating to the Issuer, certain of its counterparties or the banking sector as a whole, including its perceived or actual creditworthiness. An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a substantial adverse effect on the Issuer's liquidity. In challenging credit markets, the Issuer's funding costs may increase or it may be unable to raise funds to support or expand its businesses, adversely affecting its results of operations. For further information, refer to

"Operating Environment" in "Strategic Report – Credit Suisse International at a glance" in the 2021 CSi Annual Report.

If the Issuer is unable to raise needed funds in the capital markets (including through offerings of equity, regulatory capital securities and other debt), it may need to liquidate unencumbered assets to meet its liabilities. In a time of reduced liquidity, the Issuer may be unable to sell some of its assets, or it may need to sell assets at depressed prices, which, in either case, could adversely affect its results of operations and financial condition.

(ii) **Credit risk**

Credit risk is the risk of a loss arising as a 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. For further information on credit risk management and risk mitigation, refer to "iv) Credit Risk" in "Note 41 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

*The Issuer may suffer significant losses from its credit exposures*

The Issuer's businesses are subject to the fundamental risk that borrowers and other counterparties will be unable to perform their obligations. The Issuer's credit exposures exist across a wide range of transactions that it engages in with a large number of clients and counterparties, including lending relationships, commitments and letters of credit, as well as derivative, currency exchange and other transactions. The Issuer's exposure to credit risk can be exacerbated by adverse economic or market trends, as well as increased volatility in relevant markets or instruments. For example, adverse economic effects arising from the COVID-19 outbreak, such as disruptions to economic activity and global supply chains, labour shortages, wage pressures and rising inflation, will likely continue to negatively impact the creditworthiness of certain counterparties and result in increased credit losses for the Issuer's businesses. Moreover, modelling for current expected credit losses ("CECL") has been made more difficult by the effects of the COVID-19 pandemic on market volatility and macroeconomic factors, and has required ongoing monitoring and more frequent testing across the Group, particularly for credit models. There can be no assurance that, even after adjustments are made to model outputs, the Group will not recognise unexpected losses arising from the model uncertainty that has resulted from the COVID-19 pandemic. In addition, disruptions in the liquidity or transparency of the financial markets may result in the Issuer's inability to sell, syndicate or realise the value of its positions, thereby leading to increased concentrations. Any inability to reduce these positions may not only increase the market and credit risks associated with such positions, but also increase the level of risk-weighted assets on the Issuer's balance sheet, thereby increasing its capital requirements, all of which could adversely affect its businesses.

The Issuer's regular review of the creditworthiness of clients and counterparties for credit losses does not depend on the accounting treatment of the asset or commitment. Changes in creditworthiness of loans and loan commitments that are fair valued are reflected in trading revenues.

Management's determination of the provision for loan losses is subject to significant judgement and Management may not accurately assess or mitigate all areas of exposure. The Issuer's banking businesses may need to increase their provisions for loan losses or may record losses in excess of the previously determined provisions if their original estimates of loss prove inadequate, which could have a material adverse effect on the Issuer's results of operations. For further information, refer to "J) Impairment of financial assets, loan commitments and financial guarantees" in "Notes to the Financial Statements for the year ended 31 December 2021 – Note 2 Significant Accounting Policies" in the 2021 CSi Annual Report.

Under certain circumstances, the Issuer may assume long-term credit risk, extend credit against illiquid collateral and price derivative instruments aggressively based on the credit

risks that it takes. As a result of these risks, the Issuer's capital and liquidity requirements may continue to increase.

*Defaults by one or more large financial institutions could adversely affect financial markets generally and the Issuer specifically*

Concerns, rumours about or an actual default by one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as systemic risk. Concerns about defaults by and failures of many financial institutions, including those in or with significant exposure to the Eurozone, could lead to losses or defaults by financial institutions and financial intermediaries with which the Issuer interacts on a daily basis, such as clearing agencies, clearing houses, banks, securities firms and exchanges. The Issuer's credit risk exposure will also increase if the collateral it holds cannot be realised or can only be liquidated at prices insufficient to cover the full amount of the exposure.

*Significant negative consequences of the supply chain finance funds and US-based hedge fund matters*

As stated in the 2021 CS Annual Report, CS incurred a net charge of CHF 4.8 billion in 2021 in respect of the US-based hedge fund matter ("**Archegos**"). The Group has also previously reported that it is reasonably possible that it will incur a loss in respect of the supply chain finance funds (the "**SCFFs**") matter, though it is not yet possible to estimate the size of such a reasonably possible loss. However, the ultimate cost of resolving the SCFFs matter may be material to the Group's operating results. In addition, the Group has suffered and may continue to suffer reputational harm as a result of these matters that might cause loss of assets under management, as well as adversely affect the Group's ability to attract and retain customers, clients, investors and employees and conduct business transactions with its counterparties.

A number of regulatory and other inquiries, investigations and actions have been initiated or are being considered in respect of each of these matters, including enforcement actions by the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"). FINMA has also imposed certain measures, including those previously reported, as well as ascertain risk-reducing measures and capital surcharges discussed in the 2021 CS Annual Report. Third parties appointed by FINMA are conducting investigations into these matters. The CSSF is also reviewing the SCFFs matter through a third party. Furthermore, the Group is subject to various litigation claims in respect of these matters. As both of these matters develop, the Group may become subject to additional litigation, disputes or other actions.

The Board (the "**Board**") of Credit Suisse Group AG ("**CSG**") launched investigations into both of these matters, which focussed on the direct issues arising from each of them and also reflected on the broader consequences and lessons learned. The Group also established Asset Management as a separate division of the Group, undertook various senior management changes in response to these matters and previous granted compensation awards were recovered from certain individuals, through malus and clawback provisions. On 29 July 2021, the report based on the independent external investigation into Archegos was published, which found, among other things, a failure to effectively manage risk in the Investment Bank's prime services business by both the first and second lines of defence as well as a lack of risk escalation. On 10 February 2020, the Group announced that a separate report had been concluded relating to the SCFF matter and that the finding have been made available to the Board and the report shared with FINMA.

The combined effect of these two matters, including the material loss incurred in respect of the Archegos matter, may have other material adverse consequences for the Group, including negative effects on its business and operating results from actions that the Group



may be required or decide to take in response to these matters. Such actions include the Group's decision to reduce its 2020 dividend proposal, suspend its share buyback program, deleverage certain businesses and clients and reduce leverage exposure in risk-weighted assets ("**RWA**") in the Investment Bank. Furthermore, as part of the Group's revised strategy and restructuring program announced in November 2021, it is in the process of exiting substantially all of its prime services business and redeploying allocated capital from its Investment Bank to its Wealth Management business. In addition, the Group has been required by FINMA to take certain capital and related actions, including a temporary add-on to RWA in relation to its exposure in the Archegos matter and a Pillar 2 capital add-on relating to the SCFFs matter. There could also be additional capital and related actions, including an add-on to RWA relating to operational risk and a Pillar 2 capital add-on relating to counterparty credit risk. There can be no assurance that measures instituted to manage related risks will be effective in all instances. Such actions have caused and may continue to cause loss of revenues and assets under management, as well as a material adverse effect on the Issuer's ability to attract and retain customers, clients, investors and employees and to conduct business transactions with its counterparties.

Several of the Group's processes discussed above are still ongoing, including the process of seeking to recover amounts in respect of the SCFFs matter. In addition, the Board conducted a review of the Group's business strategy and risk appetite. As a result of the new strategy, the Group recorded a goodwill impairment of CHF 1.6 billion in the fourth quarter of 2021. There can be no assurance that any additional losses, damages, costs and expenses, as well as any further regulatory and other investigations and actions or any downgrade of CSG's or CS's credit ratings, will not be material to the Group, including from any impact on its business, financial condition, results of operations, prospects, liquidity, capital position or reputation. Notably, the Issuer incurred significant losses in 2021 in respect of the failure by Archegos to meet its margin commitments. For further information on the Archegos matters, refer to (i) the 2021 CSi Annual Report, including the section headed "*Archegos Capital Management—Significant Events—Operating Environment*" (on page 5), and (ii) the 2021 CS Annual Report.

(iii) **Market risk**

Market risk is the risk of a loss arising from fair-valued financial instruments in response to adverse changes in interest rates, credit spreads, foreign currency exchange rates, equity and commodity prices and other relevant market parameters, such as volatilities and correlations. For further information on market risk management, refer to "*i) Market Risk*" in "*Note 41 – Financial Risk Management – Risks Detail*" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

*The ongoing global COVID-19 pandemic has adversely affected, and may continue to adversely affect, the Issuer's business, operations and financial performance*

Since December 2019, the COVID-19 pandemic has spread rapidly and globally, with a high concentration of cases in certain countries in which the Issuer conducts business. The ongoing global COVID-19 pandemic has adversely affected, and may continue to adversely affect, the Issuer's business, operations and financial performance.

The spread of COVID-19 and resulting government controls and containment measures implemented around the world have caused severe disruption to global supply chains, labour markets and economic activity, which have contributed to rising inflationary pressure and spiked in market volatility.

The spread of COVID-19 is continuing to have an adverse impact on the global economy, the severity and duration of which is difficult to predict, and has adversely affected the Group's, including the Issuer's, business operations and financial performance. Modelling for current expected credit losses has been made more difficult by the effects of COVID-19 in market volatility and macroeconomic factors, and has required ongoing monitoring and more frequent testing across the Group, particularly for credit models. There can be no

assurance that, even after adjustments are made to model outputs, the Group will not recognise unexpected losses arising from the model uncertainty that has resulted from the COVID-19 pandemic. The COVID-19 pandemic has significantly impacted, and may continue to adversely affect, the Group's credit loss estimates, mark-to-market losses, trading revenues, net interest income and potential goodwill assessment, and may also adversely affect the Group's ability to successfully realise its strategic objectives and goals, including those related to the Group strategy announced on 4 November 2021. Should current economic conditions persist or deteriorate, the macroeconomic environment could have a continued adverse effect on these outlined and other aspects of the Group's business, operations and financial performance, including decreased client activity or demand for the Group's products, disruptions to its workforce or operating systems, possible constraints on capital and liquidity or a possible downgrade of its credit ratings.

Additionally, legislative and regulatory changes in response to the COVID-19 pandemic, such as consumer and corporate relief measures, could further affect the Group's business. As such measures are often rapidly introduced and varying in their nature, the Group is also exposed to heightened risks as it may be required to implement large scale changes quickly. Furthermore, increases in inflation and expectations that annual inflation may remain high for a long period of time has forced major central banks to accelerate the withdrawal of emergency monetary policies and liquidity support measures put in place during the earlier stages of the COVID-19 pandemic. As some of these measures expire, are withdrawn or are no longer supported by governments, economic growth may be negatively impacted, which may in turn adversely affect the Group's business, operations and financial performance.

The extent of the adverse impact of the pandemic on the global economy and markets will depend, in part, on the duration and severity of the measures taken to limit the spread of the virus and counter its impact, including further emergence of more easily transmissible and/or dangerous strains of COVID-19 and the availability, successful distribution and public acceptance of vaccines and treatments, and, in part, on the size and effectiveness of the compensating measures taken by governments, including additional stimulus legislation, and how quickly and to what extent normal economic and operating conditions can resume. To the extent the COVID-19 pandemic continues to adversely affect the global economy and/or the Group's business, operations or financial performance, it may also have the effect of increasing the likelihood and/or magnitude of other risks described in CSi Registration Document, or may give rise to other risks not presently known to the Group or not currently expected to be significant to the Group's business, operations or financial performance. The Group is continuing to closely monitor the potential adverse effects and impact on its operations, business and financial performance, including liquidity and capital usage, though the extent of the impact is difficult to fully and accurately predict at this time due to the continuing evolution of this uncertain situation. For further information, refer to "*Political and Economic environment*" in "*Credit Suisse International at a glance – Operating Environment*" and "*Macro-Economic Environment*" in "*Principal risks and uncertainties – Other risks*" in the 2021 CSi Annual Report.

*The Issuer may incur significant losses on its trading and investment activities due to market fluctuations and volatility*

The Issuer maintains significant trading and investment positions and hedges in the debt, currency and equity markets, and in private equity, hedge funds, real estate and other assets. These positions could be adversely affected by volatility in financial and other markets, that is, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. To the extent that the Issuer owns assets, or has net long positions, in any of those markets, a downturn in those markets could result in losses from a decline in the value of its net long positions. Conversely, to the extent that the Issuer has sold assets that it does not own, or has net short positions, in any of those markets, an upturn in those markets could expose the Issuer to potentially significant losses as it attempts to cover its net short positions by acquiring assets in a rising market. Market

fluctuations, downturns and volatility can adversely affect the fair value of the Issuer's positions and its results of operations. Adverse market or economic conditions or trends have caused, and in the future may cause, a significant decline in the Issuer's net revenues and profitability.

*The Issuer's hedging strategies may not prevent losses*

If any of the variety of instruments and strategies the Issuer uses to hedge its exposure to various types of risk in its businesses are not effective, the Issuer may incur losses. The Issuer may be unable to purchase hedges or be only partially hedged, or its hedging strategies may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk.

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

Foreign currency exchange rates are impacted by macro factors such as changes in interest rates, results or anticipated results of elections, political stability and economic growth, as well as changes in stock markets, the actions of central banks and the supply and demand of the currencies in question.

If the Issuer fails to hedge or otherwise manage its exposure to fluctuations in foreign currency exchange rates effectively, this may have an impact on the Issuer's financial condition and results of operations, which could, in turn, lead to a decrease in the value of its securities. For further information on currency risk management, refer to "iii) Currency Risk" in "Note 41 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

*Market risk could exacerbate other risks faced by the Issuer*

If the Issuer were to incur substantial trading losses, for example, its need for liquidity could rise sharply while its access to liquidity could be impaired. Moreover, in conjunction with another market downturn, the Issuer's customers and counterparties could also incur substantial losses of their own, thereby weakening their financial condition and increasing the Issuer's credit and counterparty risk exposure to them.

*Uncertainties regarding the possible discontinuation of benchmark rates may adversely affect the Issuer's business, financial condition and results of operations and may require adjustments to its agreements with clients and other market participants, as well as to its systems and processes*

In July 2017, the UK Financial Conduct Authority (the "FCA"), which regulates the London Inter-Bank Offered Rate ("LIBOR"), announced that it will no longer compel banks to submit rates for the calculation of the LIBOR benchmark after year-end 2021. Other Inter-Bank Offered Rates ("IBORs") may also be permanently discontinued or cease to be representative. In March 2021, the FCA confirmed that, consistent with its prior announcement, all Swiss Franc ("CHF"), Euro ("EUR"), Pound Sterling ("GBP") and Japanese Yen ("JPY") LIBOR settings and the one-week and two-month USD LIBOR settings will permanently cease to be provided by any administrator or will no longer be representative immediately after 31 December 2021. As of 1 January 2022, these LIBOR settings are no longer available on a representative basis. Although the one-, three- and six-month GBP and JPY LIBOR settings remain published on a synthetic, temporary and non-representative basis, primarily to facilitate the transition of any residual legacy contract that the parties were unable to address in time, these synthetic LIBORs are not available for reference in new trading activity. These rates have been in use for decades and the cessation impacted millions of transactions and thousands of market participants.

Legislation has been proposed or enacted in a number of jurisdictions to address affected contracts without robust fallback provisions. For example, New York State has enacted

legislation providing for the replacement of USD LIBOR-based benchmarks in certain agreements by operation of law. However, the scope of this legislation is limited and may be subject to challenge on various grounds. In addition, it is uncertain whether, when and how such legislation will be enacted. In addition, the terms and scope of the existing and future legislative solutions may be inconsistent and potentially overlapping.

Well over 99% of the Group's legacy non-USD LIBOR portfolio has been remediated, either by active transition to alternative reference rates ("**ARRs**"), or by adding robust fallback provisions that govern the transition to ARR upon the cessation of LIBORs. Legacy derivative contracts were de-risked largely by the widespread adherence to the International Swaps and Derivatives Association ("**ISDA**") 2020 IBOR Fallbacks Protocol, while for cash instruments the dominant strategy was more bilateral in nature. By the end of the year, the CHF, JPY, GBP and EUR LIBOR derivatives and cash markets have successfully transitioned to SARON, TONAR, SONIA and ESTR and these rates now underpin the Group's core product offerings worldwide. The Group is fully prepared to operate fallback provisions during the first half of 2022, when most of its legacy portfolio transitions upon the expiry of the last LIBOR reset from 2021. At the end of 2021, less than 0.1% of the portfolio remains to be remediated and for the time being utilises Synthetic LIBOR for the upcoming interest rate resets. Remediation efforts continue in order to remove these references as soon as possible.

The transition of the USD markets was given an 18-month extension, with the remaining USD LIBOR settings scheduled to be discontinued at the end of June 2023. SOFR, the alternative reference rate recommended by the ARRC, has already gained a significant foothold in the markets and with the prohibition of new LIBOR trading other than for risk management purposes, is now becoming the dominant market rate even ahead of the official cessation date for USD LIBOR.

There are significant risks associated with the transition, including financial, legal, tax, operational, compliance, reputational, competitive and conduct risks and the risk of an untimely transition due to a lack of client or market readiness. The discontinuation of IBORs or future changes in the administration of benchmarks could result in adverse consequences to the return on, value of and market for securities, credit instruments and other instruments whose returns or contractual mechanics are linked to any such benchmark, including those issued and traded by the Issuer. For example, alternative reference rate linked products may not provide a term structure and may calculate interest payments differently than benchmark linked products, which could lead to greater uncertainty with respect to corresponding payment obligations. The transition to alternative reference rates also raises concerns of liquidity risk, which may arise due to slow acceptance, take-up and development of liquidity in products that use alternative reference rates, leading to market dislocation or fragmentation. It is also possible that such products will perform differently to IBOR products during times of economic stress, adverse or volatile market conditions and across the credit and economic cycle, which may impact the value, return on and profitability of the Issuer's alternative reference rates-based assets. The transition to alternative reference rates will also require a change in contractual terms of existing products currently linked to IBORs.

Further, the replacement of IBORs with an alternative reference rate in existing securities and other contracts, or in internal discounting models, could negatively impact the value of and return on such existing securities, credit instruments and other contracts and result in mispricing and additional legal, financial, tax, operational, market, compliance, reputational, competitive or other risks to the Issuer, its clients and other market participants. For example, the Issuer may face a risk of litigation, disputes or other actions from clients, counterparties, customers, investors or others regarding the interpretation or enforcement of related contractual provisions or if it fails to appropriately communicate the effect that the transition to alternative reference rates will have on existing and future products. Further, litigation, disputes or other action may occur as a result of the interpretation or application of legislation, in particular, if there is an overlap between legislation introduced in different

jurisdictions. In addition, the transition to alternative reference rates requires changes to the Issuer's documentation, methodologies, processes, controls, systems and operations, which has resulted and may continue to result in increased effort and cost. There may also be related risks that arise in connection with the transition. For example, the Issuer's hedging strategy may be negatively impacted or market risk may increase in the event of different alternative reference rates applying to its assets compared to its liabilities. In particular, the Issuer's swaps and similar instruments that reference an IBOR and that are used to manage long-term interest rate risk related to its credit instruments could adopt different alternative reference rates than the related credit instruments, resulting in potential basis risk and potentially making hedging its credit instruments more costly or less effective. For further information, refer to "(vii) Non-financial risks - Replacement of interbank offered rates" in Note 41 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

(iv) **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. For further information on market risk management, refer to "(v) Country Risk" in "Note 41 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

*The Issuer's businesses and organisation are subject to the risk of loss from adverse market conditions and unfavourable economic, monetary, political, legal, regulatory and other developments in the countries in which it operates*

As part of a global financial services company, the Issuer's businesses could be materially adversely affected by unfavourable global and local economic and market conditions generally, as well as geopolitical events and other developments in Europe, the US, Asia and elsewhere around the world (even in countries in which it does not currently conduct business). For example, the escalating conflict between Russia and Ukraine could lead to regional and/or global instability, as well as adversely affect commodity and other financial markets or economic conditions. The United States ("US"), European Union ("EU"), United Kingdom ("UK"), Switzerland and other countries have imposed, and may further impose, financial and economic sanctions and export controls targeting certain Russian entities and/or individuals, and the Issuer may face restrictions on engaging with consumers and/or institutional businesses due to any current or impending sanctions and laws (including any Russian countermeasures), which could adversely affect its business. The Issuer's financial condition and results of operations could be materially adversely affected if these conditions do not improve, or if they stagnate or worsen. Further, various countries in which the Issuer operates or invests have experienced severe economic disruptions particular to that country or region, including extreme currency fluctuations, high inflation, or low or negative growth, among other negative conditions, which could have an adverse effect on the Issuer's operations and investments. Equity market volatility has decreased during 2021 compared to the previous year despite ongoing concerns surrounding the spread of COVID-19. The economic environment may experience further volatility, increased inflation or other negative impacts depending on the longevity and severity of the COVID-19 pandemic.

Although the severity of the European sovereign debt crisis appears to have abated somewhat over recent years, political uncertainty, including in relation to the UK's withdrawal from the EU, remains elevated and could cause disruptions in market conditions in Europe and around the world and could further have an adverse impact on financial institutions (including the Issuer). The economic and political impact of the UK leaving the EU, including on investments and market confidence in the UK and the remainder of the EU, may adversely affect the Issuer's future results of operations and financial condition.

In addition to the macroeconomic factors discussed above, other political, social and environmental developments beyond the Issuer's control, including terrorist attacks, cyber-attacks, military conflicts, diplomatic tensions, economic or political sanctions, disease

pandemics, political or civil unrest and widespread demonstrations, climate change, natural disasters, or infrastructure issues, such as transportation or power failures, could have a material adverse effect on economic and market conditions, market volatility and financial activity, with a potential related effect on its businesses and results. In addition, as wage pressures, rising inflation, the escalating conflict between Russia and Ukraine, rise, compliance with legal or regulatory obligations in one jurisdiction may be seen as supporting the law or policy objectives of that jurisdiction over another jurisdiction, creating additional risks for the Group's business.

*The Issuer may face significant losses in emerging markets*

An element of the Group's strategy is to increase its wealth management businesses in emerging market countries. The Issuer's implementation of this strategy will increase its existing exposure to economic instability in those countries. The Issuer monitors these risks, seeks diversity in the sectors in which it invests and emphasises client-driven business. The Issuer's efforts at limiting emerging market risk, however, may not always succeed. In addition, various emerging market countries have experienced and may continue to experience severe economic, financial and political disruptions or slower economic growth than in previous years, including significant devaluations of their currencies, defaults or threatened defaults on sovereign debt and capital and currency exchange controls. In addition, sanctions have been imposed on certain individuals and companies in these markets that prohibit or restrict dealings with them and certain related entities and further sanctions are possible. The possible effects of any such disruptions, such as sanctions imposed on certain individuals and companies, cause may cause an adverse impact on the Issuer's businesses and increased volatility in financial markets generally. For further information on country risk management, refer to "Country Risk" in "Note 41 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

**(v) Non-Financial risk**

Non-financial risk is the risk of a loss resulting from inadequate or failed internal processes, people and systems or from external events. For further information, refer to "vii) Non-financial risk" in "Note 41 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

*The Issuer's risk management procedures and policies may not be fully effective in mitigating its risk exposures in all market environments or against all types of risk, which can result in unexpected, material losses in the future*

The Issuer seeks to monitor and control its risk exposure through a broad and diversified set of risk management policies and procedures as well as hedging strategies, including the use of models in analysing and monitoring the various risks it assumes in conducting its activities. These risk management strategies, techniques, models, procedures and policies, however, may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that we fail to identify, anticipate or mitigate, in whole or in part, which may result in unexpected, material losses.

Some of the Issuer's quantitative tools and metrics for managing risk, including value-at-risk and economic risk capital, are based upon its use of observed historical market behaviour. Its risk management tools and metrics may fail to predict important risk exposures. In addition, its quantitative modelling does not take all risks into account and makes numerous assumptions and judgments regarding the overall environment, and therefore cannot anticipate every market development or event or the specifics and timing of such outcomes. As a result, risk exposures could arise from factors it did not anticipate or correctly evaluate in the Issuer's statistical models. This could limit the Issuer's ability to manage its risks, and in these and other cases, it can also be difficult to reduce risk positions due to the activity of other market participants or widespread market dislocations. As a result, losses may be significantly greater than what the historical measures may indicate.

In addition, inadequacies or lapses in risk management procedures and policies can expose the Issuer to unexpected losses, and its financial condition or results of operations could be materially and adversely affected. For example, in respect of the Archegos matter, the independent report found, among other things, a failure to effectively manage risk in the Investment Bank's prime services business by both the first and second lines of defines as well as a lack of risk escalation. Such inadequacies or lapses can require significant resources and time to remediate, lead to noncompliance with laws, rules and regulations, attract heightened regulatory scrutiny, expose us to regulatory investigations or legal proceedings and subject us to litigation or regulatory fines, penalties or other sanctions, or capital surcharges or add-ons. In addition, such inadequacies or lapses can expose the Issuer to reputational damage. If existing or potential customers, clients or counterparties believe its risk management is inadequate, they could take their business elsewhere or seek to limit their transactions with the Issuer, which could have a material adverse effect on its results of operation and financial condition. For further information on value-at-risk, refer to "*Measurement of traded market-risk using Value-at-Risk*" in "*Note 41 – Financial Risk Management – Risks Detail – Market Risk*" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

*The Issuer's actual results may differ from its estimates and valuations*

The Issuer makes estimates and valuations that affect its reported results, including measuring the fair value of certain assets and liabilities, establishing provisions for contingencies and losses for loans, litigation and regulatory proceedings, accounting for goodwill and intangible asset impairments, evaluating its ability to realise deferred tax assets, valuing equity-based compensation awards, modelling its risk exposure and calculating expenses and liabilities associated with its pension plans. These estimates are based on judgement and available information, and its actual results may differ materially from these estimates. For further information on these estimates and valuations, refer to "*Note 3 – Critical Accounting Estimates and Judgements in Applying Accounting Policies*" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

The Issuer's estimates and valuations rely on models and processes to predict economic conditions and market or other events that might affect the ability of counterparties to perform their obligations to the Issuer or impact the value of assets. To the extent the Issuer's models and processes become less predictive due to unforeseen market conditions, illiquidity or volatility, the Issuer's ability to make accurate estimates and valuations could be adversely affected.

*The Issuer's accounting treatment of off-balance sheet entities may change*

The Issuer enters into transactions with special purpose entities ("**SPEs**") in its normal course of business, and certain SPEs with which it transacts business are not consolidated and their assets and liabilities are off-balance sheet. The Issuer may have to exercise significant management judgement in applying relevant accounting consolidation standards, either initially or after the occurrence of certain events that may require the Issuer to reassess whether consolidation is required. Accounting standards relating to consolidation, and their interpretation, have changed and may continue to change. If the Issuer is required to consolidate an SPE, its assets and liabilities would be recorded on the Issuer's consolidated balance sheets and the Issuer would recognise related gains and losses in its consolidated statements of operations, and this could have an adverse impact on the Issuer's results of operations and capital and leverage ratios. For further information on the extent of the Issuer's involvement in SPEs, refer to "*Note 37 – Interests in Other Entities*" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

*The Issuer is exposed to climate change risks, which could adversely affect its reputation, business operations, clients and customers, as well as the creditworthiness of its counterparties*

The Issuer operates in many regions, countries and communities around the world where its businesses, and the activities of its clients, could be impacted by climate change, which poses both short- and long-term risks to the Issuer and its clients. Climate change could expose the Issuer to financial risk either through its physical (e.g., climate or weather-related events) or transitional (e.g., changes in climate policy or in the regulation of financial institutions with respect to climate change risks) effects. Transition risks could be further accelerated by the increasingly frequent occurrence of changes in the physical climate such as hurricanes, floods, wildfires and extreme temperatures.

Physical and transition climate risks could have a financial impact on the Issuer either directly, through its physical assets, costs and operations, or indirectly, through its financial relationships with its clients. These risks are varied and include, but are not limited to, the risk of declines in asset values, including in connection with the Issuer's real estate investments, credit risk associated with loans and other credit exposures to its clients, business risk, including loss of revenues associated with reducing exposure to traditional business with clients that do not have a credible transition plan, decrease in assets under management if such clients decide to move assets away and increased defaults and reallocation of capital as a result of changes in global policies, and regulatory risk, including ongoing legislative and regulatory uncertainties and changes regarding climate risk management and best practices. Additionally, the risk of reduced availability of insurance, operational risk related to Issuer-owned buildings and infrastructure, the risk of significant interruptions to business operations, as well as the need to make changes in response to those consequences are further examples of climate-related risks.

Given the growing volume of nascent climate and sustainability-related laws, rules and regulations, increasing demand from various stakeholders for environmentally sustainable products and services and regulatory scrutiny, the Issuer and other financial institutions may be subject to increasing litigation, enforcement and contract liability risks in connection with climate change, environmental degradation and other Environmental, Social and Governance (ESG)-related issues. In addition, the Issuer's reputation and client relationships may be damaged by its, or its clients', involvement in certain business activities associated with climate change or as a result of negative public sentiment, regulatory scrutiny or reduced investor and stakeholder confidence due to its response to climate change and its climate change strategy. If the Issuer fails to appropriately measure and manage the various risks it faces as a result of climate change, fails to achieve the goals and ambitions it has set (or can only do so at a significant expense to its business), or fails to adapt its strategy and business model to the changing regulatory requirements and market expectations, its reputation, business, results of operations and financial condition could be materially adversely affected.

At the Group's 2020 Investor Day, the Group announced its ambition to achieve net zero emissions from its financing activities no later than 2050, with intermediate emissions goals to be defined for 2030, as part of its approach to align its financing with the objectives of the Paris Agreement. In order to reach these ambitions and goals, or any other related aspirations it may set from time to time, it will need to incorporate climate considerations into its business strategy, products and services and its financial and non-financial risk management processes, and may incur significant cost and effort in doing so. Further, national and international standards, industry and scientific practices, regulatory requirements and market expectations regarding ESG initiatives are under continuous development, may rapidly change and are subject to different interpretations. There can be no assurance that these standards, practices, regulatory requirements and market expectations will not be interpreted differently than its interpretation when setting its related goals and ambitions, or change in a manner that substantially increases the cost or effort for us to achieve such goals and ambitions, or that the Group's goals and ambitions may prove to be considerably more difficult or even impossible to achieve. This may be exacerbated if it chooses or is required to accelerate its goals and ambitions based on national or international regulatory developments or stakeholder expectations. In addition, data relating to ESG, including climate change, may be limited in availability and variable in



quality and consistency, which may limit the Issuer's ability to perform robust climate-related risk analyses and realise its ambitions and goals. For further information on these estimates and valuations, refer to "*Climate Change*" in "*Strategic Report-Risk Management*" in the 2021 CSi Annual Report.

### **Legal and regulatory risk**

*The Issuer's exposure to legal liability is significant*

The Issuer faces significant legal risks in its businesses, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms may continue to increase in many of the principal markets in which the Issuer operates.

The Group and its subsidiaries, including the Issuer, are subject to a number of material legal proceedings, regulatory actions and investigations, and an adverse result in one or more of these proceedings could have a material adverse effect on its operating results for any particular period. As the outcome and timing of these matters is inherently uncertain, it is not possible to accurately predict the financial or reputational impact, or the timing, of their resolution. For further information relating to these and other legal and regulatory proceedings, refer to "*8 – Legal and Arbitration Proceedings*" in the CSi Registration Document and "*Note 36 – Liabilities, Guarantees and Commitments*" in notes to the consolidated financial statements in the 2021 CSi Annual Report.

The outcome of many of the legal, regulatory and other adversarial proceedings involving the Group's businesses is particularly difficult to predict in those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. Management is required to establish, increase or release reserves for losses that are probable and reasonably estimable in connection with these matters, all of which requires the application of significant judgement and discretion. For further information, refer to "*Note 3 – Critical accounting estimates and judgements in applying accounting policies*" and "*Note 2 – Significant accounting policies*" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

*If the Issuer fails to manage its legal risk effectively, this may have an impact on the Issuer's financial condition and results of operations, which could in turn lead to a decrease in the value of its securities*

Legal risks include, among other things, the risk of litigation (for example, as a result of mis-selling claims); disputes (for example, over the terms of legacy trades); the inadequacy of transaction documentation (for example, ambiguous terms); unenforceability (for example, of security arrangements); uncertainty with respect to applicable laws and regulations (including change in laws or regulations); and employee disputes. Some of these risks result in claims which the Issuer defends, settles or results in actual litigation that, in each case, the Issuer may incur legal expenses to defend.

If a transaction which the Issuer has entered into is determined to be unenforceable against a counterparty, there is an increased risk that other counterparties which have entered into similar transactions will seek to have those transactions set aside. This may also lead to regulatory scrutiny of such transactions, all of which could lead to significant costs for the Issuer, even where the outcome is determined in its favour. For further information relating to legal and regulatory proceedings, refer to "*Note 36 – Contingent Liabilities, Guarantees and Commitments*" in notes to the consolidated financial statements in the 2021 CSi Annual Report.

*The Issuer's business is highly regulated, and existing, new or changed laws, rules and regulations may adversely affect the Issuer's business and ability to execute its strategic plans*

As a participant in the financial services industry, the Issuer is subject to extensive laws, rules and regulations by governments, governmental agencies, supervisory authorities and self-regulatory organisations around the world. It has in the past faced, and expects to continue to face, increasingly extensive and complex laws, regulations and regulatory scrutiny and possible enforcement actions. In recent years, costs related to compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have increased significantly. It expects such increased regulation and enforcement to continue to increase costs, including, but not limited to, costs related to compliance, systems and operations, and to negatively affect the Issuer's ability to conduct certain types of business. These increased costs and negative impacts on the Issuer's business could adversely affect its profitability and competitive position. These laws, rules and 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 Issuer may operate. Such limitations can have a negative effect on the Issuer's business. To the extent that divestment is required from certain businesses, losses could be incurred, as the Issuer 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. If this happens, this may have an impact on the Issuer's financial condition and results of operations, which could in turn lead to a decrease in the value of its securities. For further information on legal and regulatory risk management, refer to "vi) Legal (including Regulatory) Risk" in "41 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

In addition, economic sanctions laws and regulatory requirements of various countries may prohibit or restrict transactions involving certain countries/territories and parties. The Issuer's costs of monitoring and complying with frequent, complex and potentially conflicting changes to applicable economic sanctions laws and regulatory requirements have increased and there is an increased risk that it may not identify and stop prohibited activities before they occur or that it may otherwise fail to comply with economic sanctions laws and regulatory requirements. Any conduct targeted by or in violation of a sanctions programme could subject CS to significant civil and potentially criminal penalties or other adverse consequences.

*If the Issuer were to become subject to the use of "resolution" measures by a resolution authority (or pre-resolution measures), investors could lose some or all of their investment in certain securities (such as unsecured notes, warrants and certificates) issued by the Issuer*

Under the Banking Act 2009 (the "**UK Banking Act**"), the Bank of England (or, in certain circumstances, HM Treasury) has substantial powers to implement resolution measures with respect to a UK financial institution (such as the Issuer) if (i) the Prudential Regulation Authority considers that the relevant institution is failing or is likely to fail and (ii) the Bank of England considers that the other conditions have been satisfied, including that action is necessary in the public interest.

These resolution powers include powers to:

- direct the sale of the relevant institution or the whole or part of its business and assets to a third party purchaser;
- transfer all or part of the business of the relevant institution to a "bridge bank";
- transfer the impaired or problem assets of the relevant institution to an asset management vehicle to allow them to be managed over time; and

- exercise the "bail-in" tool (as discussed below), which could result in a write down or cancellation of the amount owed by the relevant institution or conversion of the relevant liability owed to equity.

The above tools may be used in any combination. Alternatively, as a last resort, HM Treasury is given powers, subject to meeting certain further public interest conditions, to take the relevant institution into temporary public ownership (i.e. nationalisation).

The UK Banking Act 2009 also allows the Bank of England to take certain "pre-resolution" measures, which may include mandatory write-down of regulatory capital or conversion of regulatory capital to equity prior to the implementing of any resolution measures which may have a similar effect to the use of the "bail in" tool (as described below). Amendments to the UK Banking Act 2009 that apply from 28 December 2020 expand these "pre-resolution" measures so that they also apply to "relevant internal liabilities". "Relevant internal liabilities" include certain liabilities owed by, or capital instruments issued by, the relevant institution that are held by another resolution entity in the same resolution group. There are provisions within the UK Banking Act 2009 included to ensure that any steps taken under the special resolution regime (i) satisfy certain continuity obligations; and (ii) are effective. For example, the Bank of England may (i) modify contractual arrangements (such as the terms and conditions of securities issued by the relevant institution) in certain circumstances and (ii) suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers. In addition, HM Treasury may disapply or modify laws in the UK (with possible retrospective effect) to enable the recovery and resolution powers under the UK Banking Act 2009 to be used effectively.

The exercise of any resolution power, any pre-resolution measures or even the suggestion of their potential exercise could materially adversely affect the value of any securities issued by the Issuer, and could lead to holders of such securities losing some or all of their investment. 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 utilised.

Further, notwithstanding that the Issuer is an unlimited company and, as a result, upon its liquidation its creditors have a right of recourse against the Issuer's shareholders, holders of securities issued by the Issuer may not be able to benefit from such recourse if the Issuer becomes subject to the exercise of any resolution power or pre-resolution power or if such power is exercised in a manner which prevents its liquidation (or otherwise changes the nature of the insolvency procedure to which the Issuer may ultimately become subject).

*The exercise by the UK resolution authority of the "bail-in" tool (or pre-resolution powers to write down or convert regulatory capital or relevant internal liabilities) in relation to securities issued by the Issuer would result in the write down and/or conversion to equity of such securities*

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

- write down, including 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 the "bail-in" tool or similar pre-resolution powers (as described above) 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 securities issued by the Issuer, and/or (ii) the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on, such securities into shares or other securities or other obligations of the Issuer or another person, and/or (iii) the amendment of the maturity of such securities or the amount of

interest or any other amount payable on such securities or the date on which such interest or other amount becomes payable, including by means of a variation to the terms of the securities, in each case, to give effect to the exercise by the Bank of England of such powers.

The exercise of any resolution power, including the "bail-in" tool (or any pre-resolution powers in relation to regulatory capital or relevant internal liabilities), in respect of the Issuer and any securities issued by it or any suggestion of any such exercise could materially adversely affect the rights of the holders of such securities, the value of their investment in such securities and/or the ability of the Issuer to satisfy its obligations under such securities, and could lead to the holders of such securities losing some or all of their investment in such securities. 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 securities in the resolution, and there can be no assurance that holders of such securities would recover such compensation promptly.

*Holders of securities issued by the Issuer may not be able to anticipate the exercise of the "bail-in" tool, any resolution power or any pre-resolution measure to reduce or convert regulatory capital or relevant internal liabilities*

The resolution 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, subject to certain conditions.

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

*Holders of securities issued by the Issuer may have very limited rights to challenge the exercise of the "bail-in" tool, any resolution power or any pre-resolution measure*

If the Issuer were to be taken into a resolution regime or subjected to pre-resolution measures, holders of securities issued by the Issuer would have very limited rights to challenge the exercise of powers by the Bank of England, even where such powers have resulted in the write down or conversion of such securities to equity. Additionally, such holders may have only very limited rights to have that decision judicially reviewed. Further, the Bank of England would be expected to exercise such powers without the consent of the holders of the affected securities.

(vi) Conduct risk

*Risks Detail* in the notes to the consolidated financial statements in the 2020 CSi Annual Report. The Group defines conduct risk as the risk that improper behaviour or judgement by its employees results in negative financial, non-financial, or reputational impact to its clients, employees, or the bank, or negatively impacts the integrity of the financial markets. For further information on conduct risk management, refer to "vii) Non-financial risk – Conduct Risk" in "Note 41 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

*The Issuer may suffer losses arising from conduct issues*

The Group globally defines conduct risk as the risk that improper behaviour or judgement by its employees results in negative financial, non-financial or reputational impact to its clients, employees, the bank, and the integrity of the markets. Some conduct risks are

inherent in the Issuer's business and could negatively impact clients, employees, the market or competition. These inherent risks can arise from a variety of causes including failed processes, product design, business set-up, execution of organisational change, or as unintended consequences of business decisions. All staff across the bank are responsible for identifying operational or control incidents as they occur, including conduct risks. Controls exist to mitigate conduct risks and to prevent them from occurring.

The Issuer may suffer losses due to employee misconduct. The Issuer's businesses are exposed to risk from potential noncompliance with policies or regulations, employee misconduct or negligence or fraud, which could result in civil or criminal investigations, litigations and charges, regulatory sanctions and serious reputational or financial harm. It is not always possible to deter or fully prevent employee misconduct and the precautions the Issuer takes to prevent and detect this activity have not always been, and may not always be, fully effective.

**(vii) Reputational risk**

Reputational risk is the risk that an action, transaction, investment or event results in damages to the Issuer's reputation as perceived by clients, shareholders, the media and the public. For further information on reputational risk management, refer to "*viii) Reputational Risk*" in "*Note 41 – Financial Risk Management – Risks Detail*" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

*Failure to manage the risks it faces may cause damage to the Issuer's reputation, which is a key asset, and the Issuer's competitive position and business prospects could be harmed if its reputation is damaged*

The Group suffered reputational harm as a result of the Archegos and SCFF matters and may suffer further reputational harm in the future as a result of these matters and other events. The Issuer's ability to attract and retain customers, clients, investors and employees, and conduct business transactions with its counterparties, can be adversely affected to the extent its reputation is damaged. The Issuer acknowledges that as a large global financial institution, with a wide range of businesses and stakeholders, it may be subject to general criticism or negative perception from time to time which may negatively impact its reputation. The Issuer also acknowledges that it will knowingly engage in specific activities where opinions may vary depending on the perspective and standpoint of each party, and which may lead to negative perception from some stakeholders. More specifically, reputational risk may arise from a variety of sources, including, but not limited to, the nature or purpose of a proposed transaction, action or client relationship, 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, and if the Issuer's comprehensive procedures and controls fail, or appear to fail, to prevent employee misconduct, negligence and fraud, to address conflicts of interest and breach of fiduciary obligations, to produce materially accurate and complete financial and other information, to identify credit, liquidity, operational and market risks inherent in its business or to prevent adverse legal or regulatory actions or investigations. Additionally, the Issuer's reputation can be harmed by compliance failures, information or security breaches, personal data breaches, cyber incidents, technology failures, challenges to the suitability or reasonableness of its particular trading or investment recommendations or strategies and the activities of its customers, clients, counterparties and third parties. In addition, its reputation may be negatively impacted by its Environmental, Social and Governance ("**ESG**") practices and disclosures, including those related to climate change and how it addresses ESG concerns in its business activities, or by its clients' involvement in certain business activities associated with climate change. Adverse publicity or negative information in the media, posted on social media by employees, or otherwise, whether or not factually correct, can also adversely impact its business prospects or financial results, which risk can be magnified by the speed and pervasiveness with which information is disseminated through those channels.

A reputation for financial strength and integrity is critical to the Issuer's performance in the highly competitive environment arising from globalisation and convergence in the financial services industry, and its failure to address, or the appearance of its failing to address, these and other issues gives rise to reputational risk that can harm its business, results of operations and financial condition. Failure to appropriately address any of these issues can also give rise to additional regulatory restrictions and legal risks, which may further lead to reputational harm.

(viii) **Technology risk**

Technology risk is the risk of failure or malfunction of storage, server or other technology assets impacting business operability and access to information, and leading to harm or loss. For further information on technology risk management, refer to "vii) Non-financial risk – Technology Risk" in "Note 41 – Financial Risk Management – Risks Detail" in the notes to the consolidated financial statements in the 2021 CSi Annual Report.

*The Issuer's business may be disrupted by technology-related failures such as service outages or information security incidents*

Technology risk is inherent not only in the Group's IT assets, but also in the people and processes that interact with them including through dependency on third-party suppliers and the worldwide telecommunications infrastructure. The Group seeks to ensure that the data used to support key business processes and reporting is secure, complete, accurate, available, timely and meets appropriate quality and integrity standards. The Group requires its critical IT systems to be identified, secure, resilient and available and support its ongoing operations, decision making, communications and reporting. The Group's systems must also have the capability, capacity, scalability and adaptability to meet current and future business objectives, the needs of its customers and regulatory and legal expectations. Failure to meet these standards and requirements may result in adverse events that could subject the Group to reputational damage, fines, litigation, regulatory sanctions, financial losses or loss of market share.

*The Issuer is exposed to cyber risk*

Cyber risk, which is part of technology risk, is the risk that the Issuer will be compromised as a result of cyber-attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security or resilience impact. The financial industry continues to face cyber threats from a variety of actors who are driven by monetary, political and other motivations. Information security, data confidentiality and integrity are of critical importance to the Issuer's business, and there has been recent regulatory scrutiny on the ability of companies to safeguard personal information of individuals in accordance with data protection regulation, including the European General Data Protection Regulation. Governmental authorities, employees, individual customers or business partners may initiate proceedings against the Issuer as a result of security breaches affecting the confidentiality or integrity of personal data, as well as the failure, or perceived failure, to comply with data protection regulations. The adequate monitoring of operational risks and adherence to data protection regulations have also come under increased regulatory scrutiny. Any failure of the Issuer to adequately ensure the security of data and to address the increased technology-related risks could also lead to regulatory sanctions or investigations and a loss of trust in its systems, which may adversely affect its reputation, business and operations.

Threats to the Issuer's cybersecurity and data protection systems require the Issuer to dedicate significant financial and human resources to protect the confidentiality, integrity and availability of its systems and information. Despite the wide range of security measures, it is not always possible to anticipate the evolving threat landscape and mitigate all risks to its systems and information. These threats may derive from human error, misconduct (including errors in judgment, fraud or malice and/or engaging in violations of applicable laws, rules, policies or procedures), or may result from accidental technological failure.

There may also be attempts to fraudulently induce employees, clients, third parties or other users of the Issuer's systems to disclose sensitive information in order to gain access to its data or that of its clients. The Issuer could also be affected by risks to the systems and information of its clients, vendors, service providers, counterparties and other third parties. Risks relating to cyber-attacks on the Issuer's vendors and other third parties have also been increasing due to more frequent and severe supply chain attacks impacting software and information technology service providers in recent years. Any such event could subject the Bank to litigation or cause it to suffer a financial loss, a disruption of its businesses, liability to its clients, regulatory intervention or reputational damage. The Group could also be required to expend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures.

The ongoing global COVID-19 pandemic has led to a wide-scale and prolonged shift to remote working for the Issuer's employees, which increases the vulnerability of its information technology systems and the likelihood of damage as a result of a cybersecurity incident. For example, the use of remote devices to access the firm's networks could impact the Issuer's ability to quickly detect and mitigate security threats and human errors as they arise. Remote working may also require the Issuer's employees to use third party technology, which may not provide the same level of information security as the Issuer's own information systems. Additionally, it is more challenging to ensure the comprehensive roll-out of system security updates and the Issuer also has less visibility over the physical security of its devices and systems. Its customers have also increasingly relied on remote (digital) banking services during the COVID-19 pandemic. This has resulted in a greater demand for its information technology infrastructure and increases the potential significance of any outage or cybersecurity incident that may occur. Due to the evolving nature of cybersecurity risks and the Issuer's reduced visibility and control in light of remote working in the context of the global COVID-19 pandemic, its efforts to provide appropriate policies and security measures may prove insufficient to mitigate all cybersecurity and data protection threats. The rise in remote access, by both the Issuer's employees and customers, has increased the burden on the Issuer's information technology systems and may cause its systems (and its ability to deliver its services) to become slow or fail entirely. Any slowdown in its service delivery or any system outage due to overutilisation will have a negative impact on its business and reputation.

The Group and other financial institutions have suffered cyber-attacks, information or security breaches, personal data breaches and other forms of attacks, incidents and failures. Cybersecurity risks have also significantly increased in recent years in part due to the growing number and increasingly sophisticated activities of malicious cyber actors, including organised crime groups, state-sponsored actors, terrorist organisations, extremist parties and hackers. In addition, The Group has been and will continue to be subject to cyber-attacks, information or security breaches, personal data breaches and other forms of attacks, incidents and failures involving disgruntled employees, activists and other third parties, including those engaging in corporate espionage. The Group expects to continue to be the target of such attacks in the future, and it may experience other forms of cybersecurity or data protection incidents or failures in the future. Emerging technologies, including the increasing use of automation, artificial intelligence (AI) and robotics, as well as the broad utilisation of third-party financial data aggregators, could further increase the Issuer's cybersecurity risk and exposure.

In the event of a cyber-attack, information or security breach, personal data breach or technology failure, the Issuer may experience operational issues, the infiltration of payment systems or the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information relating to the Group, its clients, vendors, service providers, counterparties or other third parties. Given the Issuer's global footprint and the high volume of transactions it processes, the large number of clients, partners and counterparties with which it does business, its growing use of digital, mobile, cloud- and internet-based services, and the increasing frequency, sophistication and evolving nature of cyber-attacks, a cyber-attack, information or security breach or technology failure may

occur without detection for an extended period of time. In addition, the Issuer expects that any investigation of a cyber-attack, information or security breach or technology failure will be inherently unpredictable and it may take time before any investigation is complete. During such time, the Issuer may not know the extent of the harm or how best to remediate it and certain errors or actions may be repeated or compounded before they are discovered and rectified. These factors may inhibit the Issuer's ability to provide timely, accurate and complete information about the event to its clients, employees, regulators, other stakeholders and may further increase the costs and consequences of a cyber-attack, information or security breach or technology failure.

If any of the Issuer's systems do not operate properly or are compromised as a result of cyber-attacks, information or security breaches, technology failures, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact, the Issuer could be subject to litigation or suffer financial loss not covered by insurance, a disruption of its businesses, liability to its clients, damage to relationships with its vendors, regulatory intervention or reputational damage. Any such event could also require the Issuer to expend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures. The Issuer may also be required to expend resources to comply with new and increasingly expansive regulatory requirements related to cybersecurity.

### **Risks relating to the Notes**

This section sets out the principal risks the Issuer believes to be inherent in investing in the Notes. The Issuer believes that the risk factors specific to the Notes described below are material for the purpose of taking an informed investment decision associated with 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.

This section also includes the risks specific to the Notes which are classified as Reverse Convertible Notes and Index Notes and Index Basket Notes, and shall not be listed on the TOKYO PRO-BOND Market.

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.

For a description of the risk factors relating to the Issuer, investors should refer to the CSi Registration Document for the Issuer, where the specific risks associated with the Issuer are set out.

An investment in Notes entails certain risks, which vary depending on the specific type and structure of the relevant Note and the relevant Underlying Asset(s) which the Note is linked to. Such risks can be divided into the following categories 1 to 6 (each a **Risk Category**):

1. Risks associated with Notes in case of insolvency of the Issuer and in connection with resolution measures in respect of the Issuer (**Risk Category 1**);
2. Risks in connection with the payment profile of the Notes (**Risk Category 2**);
3. Risks in connection with termination and adjustment rights of the Issuer and/or the Calculation Agent (**Risk Category 3**);
4. Risks related to certain types of Notes and certain product features (Risk Category 4);
5. Risks in connection with the Underlying Assets or reference rates (Risk Category 5); and
6. Risks in connection with the purchase, holding and selling of Notes (**Risk Category 6**),



which are set out in the following sections 1. to 6.

The Risk Categories 3 to 5 described in sections 3. to 5. below are divided into sub-categories (each a **Sub-Category**):

- for the Sub-Categories of Risk Category 3 see section (a) to (h) in section 3. below;
- for the Sub-Categories of Risk Category 4 see section (a) to (k) in section 4. below;
- for the Sub-Categories of Risk Category 5 see section (a) to (l) in section 5. below;

**1. Risks associated with Notes in case of insolvency of the Issuer and in connection with resolution measures in respect of the Issuer (Risk Category 1)**

The risks set out under in the below sub-sections (a) and (b) of this Risk Category 1 are the risks in case of insolvency of the Issuer and in connection with resolution measures in respect of the Issuer.

**(a) Risk in case of an insolvency of the Issuer**

The Notes issued by the Issuer, as the case may be, are direct, unconditional, unsecured and unsubordinated obligations of the Issuer. If the Issuer were to become insolvent, claims of investors in the Notes will rank equally in right of payment with all other unsecured and unsubordinated obligations of the Issuer, except such obligations given priority by law.

An investment in Notes will also not be covered by any compensation or insurance scheme (such as a bank deposit protection scheme) of any government agency of the United Kingdom or any other jurisdiction and the Notes do not have the benefit of any government guarantee. The Notes are the obligations of the Issuer only and holders of Notes must look solely to the Issuer for the performance of the Issuer's obligations under such Notes.

In the event of the insolvency of the Issuer, an investor in Notes may therefore lose all or some of its investment therein irrespective of any favourable development of the other value determining factors, such as the performance of the Underlying Asset(s).

**(b) Risks in connection with the exercise of "resolution" measures or the "bail-in" tool or other pre-resolution powers by the UK resolution authority**

The UK Banking Act 2009 provides for a "resolution regime" granting substantial powers to the UK resolution authority to implement resolution measures (including, but not limited to, directing the sale of the relevant institution or transfer of the relevant institution's business to a "bridge bank") with respect to a UK financial institution (such as the Issuer) where the Prudential Regulatory Authority considers that the relevant institution is failing or is likely to fail and the Bank of England considers that other conditions to implementing resolution measures have been satisfied, including that action is necessary having regard to the public interest. If the Issuer were to become subject to the use of "resolution" measures by a resolution authority (or pre-resolution measures) you could lose some or all of your investment in the Notes. In addition, the UK resolution authority also has the power to exercise the "bail-in" tool (or pre-resolution powers to write down or convert regulatory capital) in relation to Notes issued by the Issuer which would result in the write down and/or conversion to equity of such Notes.

**2. Risks in connection with the payment profile of the Notes (Risk Category 2)**

In this Risk Category 2 the risks that apply to the payout profile of Notes that may be issued under the Programme are described.

**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 (or, in respect of Instalment Notes, the aggregate of the Instalment Amounts payable over the Instalment Dates, together with the Final Redemption Amount, if any) (as applicable) of the relevant Notes is at least equal to the purchase price paid by investors for such Notes.

Even where the Final Redemption Amount (or, in respect of Instalment Notes, the aggregate of the Instalment Amounts payable over the Instalment Dates, together with the Final Redemption Amount, if any) (as applicable) is at least equal to the purchase price paid by investors for such Notes, the Notes are still "capital at risk" investments if:

- (i) if the terms of the Notes provide for an automatic early redemption event to be applicable, such 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 or holder's put option, as the case may be, is applicable, such call option or put option, as the case may be, 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). In the case of an unfavourable development of the value of the Underlying Asset(s), the amount payable on redemption of the Notes may be less than the amount originally invested and investors 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.

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 3(a) (*Risks in connection with redemption of the Notes at the Early Redemption Amount*) 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.

### **3. Risks in connection with termination and adjustment rights of the Issuer and/or the Calculation Agent (Risk Category 3)**

In this Risk Category 3 the specific risks in connection with termination and adjustment rights of the Issuer and/or the Calculation Agent under the Pricing Supplement are set out. This risk category is divided into Sub-Categories.

#### **(a) Risks in connection with redemption of the Notes at the Early Redemption Amount**

In certain circumstances, the Issuer may redeem the Notes (other than due to an automatic early redemption event or exercise of a call option) at an amount equal to the Early Redemption Amount. Such amount 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 an automatic early redemption event or the 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, or, (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) (where the relevant Pricing Supplement specifies that the terms of the Notes do not provide for the amount payable at maturity to be subject to a minimum amount or for Instalment Amounts to be payable). In such case, the Notes may be redeemed early prior to their scheduled maturity for an amount equal to the Early Redemption Amount, and, no other amounts shall be payable in respect of the Notes on account of interest or otherwise following such determination by the Issuer. Please refer to the section headed "*Overview of the Potential for Discretionary Determinations by the Issuer*" for more information.

The Early Redemption Amount payable on unscheduled redemption of the Notes depends on the elections specified in the relevant Pricing Supplement.

In certain circumstances, it is likely that the Early Redemption Amount will be less than the initial investment, and therefore investors may lose some or all of their investment. Investors may be unable to reinvest the proceeds in an investment having a comparable return. Potential investors should consider such reinvestment risk in light of other investments available at that time.

In certain circumstances, (i) the Early Redemption Amount may be significantly less than what an investor would have received in the absence of such event resulting in the unscheduled redemption of the Notes and (ii) holders will not be able to participate in any potential upside performance of the Underlying Asset(s) after the occurrence of such event and will not receive any further interest or other payments under the Notes.

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

**(b) Risks in connection with discretionary rights of the Calculation Agent and related termination rights of the Issuer**

Event or an extraordinary event, the Issuer or Calculation Agent has broad discretion to make certain modifications to the terms and conditions of the Notes to account for such event, including but not limited to adjusting the calculation of the relevant level or price of the Underlying Asset(s) or the reference rate(s), as applicable, or any amount payable or other benefit to be received under the relevant Notes. This may include substituting another underlying asset(s) or reference rate(s) for the affected Underlying Asset(s) or reference rate(s), or in the case of a relevant settlement disruption, paying a cash amount in lieu of delivering the relevant Underlying Asset(s). Any such adjustment shall be made without the consent of the Noteholders.

In making any adjustment to the terms and conditions of the Notes, 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.

**(c) The Issuer of Notes may be substituted without the consent of Noteholders**

The Issuer of Notes may be substituted without the consent of Noteholders in favour of any affiliate of the Issuer or another company with which it consolidates, into which it merges or to which it sells or transfers all or substantially all of its property, subject to certain conditions being fulfilled. Such substitution of the Issuer may have a material adverse effect on the value of the Notes.

(d) **Jurisdictional Event**

The amount payable in respect of Notes which are linked to an Underlying Asset to which "Jurisdictional Event" is specified to be applicable 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). Please refer to the section headed "*Overview of the Potential for Discretionary Determinations by the Issuer*" for more information.

(e) **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, regulation or 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 or, in some cases, trading disruption or licensing issues or certain tax events occur in relation to the Underlying Asset. 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) cause an early redemption of the Notes prior to their scheduled maturity by payment of an 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) 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.

(f) **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.

(g) **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.

(h) **Non-Underlying Asset Days or disruption events may adversely affect the value of and return on the Notes**

If a scheduled date on which the price or level of an Underlying Asset is observed or determined falls on a day which is not a relevant scheduled trading day or business day for such Underlying Asset or any other day which is subject to adjustment in accordance with the relevant terms of the relevant Underlying Asset, then the relevant date may be postponed.

Further, if the Issuer determines that a disruption event in relation to an Underlying Asset has occurred which affects the observation or determination of the price or level of such Underlying Asset on any relevant day, then the relevant date may be postponed or the Issuer may determine the price or level of such Underlying Asset using one or more alternative provisions, or may ultimately determine the price or level of such Underlying Asset in its discretion or (ii) the Issuer may treat this as an Additional Disruption Event, as to which see section 3(e) (*Occurrence of Additional Disruption Events*) above.

Any such postponement and/or alternative determination of the price or level of an Underlying Asset may adversely affect the value of and return on the Notes. In the event that one or more scheduled dates on which the price or level of an Underlying Asset is observed or determined are postponed, the scheduled Maturity Date or other relevant payment date may also be postponed.

**4. Risks related to certain types of Notes and certain product features (Risk Category 4)**

In this Risk Category 4 the risks in connection with certain types of Notes and certain product features are described. This risk category is divided into Sub-Categories.

Investors should note that Notes issued under the Programme may be one of the types of Notes set out below and/or may include one or more of the features described below, as set out in each case in the applicable Pricing Supplement. Investors should therefore carefully review the Pricing Supplement of the Notes that they are intending to invest into in order to identify whether any of the risks described below apply to such Notes.

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

In this Sub-Category the risks of Notes with physical delivery of Underlying Asset(s) are set out.

(i) *Risk in connection with fluctuations in the price of the relevant Underlying Asset or the relevant ETF share*

In certain circumstances the Notes may be redeemed at their maturity by delivering the relevant Underlying Asset or the relevant ETF share tracking the relevant Underlying Asset), to the Noteholders and the Noteholders will receive such Underlying Asset or ETF share, as the case may be, rather than a monetary amount upon maturity. Noteholders will therefore be exposed to the risks associated with the issuer of such Underlying Asset or ETF share, as the case may be, and the risks associated with such Underlying Asset or ETF share, as the case may be.

The value of the relevant Underlying Asset or the relevant ETF share, as the case may be, to be delivered, together with any fractional cash amount, to a Noteholders may be less than the purchase amount paid by such Noteholders for the Notes and the principal amount (if any) of the relevant Notes. In the worst case, the relevant Underlying Asset or the relevant ETF share, as the case may be, to be delivered may be worthless. Also, prospective investors should consider that any fluctuations in the price of the relevant Underlying Asset or the relevant ETF share, as the case may be, 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 Noteholders's actual loss or gain and final return on the Notes can only be determined after delivery of the relevant Underlying Asset or the relevant ETF share, as the case may be, to such Noteholders.

In order to receive the relevant Share Amount in respect of a Note, a Noteholders must deliver to a Paying Agent a duly completed Delivery Notice on or before the Presentation Date, otherwise the Issuer shall not be obliged to make delivery of the Share Amount.

(ii) *Further risks in connection with the Underlying Asset(s) to be delivered under the Notes*

If a Note is redeemed by delivering the relevant Underlying Asset (or the relevant ETF share (if applicable)), any investor therein will be exposed to the risks (including risks of insolvency and risks of fluctuations in value of the relevant Underlying Asset or relevant foreign exchange rate(s)) relating to the Underlying Asset. Any of these risks may result in a reduction in value of the delivered Underlying Assets.

(iii) *Risks in connection with the taxation of the Underlying Asset(s) to be delivered*

The Noteholders is also required to pay all taxes and expenses in connection with the delivery of the Underlying Asset. Further, Noteholders may be subject to certain documentary or stamp taxes in relation to the delivery and/or transfer of the relevant Underlying Asset or the relevant ETF shares, as the case may be which would not be, payable in the event of cash settlement.

(b) **Specific risks associated with Notes linked to a basket of Underlying Assets**

In this Sub-Category the specific risks associated with Notes linked to a basket of Underlying Assets are set out. All of these risks may adversely affect the performance of a basket of Underlying Assets that the Notes are linked to and in turn may adversely affect the value of and return on such Notes.

(i) *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.

(ii) *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 and a basket which has unequally weighted constituents will generally be more affected by changes in the value of the more heavily weighted basket constituents than a basket which includes equally weighted basket constituents.

(iii) *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.

- (iv) *Risks resulting from the correlation of multiple Underlying Assets:* In the case of Notes linked to multiple Underlying Assets, the level of correlation among the Underlying Assets indicates their interdependence with respect to their performance, and such level of correlation may have a significant impact on the value of the Notes. A risk that materialises in respect of one particular Underlying Asset also has an impact on the other Underlying Assets due to their correlation. For example, if all of the Underlying Assets that a Note is linked to originate from the same sector and the same country, a high level of correlation may generally be assumed, which could mean that, in the case of events affecting such sector or country, the value of all Underlying Assets may move in the same direction at substantially the same time and/or experience a substantially similar level of volatility. In such case, such coordinated movement and/or volatility may have a more substantial impact on the value of the Notes linked thereto than if such Notes were linked to multiple Underlying Assets with a low level of correlation. Alternatively, if there is a low level of correlation among the Underlying Assets, any change in the performance of one of the Underlying Assets may have a more substantial impact on the value of the Notes linked thereto than if such Notes were linked to multiple Underlying Assets with a high level of correlation. Consequently investors in Notes that are linked to multiple Underlying Assets with a high degree of correlation may be exposed to greater risks of loss in case adverse events or developments occur with regard to one or more of the Underlying Assets than in case of Notes that are linked to multiple Underlying Assets with a low degree of correlation. However, an investor in Notes should be aware that (i) past levels of correlation among the Underlying Assets may not be determinative of future levels of correlation, (ii) the values of Underlying Assets with a high/low degree of correlation may nevertheless move in opposite directions/the same direction and/or experience different/the same levels of volatility.

(c) **"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 the Underlying Asset having the worst performance fails to meet the specified threshold or barrier, Noteholders could lose some or all of their initial investment.

(d) **Risks of Notes with barrier feature(s)**

In the case of Notes with a barrier feature, amounts payable in respect of the Notes will be conditional on the value or performance of the relevant Underlying Asset(s), as determined in accordance with the applicable conditions, being (i) greater than, (ii) greater than or equal to, (iii) less than or (iv) less than or equal to, as specified in the applicable Pricing Supplement, a specified barrier value. If such condition is not satisfied, then (a) (in the case of a coupon payment) no payment may be due, or (b) the relevant amount payable may be determined by reference to the performance of the relevant Underlying Asset(s) and may be less than the amount originally invested and lower than the amount an investor would have received had no such event occurred.

(e) **Redemption following an automatic early redemption event**

Where the terms of the Notes provide for an automatic early redemption event, investors in such Notes should be aware that the timing of redemption of such Notes is uncertain since the occurrence of an automatic early redemption event will be dependent upon the performance of

the Underlying Asset(s). In the case of an unfavourable development of the value of the Underlying Asset(s), the redemption of such Notes may not occur until the scheduled maturity and the amount payable on redemption will be determined based on the unfavourable performance of the Underlying Asset(s) and may be less than the amount originally invested and lower than the amount an investor would have received had an automatic early redemption event occurred.

Upon early redemption of the Notes as the result of an automatic early redemption event, investors will not participate in the performance of the Underlying Asset(s) after the date of such early redemption. Investors in such Notes may incur additional transaction costs as a consequence of reinvesting proceeds received upon any early redemption and the conditions for such reinvestment may be less favourable than the relevant investor's initial investment in the Notes. In addition, if an automatic early redemption event occurs, no amounts payable under the Notes that would otherwise have been due after the automatic early redemption date will be paid.

- (f) **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 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 Noteholders 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.

- (g) **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 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 Noteholders will not participate fully in the positive performance of the Underlying Asset(s). In such case, the return on the Notes will be lower than any positive performance of the Underlying Asset(s), and may be significantly less than if the Noteholders had purchased the Underlying Asset(s) directly.

- (h) **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.

- (i) **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.

(j) **Interest rate risks**

In this Sub-Category the risks of Notes that provide for interest payments based on a fixed rate or a floating rate are set out. The risk of Notes that provide for fixed rate interest payments ("**Fixed Rate Notes**{ XE "Fixed Rate Notes" }") is set out first in the following sub-section (i) and that of Notes that provide for floating rate interest payments ("**Floating Rate Notes**{ XE "Floating Rate Notes" }") is set out first in the following sub-section (ii).

(i) *Fixed Rate Notes*

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

(ii) *Floating Rate 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. Further, if the floating rate becomes negative, the resulting rate of interest on the Notes may be less than any positive margin specified to be applicable to the floating rate, or may be zero (or such other minimum rate of interest), as specified in the relevant Pricing Supplement.

(k) **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**{ XE "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**{ XE "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.

Holders of beneficial interests in Notes denominated in CNY may be required to provide certifications and other information (including CNY account information) in order to receive payments in CNY in accordance with the CNY clearing and settlement system for participating banks in Hong Kong. Payments in CNY may only be made to investors by transfer to a bank account denominated in CNY and maintained in accordance with applicable laws and regulations in Hong Kong (including the prevailing requirements and procedures applicable to Notes denominated in CNY cleared through the Central Moneymarkets Unit operated by the Hong Kong Monetary Authority ("**CMU**")). There is no assurance that new PRC regulations will not be promulgated or any settlement agreement on the clearing of CNY business between PBOC and

certain Chinese banks will not be terminated or amended in the future which will have the effect of restricting availability of CNY.

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

## **5. Risks in connection with the Underlying Assets or reference rates (Risk Category 5)**

In this Risk Category 5 the specific risks in connection with (i) the Underlying Asset(s) that the Notes may be linked to and (ii) the reference rate(s) by reference to which amounts payable under the Notes may be determined are described. This risk category is divided into Sub-Categories.

### **(a) Risks associated with Shares**

In this Sub-Category the specific risks of Shares that Notes may be linked to under the Programme are set out.

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

The performance of a Share 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. Any of these factors affecting the performance of Shares may in turn adversely affect the market value of and return on the Notes that are linked to such Shares.

#### **(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 Potential Adjustment Events and Extraordinary Events may have an adverse effect on the value of the Notes***

The adjustment events referred to in section 3(a) (Risks in connection with redemption of the Notes at the Early Redemption Amount) 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, or (F) any event having a dilutive or concentrative effect on the value of Shares. Extraordinary Events include (1) a delisting or suspension of Shares on an exchange or of futures or options contracts relating to such Shares on a related 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 or for Instalment Amounts to be payable,

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, provided that, in respect of Instalment Notes, notwithstanding the occurrence of such an event, each Instalment Amount scheduled to be paid (but unpaid) on an Instalment Date falling on or after the Early Redemption Date shall continue to be paid on such Instalment Date.

(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 Noteholders would have realised had it actually owned such Shares and received the dividends in respect of them.

(b) **Risks associated with equity indices**

In this Sub-Category the specific risks of equity indices that Notes may be linked to are set out.

(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. Any of the factors affecting the performance of Indices may in turn adversely affect the market value of and return on Notes that are linked to Indices.

(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 components 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.

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. Consequently, investors in Notes that are linked to an Index that is a price index should note that dividends paid by the components of the Index will not raise the level of the Index. Similarly, investors in Notes that are linked to an Index that is a total return index should note that under certain circumstances not all of the dividends paid by a component of the Index might be

reinvested and therefore such dividends will not fully contribute to a rise in the level of the Index.

(iii) *Occurrence of Index Cancellation*

If the Issuer determines that an Index Cancellation has occurred in respect of an Index, if "Issuer Adjustment" is specified as applicable, the Issuer shall calculate the Final Redemption Amount and/or any relevant Interim Payment by using the level of the relevant Index using only those securities that comprised such Index immediately prior to such Index Cancellation Event (other than those securities that have since ceased to be listed on the relevant Exchange) or alternatively, if the Issuer determines that the modification is solely of a mathematical nature it may in its discretion alternatively use the published level of the Index and make such consequential changes to the method of calculating the Final Redemption Amount and/or the relevant Interim Payment, as the case may be, as it may determine to be appropriate to preserve the economic equivalent effect of the Notes or if "Redemption and Payment" is specified as applicable, redeem the Note at the fair market value of such Note.

(iv) *Occurrence of Index Adjustment Events*

Upon determining that an Index Adjustment Event (if defined in the Pricing Supplement) has occurred in relation to an Index if "Issuer Adjustment" is specified as applicable, the Issuer shall calculate the Final Redemption Amount and/or any relevant Interim Payment by using the level of the relevant Index using only those securities that comprised such Index immediately prior to such Index Adjustment Event (other than those securities that have since ceased to be listed on the relevant Exchange) or alternatively, if the Issuer determines that the modification is solely of a mathematical nature it may in its discretion alternatively use the published level of the Index and make such consequential changes to the method of calculating the Final Redemption Amount and/or the relevant Interim Payment, as the case may be, as it may determine to be appropriate to preserve the economic equivalent effect of the Notes or if "Redemption and Payment" is specified as applicable, redeem the Note at the fair market value of such Note.

(v) *Decrement Indices*

Where an underlying asset is a "decrement" index, a pre-determined amount (a "**Synthetic Dividend**") is periodically deducted from the level of such index. The amount of such Synthetic Dividend may be expressed as a percentage of the prevailing index level or as a fixed number of index points.

A decrement index (after deduction of the pre-determined Synthetic Dividend) will underperform the corresponding total return index (ie where realised dividends have been reinvested and without any deduction of Synthetic Dividend).

A decrement index (after deduction of the pre-determined Synthetic Dividend) may perform differently in comparison to the corresponding price return index (ie where the realised dividends are not reinvested, and without any deduction of Synthetic Dividend). If the Synthetic Dividend is larger than the relevant realised level of dividends, the decrement index will underperform the corresponding price return index. If the Synthetic Dividend is smaller than the relevant realised level of dividends, the decrement index will outperform an otherwise equivalent price return index.

*Specific risks for decrement in index points*

In respect of decrement indices where the synthetic dividend is expressed as a number of index points, the Synthetic Dividend yield (defined as the ratio of the fixed index point decrement to the relevant decrement index level) will increase in a negative market scenario as this is a fixed amount and not a percentage of the index level. As such, a

decrement index is likely to underperform a corresponding price return index when the index is decreasing and such underperformance will accelerate as the level of the decrement index decreases.

Further, since the amount of decrement expressed in index points will not vary with the level of the decrement index, such index level may become negative. This could adversely affect the value of and return on the Notes.

**(c) Risks associated with commodities and commodity indices**

In this Sub-Category the specific risks of commodities and commodity indices that Notes may be linked to under the Programme are set out.

*(i) Factors affecting the performance of commodities and commodity indices may adversely affect the value of Notes*

Trading in commodities may be extremely volatile. Commodity prices are affected by a variety of factors that are unpredictable including, for example, changes in supply and demand relationships, weather patterns and extreme weather conditions, governmental programmes and policies, national and international political, military, terrorist and economic events, fiscal, monetary and exchange control programmes and changes in interest and exchange rates. Commodities markets may be subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, the participation of entities who are neither end-users or producers and government regulation and intervention. The current or "spot" prices of physical commodities may also affect, in a volatile and inconsistent manner, the prices of futures contracts in respect of a commodity.

Certain emerging market countries – such as China – have become very significant users of certain commodities. Therefore, economic developments in such jurisdictions may have a disproportionate impact on demand for such commodities.

Certain commodities may be produced in a limited number of countries and may be controlled by a small number of producers. Therefore, developments in relation to such countries or producers could have a disproportionate impact on the prices of such commodities.

In summary, commodity prices may be more volatile than other asset classes and investments in commodities may be riskier than other investments. Any of the circumstances described in this section could adversely affect prices of the relevant commodity, and therefore sharply reduce the market value of and return on any Notes linked to such commodity.

*(ii) Suspension or disruptions of market trading in commodities and related futures contracts may adversely affect the value of and return on the Notes*

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets and government regulation and intervention. In addition, U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in contract prices which may occur during a single business day. These limits are generally referred to as "daily price fluctuation limits" and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a "limit price". Once the limit price has been reached in a particular contract, trading in the contract will follow the regulations set forth by the trading facility on which the contract is listed. Limit prices may have the effect of precluding trading in a particular commodity contract, which could adversely affect the value of a commodity or a commodity index and, therefore, the value of and return on any Notes linked to such commodity or commodity index.

(iii) *Legal and regulatory changes*

Commodities are subject to legal and regulatory regimes that may change in ways that could affect the ability of the Issuer and/or any of its affiliates to hedge the Issuer's obligations under the Notes. Such legal and regulatory changes could lead to the early redemption of the Notes or to the adjustment of the terms and conditions of the Notes. Commodities are subject to legal and regulatory regimes in the United States and, in some cases, in other countries that may change in ways that could adversely affect the value of the Notes.

The Dodd-Frank Act includes numerous provisions relating to the regulation of the futures and OTC derivative markets. The Dodd-Frank Act requires regulators, including the Commodity Futures Trading Commission (the "**CFTC**"), to adopt regulations in order to implement many of the requirements of the legislation. While the CFTC has adopted many of the final regulations and has proposed certain others, the ultimate nature and scope of all potentially relevant regulations cannot yet be determined. Under the Dodd-Frank Act, the CFTC has re-proposed a rule to impose limits on the size of positions that can be held by market participants in futures and OTC derivatives on physical commodities, after the prior version of such rule was struck down by a U.S. Federal court. While the comment period for such rule has expired, it is unclear when such rule will actually take effect, or if there will be any further changes to the version as re-proposed. In addition, the CFTC has made certain changes to the regulations that may subject certain transactions utilising swaps to regulation as "commodity pools", unless an exemption from registration is available. There is only limited interpretive guidance as to the precise meaning, scope and effect of many such regulations. Further, the U.S. Congress is considering further legislation, generally intended to "scale back" the scope of certain Dodd-Frank regulations. It is not possible to predict the ultimate scope of such legislation, whether or not it ultimately becomes a law and the date(s) from which its provisions will apply.

In 2017, U.S. Regulators (including Federal Reserve) issued final rules designed to improve the resolvability of U.S. headquartered G-SIBs and the U.S. operations of non-U.S. G-SIBs. The Federal Reserve's rule applies to the U.S. subsidiaries, branches and agencies of the Group ("**CS Covered Entities**"). In addition, the rule requires CS Covered Entities to modify their Qualified Financial Contracts ("**QFCs**") to obtain agreement of counterparties that (a) their QFCs are subject to the stays on early termination rights under the Orderly Liquidation Authority and the Federal Deposit Insurance Act, which is similar to requirements introduced in other jurisdictions to which we are already subject, and (b) certain affiliate-linked default rights would be limited or overridden if an affiliate of the G-SIB entered proceedings under the U.S. Bankruptcy Code or other insolvency or resolution regimes. A QFC is broadly defined to cover a wide variety of financial transactions, including without limitation swaps and other derivatives, repos and reverse repos, securities lending and borrowing transactions, contracts for the purchase and/or sale of securities, CDOs or mortgage loans, commodities contracts, forward contracts, certain spot transactions, guarantees or credit support enhancements related to the foregoing. The rule also requires that CS Covered Entities ensure that all future QFCs comply with the rules, or to cease transacting with the entire counterparty corporate family group. Covered QFCs must be conformed to the rules' requirements starting 1 January 2019, with full compliance by 1 January 2020. ISDA has developed the 2018 U.S. Resolution Stay Protocol (the "**U.S. Resolution Stay Protocol**") to facilitate compliance with the final rules. In order to permit the continued ability of the Issuer to transact with CS Covered Entities, it is expected that the Issuer will adhere to the U.S. Resolution Stay Protocol, which will amend QFCs entered into between CS Covered Entities and the Issuer. The U.S. Resolution Stay Protocol overrides certain cross-default rights and certain other rights related to the entry of a CS Covered Entity or certain of its affiliates into certain resolution proceedings, subject to certain conditions. U.S. Regulators have indicated that adherence to the U.S. Resolution Stay Protocol is an acceptable means to satisfy the rule's requirements. Adhering to the U.S. Resolution Stay Protocol may limit

the right of the Issuer on behalf of the Noteholders to exercise its rights under any QFC against a swap counterparty that is a CS Covered Entity.

While the full impact of such regulations is not yet known, these regulatory changes are likely to restrict the ability of market participants to participate in the commodity, future and swap markets and markets for other OTC derivatives on physical commodities to the extent and at the levels that they have in the past. These factors may have the effect of reducing liquidity and increasing costs in these markets as well as affecting the structure of the markets in other ways. In addition, these legislative and regulatory changes are likely to further increase the level of regulation of markets and market participants, and therefore the costs of participating in the commodities, futures and OTC derivative markets. Amongst other things, these changes require many OTC derivative transactions to be executed on regulated exchanges or trading platforms and cleared through regulated clearing houses. Swap dealers are required to be registered with the CFTC and, in certain cases, the SEC, and are subject to various regulatory requirements, including capital and margin requirements. In addition, the CFTC and certain other U.S. regulatory authorities have adopted rules with respect to the posting and collecting of initial and variation margin, which will apply to many derivative transactions that are not cleared on a regulated exchange or trading platform. In general, the required margin levels for such uncleared derivatives is higher than would apply if such transaction were centrally cleared. While such rules are being phased in over time, they are already applicable in respect of derivative exposures in excess of specified amounts. The various legislative and regulatory changes, and the resulting increased costs and regulatory oversight requirements, could result in market participants being required to, or deciding to, limit their trading activities, which could cause reductions in market liquidity and increases in market volatility. These consequences could adversely affect the prices of commodities, which could in turn adversely affect the return on and value of the Notes. The adoption of any changes in law, which may include (but not be limited to) position limit regulations and other measures which may interfere with the ability of the Issuer (or any of its affiliates) to hedge its obligations under the Notes, may result in the occurrence of a "Change in Law" or a "Hedging Disruption", each of which is an Additional Disruption Event in respect of commodity-linked securities and commodity index-linked notes (see risk factor in section 3(e) above (*Occurrence of Additional Disruption Events*)).

MiFID II and the Markets in Financial Instruments Regulation ("**EU MiFIR**") and the latter as part of English law by virtue of the EUWA impose a number of key changes aimed at reducing systemic risk, combating disorderly trading and reducing speculative activity in commodity derivatives markets through the imposition of new position limits and management powers by trading venues and national regulators and the grant of additional intervention powers to ESMA. These applied from 3 January 2018 and could have an adverse effect on the prices of commodities and the return on and value of the Notes.

The European Market Infrastructure Regulation (Regulation (EU) No 648/2012) ("**EU EMIR**") and the latter as part of English law by virtue of the EUWA ("**UK EMIR**") require mandatory clearing of certain OTC derivative contracts, reporting of derivatives and risk mitigation techniques (including margin requirements) for uncleared OTC derivative contracts. EU EMIR and UK EMIR will likely impact a number of market participants and may increase the cost of transacting certain derivatives. As and when implementing measures in relation to this regulation are adopted or if other regulations or implementing measures in relation to these regulations are adopted in the future, they could have an adverse impact on the price of a commodity or the level of a commodity index, and the value of and return on the Notes.

- (iv) *Future prices of commodities within a commodity index that are different relative to their current prices may result in a reduced amount payable or deliverable upon redemption or exercise*

Commodity contracts have a predetermined expiration date – a date on which trading of the commodity contract ceases. Holding a commodity contract until expiration will result in delivery of the underlying physical commodity or the requirement to make or receive a cash settlement. Alternatively, "rolling" the commodity contracts means that the commodity contracts that are nearing expiration (the "near-dated" commodity contracts) are sold before they expire and commodity contracts that have an expiration date further in the future (the "longer-dated" commodity contracts) are purchased. Investments in commodities apply "rolling" of the component commodity contracts in order to maintain an ongoing exposure to such commodities.

If the market for a commodity contract is in "backwardation", then the price of the longer-dated commodity contract is lower than in the near-dated commodity contract. The rolling therefore from the near-dated commodity contract to the longer-dated commodity contract creates a "roll yield", the amount of which will depend on the amount by which the unwind price of the former exceeds the spot price of the latter at the time of rolling. Conversely, if the market for a commodity contract is in "contango", then the price of the longer-dated contract is higher than the near-dated commodity contract. This could result in negative "roll yields".

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 value of Notes linked to a commodity index is, therefore, sensitive to fluctuations in the expected futures prices of the relevant commodities contracts comprising such commodity index. A commodity index may outperform or underperform its underlying commodities. In a "contango" market, this could result in negative "roll yields" which, in turn, could reduce the level of such commodity index and, therefore, have an adverse effect on the value of and return on the Notes.

- (v) *Commodity indices may include contracts that are not traded on regulated futures exchanges*

Commodity indices are typically based solely on futures contracts traded on regulated futures exchanges. However, a commodity index may include over-the-counter contracts (such as swaps and forward contracts) traded on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. As a result, trading in such contracts, and the manner in which prices and volumes are reported by the relevant trading facilities, may not be subject to the provisions of, and the protections afforded by, for example, the U.S. Commodity Exchange Act of 1936, or other applicable statutes and related regulations that govern trading on regulated U.S. futures exchanges, or similar statutes and regulations that govern trading on regulated UK futures exchanges. In addition, many electronic trading facilities have only recently initiated trading and do not have significant trading histories. As a result, the trading of contracts on such facilities, and the inclusion of such contracts in a commodity index, may be subject to certain risks not presented by, for example, U.S. or UK exchange-traded futures contracts, including risks related to the liquidity and price histories of the relevant contracts.

- (vi) *A change in the composition or discontinuance of a commodity index could adversely affect the market value of and return on the Notes*

The sponsor of a commodity index can add, delete or substitute the underlying components of such commodity index or make other methodological changes that could change the level of one or more underlying components. The changing of underlying components of any commodity Index may affect the level of such commodity index as a newly added underlying component may perform significantly worse or better than the



underlying component it replaces, which in turn may adversely affect the value of and return on the Notes. The sponsor of a commodity index may also alter, discontinue or suspend calculation or dissemination of such commodity index. The sponsor of a commodity 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 a commodity index may take any actions in respect of such commodity index without regard to the interests of investors in the Notes, and any of these actions could adversely affect the value of and return on the Notes.

- (vii) *Continuation of calculation of commodity Index Level upon the occurrence of a disruption event in relation to a underlying component*

If a disruption event occurs with respect to any underlying component included in a commodity Index, the adjustment provisions included in the terms and conditions of the Notes will apply, including the determination by the Issuer of the value of the relevant disrupted underlying component and, in turn, the value of such commodity index on the date specified in such Notes. However, regardless of the disruption event, the sponsor of the commodity index may continue to calculate and publish the level of such commodity index. In such circumstances, investors in the Notes should be aware that the value of the commodity index determined by the Issuer upon the occurrence of a disruption event may not reflect the value of the commodity index as calculated and published by the sponsor of such commodity index for the relevant valuation date, nor would the Issuer be willing to settle, unwind or otherwise use any such published value while a disruption event is continuing with respect to any underlying component included in a commodity index. Any of these actions could have an adverse effect on the value of and return on the Notes.

**(d) Risks associated with ETFs**

In this Sub-Category the specific risks of ETFs that Notes may be linked to under the Programme are set out.

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

The performance of ETFs is dependent upon the performance of a portfolio of assets which they track. As a result, the performance of an ETF is dependent upon macroeconomic factors affecting the performance of such assets, 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. Any of these factors affecting the performance of the assets within such portfolio may in turn adversely affect the market value of and return on the Notes that are linked to such ETFs.

- (ii) *Where the Underlying Asset is an ETF, there is a risk that an ETF will not accurately track its underlying asset(s) or index*

Where the Notes are linked to an ETF and the investment objective of such ETF is to track the performance of one or more underlying assets or an index, the investors of such Notes are exposed to the performance of such ETF rather than the underlying asset(s) or index such ETF tracks. For certain reasons, including to comply with certain tax and regulatory constraints, an ETF may not be able to accurately track the underlying asset(s) or the constituent securities of the underlying index, which could give rise to a difference between the performance of the underlying asset(s) or index and such ETF. Accordingly, investors who purchase Notes that are linked to an ETF may receive a lower return than if such investors had invested directly in the asset(s) or the components of the index underlying such ETF.

- (iii) *Action by fund adviser, fund administrator or sponsor of an ETF may adversely affect the Notes*

The fund adviser, fund administrator or sponsor of an ETF will have no involvement in the offer and sale of the Notes and will have no obligation to any investor in such Notes. The fund adviser, fund administrator or sponsor of an ETF may take any actions in respect of such ETF 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.

- (iv) *An ETF may involve varying levels of risk depending on the tracking strategy and/or technique employed by the fund adviser or the fund administrator*

The fund adviser or the fund administrator of an ETF may use certain tracking strategies or techniques to track the performance of the underlying asset(s) or index, such as full replication (i.e. direct investment in all components included in the underlying share), synthetic replication (such as a swap) or other techniques such as sampling.

An ETF may involve varying levels of risk depending on the tracking strategy and/or techniques employed by the fund adviser or the fund administrator. For example, an ETF using full replication or synthetic replication techniques may be exposed to an unlimited risk of the negative performance of the underlying asset(s) or index. In addition, such ETF may not be able to acquire all components of the underlying asset(s) or index or sell them at reasonable prices. This may affect the ETF's ability to replicate the underlying asset(s) or index and may have a negative impact on the performance of the ETF. ETFs which use swaps for synthetic replication of the underlying asset(s) or index may be exposed to the risk of default of their swap counterparties. An ETF which uses sampling techniques may create portfolios of assets which may comprise only some of the components of the underlying asset(s) or index. Therefore the risk profile of such ETF may not be consistent with the risk profile of the underlying asset(s) or index. The risks that exist at the level of the ETF in respect of the ETF's underlyings and/or swap counterparties may have a negative impact on the performance of the ETF and may therefore also have a negative impact on the amount(s) payable to Noteholders under the Notes.

- (v) *Determinations made by the Issuer in respect of Potential Adjustment Events and Extraordinary Events may have an adverse effect on the value of and return on the Notes*

The adjustment events referred to in section 3(a) above (*Risks in connection with redemption of the Notes at the Early Redemption Amount*) include, in respect of ETF shares, Potential Adjustment Events and Extraordinary Events. Potential Adjustment Events include (A) a sub-division, consolidation or re-classification of ETF shares, (B) an extraordinary dividend, (C) a repurchase by the ETF of the ETF shares, (D) any event having a dilutive or concentrative effect on the value of the ETF shares, or (E) the amendment or supplement to the terms of the deposit agreement in respect of ETF shares which are depositary receipts. Extraordinary Events include (1) a delisting of ETF shares on an exchange, (2) a merger event entailing the consolidation of ETF shares with those of another entity, (3) a nationalisation of the ETF or transfer of ETF shares to a governmental entity, or (4) a tender offer or takeover offer that results in transfer of ETF shares to another entity.

Upon determining that a Potential Adjustment Event or an Extraordinary Event has occurred in relation to an underlying ETF share or ETF, the Issuer has the 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 or for Instalment Amounts to be payable, 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, provided that, in respect of Instalment Notes, notwithstanding the occurrence of such an event, each Instalment Amount scheduled to be paid (but unpaid) on an Instalment Date falling on or after the Early Redemption Date shall continue to be paid on such Instalment Date.

- (e) Risks associated with reference rates by reference to which any amount payable under the Notes is determined

In this Sub-Category the specific risks of reference rates by reference to which any amount payable under the Notes is determined are set out.

- (i) *Factors affecting reference rates*

Reference rates are mainly dependent upon the factors of the supply and demand for credit in the money market, i.e., the rates of interest paid on investments, determined by the interaction of supply of and demand for funds in the money market. The supply and demand in the money market on the other hand is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments and political factors, or upon other factors, depending on the specific type of reference rate. Factors that are affecting the performance of the reference rate (s) may adversely affect the market value of, and return (if any) on, the Notes linked thereto.

- (ii) *Risks in connection with the determination of reference rates*

The amount(s) payable under the Notes may be determined by reference to one or more reference rates, such as the floating rate option used to determine the Rate of Interest in respect of Floating Rate Notes, the rate of premium for Notes in respect of which a premium is payable, or any other interest rate, index, benchmark or price source by reference to which any amount payable under the Notes is determined. A reference rate (i) may be materially modified, (ii) may be permanently or indefinitely discontinued or may cease to exist or cease to be representative of the underlying market it is intended to measure, or (iii) may not be used in certain ways by an EU supervised entity and/or UK supervised entity, as the case may be, if its administrator does not obtain authorisation or registration (subject to applicable transitional provisions) (see subsection (i) below (Risks in connection with regulation and reform of "Benchmarks")).

- (f) **Exposure to risk that redemption amounts do not reflect direct investment in the Underlying Assets**

The Final Redemption Amount payable (or Share Amount deliverable) on Notes that reference Underlying Assets may not reflect the return a Noteholders would realise if it actually owned the relevant Underlying Assets and received distributions paid in respect of those Underlying Assets because the price of the Underlying Assets or underlying shares on any specified valuation dates may not take into consideration the value of such distributions. Accordingly, a Noteholders of Notes that reference Underlying Assets or underlying shares may receive a lower payment upon redemption of such Notes than such Noteholders would have received if it had invested directly in the Underlying Assets.

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

Where Notes reference an Underlying Asset which is an index, the sponsor of the relevant 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.

(h) **Exposure to emerging markets**

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 Noteholders 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 Noteholders 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 depositories, 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) **Risks in connection with regulation and reform of "Benchmarks"**

A number of major interest rates, other rates, indices and other published values or benchmarks are the subject of recent or forthcoming national and international regulatory reforms. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the value of and return on Notes linked to any such value or benchmark.

*The Benchmark Regulation*

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**") is a key element of the ongoing regulatory reform in the EU and has applied, subject to certain transitional provisions, since 1 January 2018. For the purposes of this risk factor, references to the Benchmark Regulation will include where applicable Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmark Regulation**") which has applied in the UK since January 2021. The UK Benchmark Regulation among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

In addition to so-called "critical benchmarks" such as the London Interbank Offered Rate ("**LIBOR**") in certain remaining settings of USD and the Euro Interbank Offered Rate ("**EURIBOR**"), other interest rates, foreign exchange rates, and indices, including equity, commodity and "proprietary" indices or strategies, will in most cases be within scope of the Benchmark Regulation as "benchmarks" where they are used to determine the amount payable under, or the value of, certain financial instruments (including Notes listed on an EU or UK regulated market or EU or UK multilateral trading facility ("**MTF**")), and in a number of other circumstances.

The Benchmark Regulation applies to the contribution of input data to a benchmark, the administration of a benchmark, and the use of a benchmark in the EU or the UK, as applicable. Amongst other things, the Benchmark Regulation requires EU or UK benchmark administrators to be authorised or registered as such and to comply with extensive requirements relating to benchmark administration. It also prohibits certain uses by EU or UK supervised entities of (i) benchmarks provided by EU or UK administrators which are not authorised or registered in accordance with the Benchmark Regulation and (ii) benchmarks provided by non-EU or non-UK administrators where (A) the administrator's regulatory regime has not been determined to be "equivalent" to that of the EU, (B) the administrator has not been recognised in accordance with the Benchmark Regulation, and (C) the benchmark has not been endorsed in accordance with the Benchmark Regulation.

ESMA maintains a public register of benchmark administrators and third country benchmarks pursuant to the Benchmarks Regulation (the "**ESMA Register**"). Benchmark administrators which were authorised, registered or recognised by the UK Financial Conduct Authority ("**FCA**") prior to 31 December 2020 were removed from the ESMA Register on 1 January 2021. From 1 January 2021 onwards, the FCA has maintained a separate public register of benchmark administrators and non-UK benchmarks pursuant to the UK Benchmark Regulation (the "**UK Register**"). The UK Register retains UK benchmark administrators which were authorised, registered or recognised by the FCA prior to 31 December 2020.

The Benchmark Regulation, if applicable, could have a material impact on Notes linked to a benchmark.

#### *Reform and replacement of Interbank Offered Rates*

On 5 March 2021, IBA, the authorised and regulated administrator of LIBOR, announced its intention to cease the publication of all 35 LIBOR settings on 31 December 2021, or for certain USD LIBOR settings, on 30 June 2023 (the "**IBA Announcement**"). The IBA notified the Financial Conduct Authority ("**FCA**") of its intention and on the same date, the FCA published an announcement on the future cessation and loss of representativeness of the 35 LIBOR settings (the "**FCA Announcement**"). The FCA Announcement states that all 35 LIBOR maturities and currencies will either cease to be published by any administrator or will no longer be representative as follows:

- (i) all 7 euro LIBOR ("**EUR LIBOR**") settings, all 7 Swiss franc LIBOR ("**CHF LIBOR**") settings, the Spot Next, 1-week, 2-month and 12-month Japanese yen LIBOR ("**JPY LIBOR**") settings, the overnight, 1-week, 2-month and 12-month GBP LIBOR settings, and the 1-week and 2-month USD LIBOR settings will cease to be published immediately after 31 December 2021;
- (ii) the overnight and 12-month USD LIBOR settings will cease to be published immediately after 30 June 2023;
- (iii) the 1-month, 3-month and 6-month JPY LIBOR settings and the 1-month, 3-month and 6-month GBP LIBOR settings will no longer be representative immediately after 31 December 2021; and

- (iv) the 1-month, 3-month and 6-month USD LIBOR settings will no longer be representative immediately after 30 June 2023.

The FCA has the power under UK legislation to designate a critical benchmark (or specified tenors/currencies of such benchmark) as an A.23A benchmark under the UK Benchmark Regulation in summary where it is not representative of the market or economic reality it is intended to measure or the representativeness of the benchmark is at risk and the representativeness of the benchmark cannot or should not be maintained or restored. In this case the FCA is permitted to require the methodology of an Article 23A benchmark to be amended and that the benchmark continues to be calculated on that amended basis.

As of 1 January 2022, the 1-month, 3-month and 6-month GBP and JPY settings ("**Synthetic LIBOR**") were designated by the FCA as A.23A benchmarks. As of that date, any new use (within the meaning given to such term in the UK Benchmark Regulation) of Synthetic LIBOR by any supervised entity in scope of the UK Benchmark Regulation is prohibited. Legacy use (within the meaning given to such term in the UK Benchmark Regulation) of Synthetic LIBOR by supervised entities in scope of the UK Benchmark Regulation is however generally permitted until further notice, except in cleared derivatives transactions.

Such Synthetic LIBOR is calculated on a forward-looking term basis plus a fixed spread but, there is no guarantee that over time any such rate will be similar to the original LIBOR rate. In addition, there is no guarantee as to how long any Synthetic LIBOR rate will be available. Synthetic JPY LIBOR is expected to cease at until the end of 2022. The FCA is expected to seek views via a public consultation in the near future on retiring 1 and 6 month synthetic GBP LIBOR at the end of 2022, and on when to retire 3 month synthetic GBP LIBOR. No decision has been made on the introduction of synthetic LIBOR for those USD LIBOR settings continuing until June 2023 but "new use" (within the meaning given to such term in the UK Benchmark Regulation) of these USD LIBOR settings by UK supervised entities in in-scope instruments has been prohibited from 1 January 2022, subject to limited exceptions.

#### *Differences in methodologies*

While Floating Rate Notes may be issued referring to SONIA for GBP, SOFR for USD, €STR for Euro or SARON for CHF or TONA for JPY, each of these Risk Free Rates is "backward-looking", meaning that interest payments are calculated shortly before the relevant Interest Payment Date. Therefore, investors will have significantly less notice of the amounts due to be paid for an Interest Period where the relevant interest rate is determined by reference to a Risk Free Rate and it may be difficult for investors in Notes that reference such rates to reliably estimate the amount of interest that will be payable on such Notes. Forward-looking Risk Free Rates are not generally available as of the date of Listing Supplement and this Supplement to Listing Supplement and there is no certainty that a forward-looking Risk Free Rate will be available in respect of any currency or any particular product in the future. Whilst IBORs are forward-looking term rates that embed bank credit risk, the Risk Free Rates identified as of the data of Listing Supplement and this Supplement to Listing Supplement are overnight rates and are intended to be nearly risk-free. However Risk Free Rates are comparatively new and less historical data is available than for IBORs. Notes linked to such rates may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. As such, investors should be aware that SONIA, SOFR, €STR, SARON and TONA may behave materially differently from IBORs as interest reference rates for Notes issued under the Programme and could provide a worse return over time than an IBOR. Moreover, any hypothetical or historical performance data and trends that may exist in respect of Risk Free Rates are not indicative of, and have no bearing on, the potential performance of Risk Free Rates and therefore Noteholders should not rely on any such data or trends as an indicator of future performance. Daily changes in Risk Free Rates have, on occasion, been more volatile than daily changes in comparable benchmark or market rates. As a result, the return on and value of securities linked to Risk Free Rates may fluctuate more than floating rate securities that are linked to less volatile rates. The future performance of any Risk Free Rate is impossible to predict, and therefore no future performance of any Risk Free Rate should be inferred from any hypothetical or historical data or trends.



(j) **Risks in connection with the development of Risk Free Rates**

Investors should also be aware that the market continues to develop in relation to the Risk Free Rates as reference rates in the capital markets. Market terms for securities linked to SONIA, SOFR, €STR, SARON, TONA and/or any other Risk Free Rate, such as the spread over the relevant rate reflected in interest rate provisions, may evolve over time, and trading prices of the Notes linked to SONIA, SOFR, €STR, SARON, TONA and/or any other Risk Free Rate may be lower than those of later-issued securities linked to the same rate as a result. The market or a significant part thereof (including the Issuer) may adopt an application of the Risk Free Rates that differs significantly from that set out in the terms and conditions for the Notes (including in relation to fallbacks in the event that such Risk Free Rates are discontinued or fundamentally altered).

(k) **Risks in connection with "Shift" and "Lag" methodologies**

Where the Rate of Interest for Floating Rate Notes is Compounded Daily SONIA, Compounded Daily SOFR, Compounded Daily €STR or Compounded Daily TONA, the Observation Method will be specified as "Shift" or "Lag" as applicable. "Shift" and "Lag" have emerged as conventions for daily compounding of rates in arrears. The conventions differ in the period that each method uses when weighting each business day's overnight rate for the relevant Risk Free Rate. The "Shift" approach weights the relevant Risk Free Rate according to the relevant number of days that apply in a separate observation period which 'shadows' the Interest Period e.g. the observation period might start and end five business days preceding the relevant start and end of the Interest Period. The "Lag" approach weights the relevant Risk Free Rate according to the number of days that apply in the relevant Interest Period. Investors should be aware that divergence between the "Shift" and "Lag" methodologies could lead to a difference in the interest being determined even where the relevant Risk Free Rate is the same for the Floating Rate Notes and may not be what the investors expected.

(l) **Risks in connection with adoption or application of Risk Free Rates**

In addition, the manner of adoption or application of the Risk Free Rates in the Eurobond markets may differ materially compared with the application and adoption of the Risk Free Rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes referencing SONIA, SOFR, €STR, SARON or TONA. Investors should consider these matters when making their investment decision with respect to any such Notes.

(m) **The Issuer has no control over the determination, calculation or publication of SONIA, SOFR, €STR, SARON or TONA**

The Issuer has no control over the determination, calculation or publication of SONIA, SOFR, €STR, SARON or TONA. There can be no guarantee that such rates will not be discontinued, suspended or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes linked to the relevant rate. In particular, the administrators of SONIA, SOFR, €STR, SARON or TONA may make methodological or other changes that could change the value of these Risk Free Rates, including changes related to the method by which such Risk Free Rates are calculated, eligibility criteria applicable to the transactions used to calculate such rates, or timing related to the publication of such rates. An administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such RFR. If the manner in which SONIA, SOFR, €STR, SARON or TONA is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

**6. Risks in connection with the purchase, holding and selling of Notes (Risk Category 6)**

In this Risk Category 6 the risks in connection with the purchase, holding and selling of Notes are set out.

**(a) Risks related to fluctuation in the market value of the Notes**

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. The creditworthiness of the Issuer is generally also expected to be reflected in the credit spread on debt securities issued by it, i.e. the margin payable by the Issuer to an investor as a premium for the assumed credit risk. Factors influencing the credit spread of the Issuer include, among other things, the creditworthiness and rating of the Issuer, probability of default of the Issuer, estimated recovery rate in liquidation and remaining term of the relevant Note. The liquidity situation, the general level of interest rates, overall economic, national and international political and financial regulatory developments, and the currency in which the relevant Note is denominated may also have a negative effect on the credit spread of the Issuer;
- (ii) the remaining time to maturity of the Notes;
- (iii) interest rates and yield rates in the relevant market(s);
- (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). 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.
- (vi) if the Notes are linked to a Share, the dividend rate on such Share or if the Notes are linked to an Index comprised of shares, the dividend rate on the components underlying such Index;
- (vii) if the Notes are linked to a Share or an ETF share, the occurrence of certain corporate events in relation to such Share or ETF share, as the case may be;
- (viii) if the Notes are linked to a commodity or a commodity index, supply and demand trends and market prices at any time for such Commodity or the futures contracts on such commodity (or, in respect of a commodity index, the commodity(ies) or the futures contracts on the commodity(ies) underlying such commodity index);
- (ix) national and international economic, financial, regulatory, political, military, judicial and other events that affect the value of the Underlying Asset(s) or the relevant market(s) generally; and
- (x) the exchange rate(s) between the currency in which the Notes are denominated and the currency in which the Underlying Asset(s) is denominated and the volatility of such exchange rate(s).

(b) **Risks in connection with the secondary market in general**

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 Noteholders can realise value from a Note 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 Note 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 Noteholders sells its Notes in the market may reflect a commission or a dealer discount, which would further reduce the proceeds such Noteholders would receive for its Notes. If a Noteholders sells its Notes prior to the Maturity Date, it may suffer a substantial loss.

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 Noteholders'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) **Risks Relating to use of Proceeds**

The Pricing Supplement relating to any issuance of specific Notes may provide that it will be the Issuer's intention to allocate or reallocate (or cause Credit Suisse Group AG or any of its affiliates to allocate or reallocate) the proceeds from such Notes to the financing and/or refinancing of certain businesses and projects in accordance with the framework agreements relating to green financing (as may be entered into and/or amended from time to time). The Issuer, Credit Suisse Group AG or any of its affiliates (as the case may be), based on its project evaluation and selection process, will exercise its judgment and sole discretion in determining the businesses and projects that will be financed by the proceeds of any such Notes. Such businesses and projects from time to time may not meet the Issuer's or Credit Suisse Group AG's or any of its affiliates' (as the case may be) sustainable development goals or relevant framework agreements relating to green financing, as the case may be. Pending the allocation or reallocation, as the case may be, of the net proceeds of such Notes, the Issuer, Credit Suisse Group AG or any of its affiliates, will invest the balance of the net proceeds, at its own discretion, in cash and/or cash equivalent investments.

Businesses or projects which are the subject of, or related to, the relevant framework agreements may not meet investor expectations or any binding or non-binding legal or other standards or taxonomy regarding environmental impact. Such standards might include any present or future applicable law or regulations or under an investor's own by-laws or other governing rules, policies or investment mandates, in particular with regard to any direct or indirect environmental impact. Potential investors of such Notes should have regard to the descriptions of the relevant projects and eligibility criteria (if any) in the applicable Pricing Supplement and determine for itself the relevance of such information and whether all relevant standards for the investor will be met. The purchase of such Notes should be based upon such investigation as investors deem necessary.

Furthermore, the Issuer has no contractual obligation to allocate (or cause allocation of) the proceeds of any such Notes to finance particular businesses and projects or (unless otherwise stated in the Pricing Supplement) to provide reports or obtain any opinion or certification of a third party on, for example, the updated amount of proceeds allocated to particular businesses or projects or the environmental impacts of such financings. Even if any reports are provided or any opinion or certification obtained, these may not satisfy an investor's own by-laws or other

governing rules, policies or investment mandates and such reports, opinions and/or certifications may be subject to amendment. Prospective investors must determine for themselves the relevance of any such report, opinion or certification and/or the provider of any report, opinion or certification for the purpose of any investment in such Notes. The providers of such report, opinions and certifications may not be subject to any specific regulatory or other regime or oversight.

Failure by the Issuer or any other relevant entity to so allocate (or cause allocation of) the net proceed or provide reports, or the failure of the external assurance provider (if any) to opine on the report's conformity with the Issuer's or Credit Suisse Group AG's or any of its affiliates' (as the case may be) sustainable development goals or the relevant framework agreement relating to green financing, as the case may be, will not trigger any special termination rights.

There is currently no clear definition (legal, regulatory or otherwise) of, or market consensus as to what constitutes, a "green" or an equivalently-labelled project or asset or as to what precise attributes are required for a particular project or asset to be defined as "green" or such other equivalent label. Prospective investors should note a clear definition or consensus may not develop over time or if market consensus is developed, that any prevailing market consensus may significantly change.

Any of the above factors (and any events that negatively affect the value of any other securities of the Issuer that are intended to finance "green" or equivalently-labelled projects or assets) could have a material adverse effect on the value of such Notes

**(d) Risks in connection with a listing of Notes**

Notes may be listed on an exchange or trading venue and Notes which are listed on an exchange or trading venue may also be delisted during their term. Because other dealers or market participants are not likely to make a secondary market for listed or non-listed Notes, the price at which a holder of Notes may be able to trade listed or non-listed Notes is likely to depend on the bid and offer prices, if any, at which the Issuer or the Calculation Agent is willing to trade such Notes. Therefore, investors may not be able to sell their Notes easily or at prices reasonably acceptable to them.

**(e) Risks of Notes with an Issue Price above the market value of the Notes on the issue date/ payment date**

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, Credit Suisse Bank (Europe), S.A. (either on its own or as an intermediary between the Dealer and any distributor specified as such in the relevant Pricing Supplement)("CSEB") 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.

**(f) Risks in connection with conflicts of interest between the Issuer and holders of Notes and the entities involved in the offer or listing of 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 and its affiliated entities. 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 obligation of agency or trust for any investors and has no fiduciary obligation 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, CSEB 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, CSEB 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 Noteholders.

Potential conflicts of interest may arise in connection with the Notes, as any distributors or other entities involved in the offer and/or the listing of the Notes as indicated in the applicable Pricing Supplement, will act pursuant to a mandate granted by the Issuer and can receive commissions and/or fees on the basis of the services performed in relation to such offer and/or listing.

**(g) 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 in Underlying Assets 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. Such hedging or market-making activities or proprietary or other trading activities by the Issuer and/or any of its affiliates, may affect the market price, liquidity, value of or return on the Notes and 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 date for the securities. The Issuer (or affiliate) may also enter into, adjust and unwind hedging transactions relating to other Notes 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.

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

The Issuer may decide 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 and such investor may have lost other opportunities to invest on a more favourable basis than is subsequently possible.

(i) **Exchange rate risks in connection with the Notes**

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. In case of an unfavourable development of those currencies the value of the Notes to the investor may therefore decrease.

(j) **Risk in connection with taxes or other charges that are levied in respect of the Notes**

The yields that investors in Notes issued under the Programme may receive may be subject to taxes or other charges. These taxes or other charges will have to be borne by the investors. The Issuer will not pay any additional amounts to the investors in respect of such taxes or charges, so that any taxes levied or other charges may reduce the yields of investors under the Notes. Investors should note that the applicable legal provisions regarding the application of taxes or other charges in respect of yields under the Notes may change to the disadvantage of investors.

(k) **Risk in connection with the withholding under Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "Code")**

Section 871(m) of the Code imposes a 30% withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. For purposes of withholding under the U.S. Foreign Account Tax Compliance Act, securities subject to the withholding rule described above are subject to a different grandfathering rule than other securities. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "Taxation – Withholding on Dividend Equivalents under Section 871(m)" and "Taxation - Reporting and Withholding under Foreign Account Tax Compliance Act (FATCA)".

(l) **Risk in connection with transaction costs/charges**

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the purchase or sale price of such Notes. These incidental costs may significantly reduce or eliminate any profit from holding such Notes.

In addition to such costs directly related to the purchase of securities (direct costs), potential investors in Notes must also take into account any follow-up costs (such as custody fees). These costs may also significantly reduce or eliminate any profit from holding such Notes.

In addition, certain levels of the Underlying Asset(s) used for the calculation of amounts payable in respect of the Notes may be adjusted for transaction costs and/or adjustment fees, which costs and fees will reduce the redemption amount to be received by the investor.

(m) **Inflation risk**

The real yield on an investment in Notes is reduced by inflation. Consequently, the higher the rate of inflation, the lower the real yield on a Note will be. If the inflation rate is equal to or higher than the yield under a Note, the real yield a holder of such Note will achieve will be zero or even negative.

## DOCUMENTS INCORPORATED BY REFERENCE

The Listing Supplement and this Supplement should be read and construed in conjunction with the following document which shall be deemed to be incorporated in, and form part of, the Listing Supplement and the Supplement and supplement the section entitled "*Documents Incorporated by Reference*" of the Listing Supplement:

- (a) The CSi Registration Document approved by the the Commission de Surveillance du Secteur Financier (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/no/en/investmentbanking/financial-regulatory/international.html>.
- (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).

Copies of this 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 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

The section in the Listing Supplement entitled "OVERVIEW OF THE POTENTIAL FOR DISCRETIONARY DETERMINATIONS BY CSI" shall be updated by the information below in its entirety.

<p><b>What are the types of events that could give rise to a discretionary determination by the Issuer?</b></p>	<p>Broadly, there are three types of events that could give rise to a discretionary determination by the Issuer:</p> <p>(b) if the Issuer's obligations under the Notes or its related hedging arrangements become or will become illegal;</p> <p>(c) external events which affect the Underlying Asset(s) (if any); and</p> <p>(d) (depending on the terms of the particular Notes) external events which affect the Issuer's hedging arrangements.</p>									
<p><b>What are the types of external events which affect the Underlying Asset(s)?</b></p>	<p>If the Notes are linked to one or more Underlying Assets, there are many different external events that may affect such Underlying Asset(s), and these will vary depending on the type of Underlying Asset(s), as summarised in the table below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #e0e0e0;"> <th style="text-align: left;">Type(s) of Underlying Asset</th> <th style="text-align: left;">External events which affect such Underlying Asset(s)</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"><i>Equity</i></td> <td> <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 or suspension of the relevant shares on an exchange or of futures or options contracts relating to the shares on a related exchange or the share issuer becomes insolvent.</p> </td> </tr> <tr> <td style="vertical-align: top;"><i>Equity, Index</i></td> <td> <p><b>Disrupted Day Event:</b> an event which disrupts the relevant share or index or index constituent trading.</p> </td> </tr> <tr> <td style="vertical-align: top;"><i>Equity Index, Commodity Index</i></td> <td> <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</p> </td> </tr> </tbody> </table>		Type(s) of Underlying Asset	External events which affect such Underlying Asset(s)	<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 or suspension of the relevant shares on an exchange or of futures or options contracts relating to the shares on a related exchange or the share issuer becomes insolvent.</p>	<i>Equity, Index</i>	<p><b>Disrupted Day Event:</b> an event which disrupts the relevant share or index or index constituent trading.</p>	<i>Equity Index, Commodity 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</p>
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<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 or suspension of the relevant shares on an exchange or of futures or options contracts relating to the shares on a related exchange or the share issuer becomes insolvent.</p>									
<i>Equity, Index</i>	<p><b>Disrupted Day Event:</b> an event which disrupts the relevant share or index or index constituent trading.</p>									
<i>Equity Index, Commodity 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</p>									

		<p>of the index or materially changes the formula for calculating the index, or if the index may not be used in certain ways by the Issuer if its administrator does not obtain authorisation or registration (subject to applicable transitional provisions).</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, as summarised in the table below:</p>		
<p><b>Type(s) of Underlying Asset / Type of Note</b></p>	<p><b>External events which affect the Issuer's hedging arrangements</b></p>		
<p><i>Equity, Equity Index, Commodity, Commodity Index</i></p>	<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 it will incur a materially increased cost in performing its obligations under the Notes or be subject to materially increased regulatory capital requirements in respect of the Notes or the hedging arrangements.</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>Foreign Ownership Event:</b> as a result of restrictions on ownership of shares by foreign persons in the</p>		

		<p>relevant jurisdiction, the Issuer and/or its affiliates are unable to conduct its hedging arrangements.</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>Loss of Stock Borrow:</b> the Issuer and/or its affiliates are not able to borrow shares for the purposes of its hedging arrangements.</p> <p><b>Increased Cost of Stock Borrow:</b> the Issuer and/or its affiliates will incur increased costs to borrow shares for the purposes of its 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>
	<i>Equity</i>	<p><b>Change of Exchange:</b> a relocation in the listing, trading and/or quotation from the exchange to another exchange or quotation system. This may affect Issuer or its affiliates' ability to deal in the shares or hedging arrangements for the Notes.</p>
	<i>Equity, Index</i>	<p><b>Tax Disruption:</b> the imposition of, change in or removal of a relevant tax or tax measure in relation to a share or component share or index component</p>

		if the effect of this is to raise or lower the share price.	
<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 if they become or will become unlawful or 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, (b) early redeem the Notes or (c) substitute the relevant Underlying Asset.</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 (a) holding the Underlying Asset(s) or the components constituting the Underlying Assets(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 but is not required to 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, 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 Securities, Share Basket Securities and Reverse Convertible Securities (in each case where "Share Substitution" is specified to be applicable in the relevant Pricing Supplement), following an Extraordinary Event or Additional Disruption Event, 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, replacement index or replacement reference rate, as the case may be (if applicable), the Issuer may early redeem the Notes by payment of the 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 "How is the Early Redemption Amount calculated?" below.</p>
<p><b>How is the Early Redemption Amount calculated?</b></p>	<p>The Early Redemption Amount may be:</p> <p>(a) "par" which is the outstanding principal amount of such Notes plus accrued and unpaid interest;</p> <p>(b) the specified minimum amount; or</p> <p>(c) a sum equal to the fair market value of the Notes immediately prior to such redemption (which may be greater than or equal to zero), such value to be calculated by the Calculation Agent or the Issuer 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 performance and/or volatility of the Underlying Asset(s) (if any) and any other relevant information.</p> <p>In each case, the Early Redemption Amount may, if so specified in the relevant Pricing Supplement, be adjusted to account for any associated losses, expenses or costs that are incurred (or would be incurred) by the</p>

	Issuer and/or its affiliates as a result of unwinding, establishing, re-establishing and/or adjusting any hedging arrangements in relation to the Notes.
<b>What is the effect of such event and/or action taken by the Issuer?</b>	<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>
<b>Will the Issuer notify me if such an event occurs and/or if it takes any of the above actions?</b>	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.
<b>Are there any other situations where the Issuer may make discretionary determinations?</b>	<p><i>Disruption events affecting the valuation of an Underlying Asset</i></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>
<b>How will the Issuer exercise its discretion?</b>	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.

## CREDIT SUISSE INTERNATIONAL

*The section in the Listing Supplement entitled "CREDIT SUISSE INTERNATIONAL" shall be updated by the information below in its entirety.*

Notes issued under the Program Information including its amendments will be issued by Credit Suisse International. The CSi Registration Document contains information relating to the business affairs and financial condition of CSi.

### **Credit Suisse International**

The Issuer, a bank domiciled in England established under English law, was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199. The Issuer 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.

The Issuer is an indirect wholly owned subsidiary of Credit Suisse Group AG. The Issuer'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. The Issuer's legal entity identifier (LEI) is E58DKGMJYYYYJLN8C3868.

The Issuer is authorised by the PRA and regulated by the FCA and the PRA.

The Issuer 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 the Issuer in the event of its liquidation. The joint, several and unlimited liability of the shareholders of the Issuer to meet any insufficiency in the assets of the Issuer will only apply upon liquidation of the Issuer. Therefore, prior to any liquidation of the Issuer, the creditors may only have the benefit of recourse to the assets of the Issuer and not to those of its shareholders.

The Issuer 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 the Issuer is to provide comprehensive treasury and risk management derivative product services. The Issuer 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 Credit Suisse International's principal markets and activities, see sub-sections "Business Model", on page 3, and "Strategy", on pages 4 to 5 of the 2021 CSi Annual Report.

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. CSi has direct access to funding sources of the Group. After making enquiries of the Group, the Directors of the Issuer have received a confirmation that the Group will ensure that the Issuer maintains a sound financial position and is able to meet its debt obligations for the foreseeable future. For further information on the Issuer's expected financing of its business activities, please see "Capital Resources" and "Liquidity" under the heading "Performance" on pages 9 to 10 of the 2021 CSi Annual Report, and the first paragraph under the heading "*Information incorporated by reference into this Registration Document*" on page 19 of the CSi Registration Document. For information on Credit Suisse AG's expected financing of its business activities, please see "III – Treasury, Risk, Balance sheet and Off-balance sheet – Liquidity and funding management" and "III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management" on

pages 112 to 121 of the 2021 CS Annual Report (pages 130 to 139 of the PDF file). In addition, for the Bank, please see "Note 25 – Long-term debt" in "VIII – Consolidated financial statements – Credit Suisse (Bank)" on page 486 (page 504 of the PDF file) and "Note 37 – Capital adequacy" in "VIII – Consolidated financial statements – Credit Suisse (Bank)" on pages 525 and 526 (pages 543 and 544 of the PDF file) of the 2021 CS Annual Report.

## **Ratings**

The credit ratings of the Issuer referred to in CSi Registration Document have been issued by S&P Global Ratings Europe Limited ("**S&P**"), Fitch Ratings Limited ("**Fitch**") and Moody's Investors Service Ltd. ("**Moody's**").

The Issuer has an issuer credit rating of "A-" from S&P, a long-term issuer default rating of "BBB+" from Fitch and an issuer credit rating of "A3" from Moody's.

*Explanation of ratings as of the date of the third supplemental of the CSi Registration Document:*

"A-" by S&P: An obligor rated "A" has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories. The addition of a plus or minus sign shows the relative standing within the rating category. (source: [www.standardandpoors.com](http://www.standardandpoors.com))

"BBB+" by Fitch: "BBB" ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity. The modifier "+" indicates relative differences of probability of default or recovery for issues. (source: [www.fitchratings.com](http://www.fitchratings.com))

"A3" by Moody's: Obligations rated "A" by Moody's are judged to be upper-medium grade and are subject to low credit risk. The modifier "3" indicates that the obligation ranks in the lower end of that generic rating category. (source: [www.moody.com](http://www.moody.com))

## **EU Regulation**

Each of S&P, Fitch and Moody's are, as of the date hereof, registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") and included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website (at [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)) in accordance with the CRA Regulation.

In general, and subject to certain exceptions (including the exceptions outlined below), European regulated investors are restricted from using a credit rating for regulatory purposes if such a credit rating is not issued by a credit rating agency established in the EU and registered under the CRA Regulation, unless (i) the rating is provided by a credit rating agency operating in the EU before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused, (ii) the European Union has adopted an equivalence decision in respect of the legal and supervisory framework for a non-EU credit rating agency and the non-EU credit rating agency has been certified by ESMA or (iii) the relevant credit ratings are endorsed by a credit rating agency which is located in an EU member state, in each case pursuant to applicable European rules.

From the end of the transition period, the United Kingdom Financial Conduct Authority will assume regulatory oversight of Fitch, which will cease to be registered under the CRA Regulation. As at the date of this document, whereas the UK government has recognised the CRA Regulation as equivalent to the UK's legal and supervisory framework, via the Credit Rating Agencies Regulation Equivalence Directions 2020 (such recognition being effective from the end of the transition period), it is not yet certain whether a



reciprocal equivalence determination by the EU in favour of the UK under the CRA Regulation will be made before the end of the transition period. It is currently expected that Fitch Ratings Ireland Limited or another affiliate of Fitch established in the EU and registered under the CRA Regulation will endorse ratings published by Fitch, which would satisfy the requirements of the CRA Regulation (as noted above), although such endorsement has yet to be formally given.

### **UK Regulation**

From the end of the transition period, Fitch will be registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK-CRA Regulation"). Each of S&P and Moody's will not, as of such date, be registered under the UK-CRA Regulation. Under the UK-CRA Regulation, for UK regulatory purposes UK regulated investors are required to use ratings issued by a credit rating agency established in the UK and registered under the UK-CRA Regulation; provided however, that in the case of ratings issued by a third country credit rating agency, they can be used if they are either (a) endorsed by a UK registered credit rating agency, or (b) issued by a third country credit rating agency that is certified in accordance with the UK-CRA Regulation (subject, in each case, to (i) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended and (ii) transitional provisions that apply in certain circumstances). For a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK of existing pre-2021 ratings by a third country credit rating agency, provided certain conditions are satisfied.

It is currently expected that affiliates of S&P and Moody's registered under the UK-CRA Regulation will endorse ratings published by S&P and Moody's, respectively, although such endorsement has yet to be formally given.

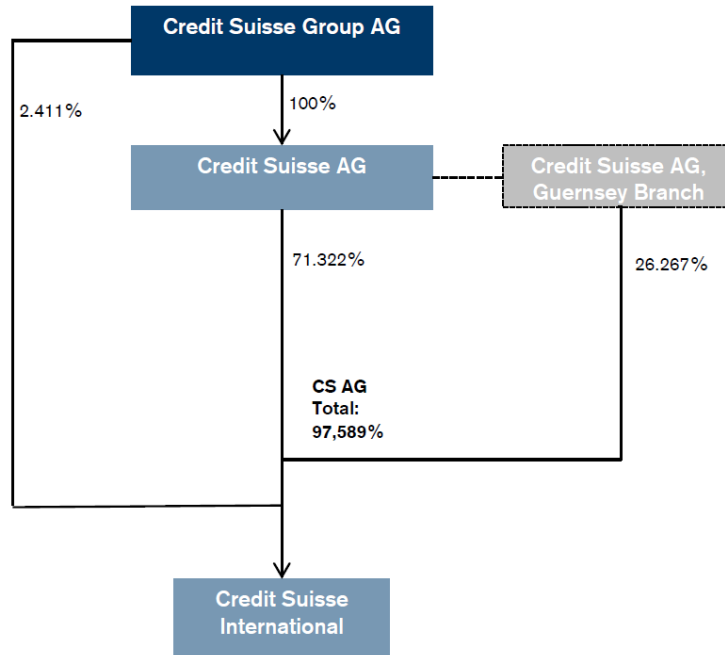
### **Organisational Structure**

The subsidiaries of the Issuer which are consolidated in the financial statements contained in the 2021 CSi Annual Report are listed under sub-section "Composition of the CSi Group" on pages 109 to 110 of the 2021 CSi Annual Report. The Issuer is an indirect wholly owned subsidiary of Credit Suisse Group AG. For information on the Issuer's relationship to Credit Suisse Group AG, see page 3 of the 2021 CSi Annual Report.

### **Major Shareholders**

The shareholders of the Issuer are:

- i. Credit Suisse Group AG, whose head office is at Paradeplatz 8, CH-8001 Zürich, Switzerland, which holds 2.41% of the voting share capital in Credit Suisse International and 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 (Zurich Stammhaus) which provides its clients with private banking, investment banking and asset management services worldwide and which directly and indirectly owns 71.32% of the voting share capital in Credit Suisse International; and
- 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 which directly and indirectly owns 26.26% of the voting share capital in Credit Suisse International.



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

### Change

Apart from the potential consequences of the matters disclosed in: (i) the section headed "I – Credit Suisse results—Credit Suisse—Other information—Liquidity issues in October 2022 and credit ratings downgrades" in the Credit Suisse Financial Report 3Q22, (ii) the section headed "I – Credit Suisse results—Credit Suisse—Other information—Outflows in assets under management in October 2022" in the Credit Suisse Financial Report 3Q22, (iii) the section headed "I – Credit Suisse results—Credit Suisse—Other information—Expected loss in 4Q22" in the Credit Suisse Financial Report 3Q22, and (iv) the section headed "Credit Suisse– Risk factor– We may not achieve some or all of the expected benefits of the strategic initiatives we have announced" in the Credit Suisse Earnings Release 3Q22, there has been no significant change in the financial performance of CSi and its consolidated subsidiaries since 30 September 2022.

Apart from the potential consequences of the matters disclosed in: (i) the section headed "I – Credit Suisse results—Credit Suisse—Other information—Liquidity issues in October 2022 and credit ratings downgrades" in the Credit Suisse Financial Report 3Q22, (ii) the section headed "I – Credit Suisse results—Credit Suisse—Other information—Outflows in assets under management in October 2022" in the Credit Suisse Financial Report 3Q22, (iii) the section headed "I – Credit Suisse results—Credit Suisse—Other information—Expected loss in 4Q22" in the Credit Suisse Financial Report 3Q22, and (iv) the section headed "Credit Suisse– Risk factor– We may not achieve some or all of the expected benefits of the strategic initiatives we have announced" in the Credit Suisse Earnings Release 3Q22, there has been no significant change in the financial position of CSi and its consolidated subsidiaries since 30 September 2022.

Apart from the potential consequences of the matters disclosed in: (i) the section headed "I – Credit Suisse results—Credit Suisse—Other information—Liquidity issues in October 2022 and credit ratings downgrades" in the Credit Suisse Financial Report 3Q22, (ii) the section headed "I – Credit Suisse results—Credit Suisse—Other information—Outflows in assets under management in October 2022" in the Credit Suisse Financial Report 3Q22, (iii) the section headed "I – Credit Suisse results—Credit Suisse—Other information—Expected loss in 4Q22" in the Credit Suisse Financial Report 3Q22, and (iv) the section headed "Credit Suisse– Risk factor– We may not achieve some or all of the expected benefits of the strategic initiatives we have announced" in the Credit Suisse Earnings Release 3Q22, there has been no significant change in the financial position of CSi and its consolidated subsidiaries since 30 September 2022.

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Please see pages 14 to 15 of the 2021 CSi Annual Report, and the "Risk Factors" section of CSi Registration Document (pages 3 to 18) that together disclose the principal risks to 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.

Edward Jenkins was appointed a Director of CSi with effective date 6 July 2022.

David Todd was appointed to the CSi Board of Directors with effective date 13 October 2022.

David Mathers resigned from the CSi Board of Directors with effective date 31 October 2022. Christopher Horne replaced him as Chief Executive Officer with effective date 1 November 2022.

Accordingly, the current members of the Board of Directors, their role within the Issuer and their principal activities outside the Issuer, if any, are as follows as of the date of the third supplement of the CSi Registration Document:

Board Member	External Activities
John Devine (Non- Executive Chair)	<ul style="list-style-type: none"> <li>○ Independent member and Chair of the Board of Directors, Chair of the Nomination Committee, Interim Chair of the Advisory Remuneration Committee, Member of the Risk Committee, and Member of the Conflicts Committee of the Issuer 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 and Member of Nominations 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>

<p>Christopher Horne ( Chief Executive Office )</p>	<ul style="list-style-type: none"> <li>○ Managing Director in Credit Suisse and Chair of the Disclosure Committee of the Issuer.</li> <li>○ Mr. Horne is also Deputy CEO of the Issuer and Credit Suisse Securities (Europe) Ltd.</li> <li>○ Member of the Board of Directors of the Issuer, Credit Suisse Securities (Europe) Limited, Credit Suisse Investment Holdings (UK) and Credit Suisse Investments (UK), Branch Manager and Chair of the Management Committee of Credit Suisse AG, London Branch.</li> </ul>
<p>Doris Honold (Independent Non-Executive)</p>	<ul style="list-style-type: none"> <li>○ Independent member of the Board of Directors, Chair of the Risk Committee, Member of the Audit Committee, Nomination Committee and Conflicts Committee of the Issuer and Credit Suisse Securities (Europe) Limited.</li> <li>○ Non-Executive Director of Move Digital AG (Credit Suisse AG affiliate).</li> <li>○ Ms. Honold is also: <ul style="list-style-type: none"> <li>▪ Non-Executive Director and Chair of Audit and Risk Committee of AION NV/SA;</li> <li>▪ Member of the Advisory Board of Viridios Capital (Bahamas) Ltd;</li> <li>▪ Non-Executive Director of ZOPA Limited; and</li> <li>▪ Trustee of the Climate Bonds Initiative.</li> </ul> </li> </ul>
<p>Caroline Waddington (Chief Financial Officer)</p>	<ul style="list-style-type: none"> <li>○ Managing Director in the CFO division of the Issuer.</li> <li>○ Ms. Waddington is also CFO for Credit Suisse EMEA entities, including the Issuer, and Chair of the UK Pension Committee.</li> <li>○ Member of the Board of Directors of the Issuer, Credit Suisse Securities (Europe) Limited, Credit Suisse Investment Holdings (UK) and Credit Suisse Investments (UK) and Member of the Management Committee of Credit Suisse AG, London Branch.</li> <li>○ Ms. Waddington is a member of the Board of Directors of: <ul style="list-style-type: none"> <li>▪ NameCo (No.357) Limited; and</li> <li>▪ Brook House (Clapham Common) Management Company Limited.</li> </ul> </li> </ul>
<p>Richard Meddings (Non-Executive Deputy Chair)</p>	<ul style="list-style-type: none"> <li>○ Independent member and Deputy Chair of the Board of Directors of the Issuer and Credit Suisse Securities (Europe) Limited.</li> <li>○ Non-Executive Director, Chair of the Risk Committee, Member of the Audit Committee and Member of the Governance and Nominations Committee of Credit Suisse Group AG and Credit Suisse AG.</li> <li>○ Mr. Meddings is also Chair of NHS England.</li> </ul>
<p>Debra Jane Davies (Independent Non-Executive)</p>	<ul style="list-style-type: none"> <li>▪</li> <li>○ Independent member of the Board of Directors, Member of the Audit Committee, Nomination Committee, Conflicts Committee and the Advisory Remuneration Committee of the Issuer and Credit Suisse Securities (Europe) Limited.</li> </ul>

	<ul style="list-style-type: none"> <li>○ Ms. Davies is also:</li> <li>○ Non-Executive Director and Member of the Risk Committee, Audit Committee and Remuneration Committee of AXA UK plc; Non-Executive Director of AXA Insurance UK plc and AXA PPP Healthcare Limited.</li> </ul>
Edward Jenkins (Chief Risk Officer)	<ul style="list-style-type: none"> <li>○ Chief Risk Officer for Credit Suisse EMEA entities, including the Issuer. <ul style="list-style-type: none"> <li>▪ Member of the Board of Directors of Credit Suisse Securities (Europe) Limited and Member of the Management Committee of Credit Suisse AG, London Branch.</li> </ul> </li> </ul>
David Todd (Non-Executive)	<ul style="list-style-type: none"> <li>○ Itaú BBA International plc, Non-Executive Director, &amp; Chair of Audit Committee</li> <li>○ ActionAid UK, Treasurer, Non-Executive Director &amp; Chair of Audit, Risk &amp; Finance Committee.</li> <li>○ Tearfund, Treasurer, Non-Executive Director &amp; Chair of Audit Risk &amp; Finance Committee</li> </ul>

#### **Directors' Conflicts of Interest**

There are no potential conflicts of interest of the members of the Board of Directors between their duties to the Issuer and their private interests and/or other duties. Potential conflicts of interest of members of the Board of Directors due to roles held within 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 the third supplement of CSi Registration Document, there have been no governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the financial position or profitability of CSi, and the Issuer is not aware of any such proceedings being either pending or threatened, except as disclosed in (i) the 2021 CSi Annual Report under the heading "Contingent Liabilities, Guarantees and Commitments" (Note 41 to the consolidated financial statements of CSi) on pages 106 to 108, (ii) the section of the 2022 CSi H1 Interim Report headed "Contingent Liabilities and Commitments" (Note 11 to the condensed consolidated interim financial statements of CSi) on pages 29 to 31 (PDF pages 31 to 33), (iii) the 2021 CS Annual Report under the heading "Litigation" (Note 40 to the Consolidated financial statements of CSG) on pages 413 to 424 (PDF pages 421 to 433), (iv) the Form 6-K Dated 5 May 2022 under the heading "Litigation" (Note 33 to the condensed consolidated financial statements of CSG) on pages 137 to 138 (PDF pages 145 to 147), (v) the Credit Suisse Financial Report 2Q22 attached as an exhibit to the Form 6-K Dated 29 July 2022 under the heading "Litigation" (note 33 to the condensed consolidated financial statements of CSG) on pages 141 to 143 (PDF pages 155 to 157) and (vi) the Credit Suisse Financial Report 3Q22 attached as an exhibit to the Form 6-K Dated 2 November 2022 under the heading "Litigation" (note 33 to the condensed consolidated financial statements of CSG) on pages 145 to 147 (PDF pages 152 to 154).

Provision for litigation is disclosed in (i) Note 28 to the consolidated financial statements on pages 84 and 85 of the 2021 CSi Annual Report and (ii) Note 11 to the condensed consolidated interim financial statements of CSi on pages 29 to 31 (PDF pages 31 to 33) of the 2022 CSi H1 Interim Report.

## Statutory Auditors

The Issuer's auditor is PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH. PricewaterhouseCoopers LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

At the Annual General Meeting of the Group on 30 April 2020, shareholders voted to accept the Board's proposal to have the independent registered public accounting firm PricewaterhouseCoopers AG ("**PWC**") Birchstrasse 160, CH-8050 Zurich, Switzerland to succeed KPMG AG ("**KPMG**"), Raffelstrasse 28, CH-8045 Zurich, Switzerland, as the Group's new external auditor. KPMG is registered with the Swiss Expert Association for Audit, Tax and Fiduciary. The shareholders of CSG and CS re-elected PwC AG as CSG's and CS's statutory auditor for the fiscal year ending 31 December 2021 at their annual general meetings on 30 April 2021. The Board and shareholders of the Issuer have appointed PwC as the new statutory auditor for the Issuer, effective for the fiscal years ending 31 December 2020 and 31 December 2021.

For further information, refer to "Directors' Report—Auditor" in the 2021 CSi Annual Report and "IV—Corporate Governance—Additional information—External Audit" in the 2021 CS Annual Report.

## Financial Information

Financial information relating to the Issuer is contained in its Annual Reports for the years ended 31 December 2020 and 31 December 2021 (the "**CSi Annual Reports**") which are incorporated by reference in the CSi Registration Document. Financial information in the CSi Annual Reports has been audited. The Issuer's Annual Reports are available to the public on the Group website at <https://www.credit-suisse.com/ch/en/investment-banking/financial-regulatory/international.html>.

## Key Information on the Issuer

Who is the Issuer of the Notes?
<b>Domicile and legal form, law under which the Issuer operates and country of incorporation</b>  CSi is incorporated under English law as an unlimited liability company domiciled in England and Wales and which operates under English law. Its Legal Entity Identifier (LEI) is E58DKGMJYYYYJLN8C3868.
<b>Issuer's principal activities</b>  The principal activities of CSi are banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit.
<b>Major shareholders, including whether it is directly or indirectly owned or controlled and by whom</b>  CSi is an indirect wholly owned subsidiary of Credit Suisse Group AG.
<b>Key managing directors</b>  Board of Directors: <ul style="list-style-type: none"><li>• John Devine, Non-Executive Chair</li><li>• Christopher Horne</li><li>• David Todd</li><li>• Caroline Waddington</li><li>• Richard Meddings</li><li>• Debra Jane Davies</li></ul>

- Doris Honold

- Edward Jenkins

### Statutory auditors

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH.

### What is the key financial information regarding the Issuer?

CSi derived the key financial information included in the tables below as of and for the years ended 31 December 2020 and 31 December 2021 from the 2021 CSi Annual Report. The key information included in the table below as of and for the six months ended 30 June 2022 and 30 June 2021 was derived from the 2022 CSi H1 Interim Report.

<b>CSi consolidated statement of income</b>				
<b>(USD million)</b>	<b>Year ended 31 December 2021 (audited)</b>	<b>Year ended 31 December 2020 (audited)</b>	<b>Interim 6 months ended 30 June 2022 (unaudited)</b>	<b>Interim 6 months ended 30 June 2021 (unaudited)</b>
Net interest (expense) / income	(63)	10	(42)	(39)
Commission and fee income	428	363	194	183
Allowance for credit losses	(4,530)	(17)	164	(4,736)
Net gains / (losses) from financial assets/liabilities at fair value through profit or loss	1,761	1,715	1,146	695
Net revenues	(2,151)	2,312	1,547	(3,744)
Net profit / (loss) attributable to Credit Suisse International shareholders	(5,343)	211	119	(5,094)

<b>CSi consolidated statement of financial position</b>			
<b>(USD million)</b>	<b>As of 30 June 2022 (unaudited)</b>	<b>Year ended 31 December 2021 (audited)</b>	<b>Year ended 31 December 2020 (audited)</b>
Total assets	224,313	244,515	290,246
Borrowings	8,632	1,470	2,436
Debt in issuance	26,666	40,224	31,597
Loans and Advances	3,001	2,968	3,151
Due to Banks	542	218	433
Total shareholders' equity	17,714	17,629	23,007

## What are the key risks that are specific to the Issuer?

The Issuer is subject to the following key risks:

1. Liquidity risk arising from potential inability to borrow or access the capital markets on suitably favourable terms or to sell its assets. This may also arise from increased liquidity costs.
2. Risks arising from the suspension and ongoing liquidation of certain supply chain finance funds and the failure of a US-based hedge fund to meet its margin commitments (and the Issuer's exit from its positions relating thereto), in respect of which a number of regulatory and other inquiries, investigations and actions have been initiated or are being considered. In addition, the Issuer may suffer significant losses from its credit exposures, which exist across a wide range of transactions and counterparties and may be exacerbated by adverse market conditions (including the impact of COVID-19), increased volatility in certain markets or instruments or disruption in the liquidity or transparency of financial markets. In addition, disruptions in the liquidity or transparency of the financial markets may result in the Issuer's inability to sell, syndicate or realise the value of its positions, thereby leading to increased concentrations. Any inability to reduce these positions may not only increase the market and credit risks associated with such positions, but also increase the level of risk-weighted assets on the Issuer's balance sheet, thereby increasing its capital requirements, all of which could adversely affect its businesses. Default or concerns of default by one or more large financial institutions could negatively impact the Issuer's business and the financial market generally, and the Issuer's credit risk exposure will increase if the collateral it holds cannot be realised at prices sufficient to cover the full amount of the exposure.
3. Market fluctuations, volatility relating to the Issuer's trading and investment activities (against which its hedging strategies may not prove effective), uncertainties regarding the possible discontinuation of benchmark rates and adverse economic conditions may impact the Issuer's financial condition and results of operations. The spread of COVID-19 and resulting tight government controls and containment measures implemented around the world have caused severe disruption to global supply chains, labour markets and economic activity, which have contributed to rising inflationary pressure and a spike in market volatility. The spread of COVID-19 is currently having an adverse impact on the global economy, the severity and duration of which is difficult to predict. The COVID-19 pandemic has significantly impacted, and may continue to adversely affect, Credit Suisse Group AG's credit loss estimates, mark-to-market losses, trading revenues and net interest income, as well as Credit Suisse Group AG's ability to successfully realise its strategic objectives and goals. To the extent the COVID-19 pandemic continues to adversely affect the global economy, and/or adversely affects the Issuer's business, operations or financial performance, it may also have the effect of increasing the likelihood and/or magnitude of other risks described herein, or may pose other risks which are not presently known to the Issuer or not currently expected to be significant to its business, operations or financial performance. The Issuer is closely monitoring the potential adverse effects and impact on its operations, businesses and financial performance, including liquidity and capital usage, though the extent of the impact is difficult to predict at this time due to the continuing evolution of this uncertain situation. The Issuer's financial position and cash flows are exposed to foreign currency exchange fluctuations, and this and other market risks could exacerbate other risks to which the Issuer is exposed.
4. The Issuer is exposed to risks from adverse market conditions and unfavourable economic, monetary, political, legal, regulatory and other developments in the



countries in which it operates (as well as countries in which the Issuer does not currently conduct business), including the escalating conflict between Russia and Ukraine, as a result of which the United States, European Union, United Kingdom and other countries have imposed, and may further impose, financial and economic sanctions and export controls targeting certain Russian entities and/or individuals (such that the Issuer may face restrictions (including any Russian countermeasures) on engaging with certain consumer and/or institutional businesses), and which could lead to regional and/or global instability, as well as adversely affect commodity and other financial markets or economic conditions. An element of the strategy of Credit Suisse Group AG and its consolidated subsidiaries is to increase its wealth management businesses in emerging market countries. The Issuer's implementation of this strategy will increase its exposure to economic instability in those countries, which could result in significant losses.

5. The Issuer's existing risk management procedures and policies may not always be effective, particularly in highly volatile markets, and may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that the Issuer fails to identify, anticipate or mitigate, in whole or in part, which may result in unexpected, material losses. Moreover, the Issuer's actual results may differ materially from its estimates and valuations, which are based on judgement and available information and rely on predictive models and processes. The same is true of the Issuer's accounting treatment of off-balance sheet entities, including special purpose entities, which requires it to exercise significant management judgement in applying accounting standards; these standards (and their interpretation) have changed and may continue to change. In addition, the Issuer's business may be disrupted by technology-related failures such as service outages or information security incidents, and the Issuer could be compromised by cyber incidents. Cybersecurity risks have also significantly increased in recent years in part due to the growing number and increasingly sophisticated activities of malicious cyber actors. In addition, the Issuer may be subject to increasing risks arising from increased litigation and other liability from the growing volume of nascent climate and sustainability-related regulation.
6. The Issuer's exposure to legal risks is significant and difficult to predict and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms continues to increase in many of the principal markets in which the Issuer operates. The Issuer's business is highly regulated, and existing, new or changed laws, rules and regulations may continue to increase costs (including costs related to compliance, systems and operations) and may continue to negatively affect the Issuer's ability to conduct certain types of business which could adversely affect the Issuer's profitability and competitive position. If the Issuer fails to manage these risks effectively, this could lead to a decrease in the value of its securities. Regulations applicable to the Issuer (as well as regulations and changes in enforcement practices applicable to its clients) may adversely affect its business and ability to execute its strategic plans. In addition, the applicable resolution and bail-in legislation (including the Banking Act 2009) may affect the Issuer's security holders, who would have very limited rights to challenge the exercise of the bail-in tool, any resolution power or any pre-resolution measure.
7. The Issuer is exposed to the risk that improper behaviour or judgement, misconduct, or non-compliance with policies or regulations by the Issuer's employees results in negative financial, non-financial or reputational impacts on its clients, employees, the Issuer and the financial markets. In addition, the Issuer's position in the highly competitive financial services industry could be harmed by damage to its reputation arising from the factors mentioned above or failures of the Issuer's procedures and controls.



## TAXATION

*The overview section and the sections in the Listing Supplement entitled "UNITED STATES" and "UNITED KINGDOM" under "TAXATION" shall be updated by the information below.*

**Warning:** The tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation and in the country of the Issuer's branch that issues the securities, may have an impact on the income that an investor receives from the securities.

It is recommended that potential investors in securities obtain advice from their own tax advisors regarding the tax implications of purchasing, holding and selling of securities.

The following is an overview of certain tax issues arising in respect of the Notes, including withholding tax in respect of payments.

It does not relate to any other tax consequences or to withholdings in respect of payments by other persons (such as custodians, depositaries or other intermediaries) unless otherwise specified..

### UNITED STATES

The following is an overview 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. This overview does not address, for example, the U.S. federal income tax consequences of holding or owning an underlying asset in connection with a physical settlement of Notes. For purposes of this section, a "Non-U.S. holder" is a beneficial owner of the Notes that is: (i) a non-resident alien individual for U.S. federal income tax purposes; (ii) a foreign corporation for U.S. federal income tax purposes; or (iii) an estate or trust whose income is not subject to U.S. federal income tax on a net income basis. 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. Investors that are not non-U.S. holders or investors that are partnerships, should consult their tax advisers with regard to the U.S. federal income tax considerations 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. Prospective investors should consult their own tax advisers 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 ADVISERS AS TO THE U.S. FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES.

### **Withholding on Dividend Equivalents under Section 871(m)**

Section 871(m) of 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 per cent.

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 notional principal contract" (a "**specified NPC**{ XE "specified NPC" }"), (iii) a dividend from an underlying security pursuant to a specified equity-linked instrument (a "**specified ELI**{ XE "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 ("**NPC**{ XE "NPC" }") as defined in Treasury regulation section 1.446-3(c). An equity-linked instrument ("**ELI**{ XE "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.

Final regulations and administrative guidance provide that with respect to any transaction issued on or after 1 January 2017 and before 1 January 2023, any NPC or ELI that has a delta of one with respect to an underlying security is a specified NPC or specified ELI, respectively. With respect to any transaction issued on or after 1 January 2023, (a) a "simple" NPC or "simple" ELI that has a delta of 0.8 or greater with respect to an underlying security 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 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 securities for purposes of the effective dates provided in the regulations. For example, it is possible that the U.S. Internal Revenue Service ("**IRS**{ XE "IRS" }") could assert that a reconstitution or rebalancing of an underlying basket or index 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 Code 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 Note. If a Note 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 Securities 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 non-U.S. 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 Note 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 a Note is a transaction 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 a Note is subject to withholding under section 871(m), notwithstanding the Issuer's determination to the contrary. These regulations are extremely complex. 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.

#### **Reporting and Withholding under Foreign Account Tax Compliance Act (FATCA)**

Under certain tax information reporting and withholding provisions generally referred to as "FATCA", a 30 per cent. withholding tax is imposed on "withholdable payments" and certain "passthru payments" made to (i) a "foreign financial institution" unless the financial institution complies with, among other things, certain information reporting and withholding obligations with respect to its accounts in accordance with applicable rules implementing FATCA in the financial institution's jurisdiction or in accordance with an agreement entered into between the financial institution and the IRS, and (ii) any other Holder or beneficial owner that does not comply with the Issuer's or an intermediary financial institution's request for ownership certifications and identifying information.

"FATCA" means sections 1471 through 1474 of the Code, any final current or future regulations or official interpretations thereof, any agreement entered into pursuant to section 1471(b) of the Code, or any U.S. or non-U.S. fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such account sections of the Code. The term "withholdable payments" generally includes payments of fixed or determinable annual or periodical gains, profits, and income ("**FDAP**"), in each case, from sources within the United States (including payments on Notes treated as "dividend equivalents" under section 871(m) of the Code). "Passthru payments" means any withholdable payment and any "foreign passthru payment" which is currently not defined. 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.

We and other intermediary foreign financial institutions may be required to report information to the IRS regarding the holders of the Notes and, in the case of holders or beneficial owners who (i) fail to provide the relevant information, (ii) are foreign financial institutions who are not in compliance with applicable information reporting requirements, or (iii) hold the Notes directly or indirectly through such non-compliant foreign financial institutions, we or another withholding agent may be required to withhold tax at a rate of 30 per cent on payments under the Notes. We will not be required to pay any additional amounts with respect to amounts withheld in connection with FATCA.

Subject to the exceptions described below, FATCA's withholding regime applies currently to withholdable payments and with respect to foreign passthru payments, will apply no earlier than the date that is two years after the date on which final U.S. Treasury regulations defining "foreign passthru payments" are published.

The discussion above reflects recently proposed U.S. Treasury regulations, The U.S. Treasury have indicated that taxpayers may rely on the proposed regulations until final regulations are issued, and the discussion above assumes that the proposed regulations will be finalised in their current form.

No assurance can be given that payments on the Notes will not be subject to withholding under FATCA. Each potential investor in Notes should consult its own tax advisor to determine how FATCA may affect an investment in the Notes in such investor's particular circumstance.

#### **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 realised 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.

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.

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 per cent. 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 Note. 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.

## UNITED KINGDOM

**The following is a summary of the Issuer's understanding of current United Kingdom tax law (as applied in England and Wales) and published HM Revenue and Customs' ("HMRC{ XE "HMRC" }") practice relating only to the United Kingdom withholding tax treatment of payments in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding, exercising, disposing or the settlement or redemption of Notes. The United Kingdom tax treatment of prospective holders of Notes depends on their individual circumstances and may be subject to change in the future. Holders of Notes who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.**

United Kingdom withholding taxes can apply to a number of different types of payments. Those which could be relevant to Notes such as the Notes include: interest, annual payments and manufactured payments. As a general matter, the Issuer may make payments under the Notes without any deduction of or withholding on account of United Kingdom income tax if the payments do not have a United Kingdom source and they are not made by the Issuer in the course of a trade carried on in the United Kingdom through a branch or agency.

### *Payments of interest on the Notes*

Whether or not payments or any part of any payment on a Note will constitute "interest" will depend upon, amongst other things, the terms and conditions of the Notes and the basis upon which amounts payable on the Notes are calculated.

Payments of interest on the Notes that do not have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax. If interest paid on the Notes does have a United Kingdom source, then payments may be made without deduction or withholding on account of United Kingdom income tax in any of the following circumstances.

The Issuer will be entitled to make payments of interest on the Notes without deduction of or withholding on account of United Kingdom income tax if:

- (a) the Issuer is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 ("**ITA 2007**{ XE "ITA 2007" }"); and
- (b) the interest on the Notes is and continues to be paid in the ordinary course of the Issuer's business within the meaning of section 878 ITA 2007.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax if the Notes carry a right to interest and the Notes are and continue to be: (i) listed on a "recognised stock exchange" within the meaning of section 1005 ITA 2007 or (ii) admitted to trading on a "multilateral trading facility" operated by a "recognised stock exchange" that is regulated in the United Kingdom or in the EEA within the meaning of section 987 of the ITA 2007. If these conditions are met, interest on the Notes will be payable without deduction of or withholding on account of United Kingdom tax whether or not the Issuer is a bank and whether or not the interest is paid in the ordinary course of its business.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a holder of Notes, HMRC can issue a notice to the Issuer to pay interest to the holder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

#### *Annual Payments*

If a periodic payment on a Note were not "interest", and not repayment of principal, then such payment could constitute an "annual payment". Whether or not any periodic payment were to constitute an "annual payment" for these purposes will depend upon, amongst other things, the terms and conditions of the Notes and the basis upon which it is calculated. However, if in relation to a Note the Issuer is only required to make a single payment to its holders following redemption or exercise, and there are no amounts due by way of interest or other periodic payment on that Note, payments should not generally constitute "annual payments".

Payments on a Note which constitute "annual payments" that do not have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax.

An amount must generally be withheld from "annual payments" on Notes that have a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a holder of Notes, HMRC can issue a notice to the Issuer to make payments on the Notes to the holder without deduction of tax (or for the relevant amounts to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

#### *Manufactured Payments*

Payments on the Notes should not constitute "manufactured payments" subject to any deduction of or withholding on account of United Kingdom income tax unless:

- (i) the Notes will or may settle by way of physical delivery;
- (ii) the assets which will or may be delivered are shares issued by a "company UK REIT" or the "principal company" of a "group UK REIT" (all bearing the same meaning as in section 918 ITA 2007) or securities (other than shares) issued by the United Kingdom government, a local or other public authority in the United Kingdom or any other United Kingdom resident body; and
- (iii) the payments are representative of dividends on those shares, or interest paid on those securities (as the case may be).

Payments on a Note which do constitute "manufactured payments" may in any event be made without deduction of or withholding on account of United Kingdom income tax unless the Issuer makes those payments in the course of a trade carried on in the United Kingdom through a branch or agency.

If such a "manufactured payment" were paid by the Issuer in the course of a trade carried on in the United Kingdom through a branch or agency then the Issuer may (subject to reliefs and exemptions) be required to make a deduction of or withholding on account of United Kingdom income tax from such payment at the basic rate. However, where an applicable double tax treaty provides for a lower rate of withholding tax



(or for no tax to be withheld) in relation to a holder of Notes, HMRC may be able to issue a notice to the Issuer to make the “manufactured payment” to the holder without deduction of tax (or for relevant amount to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

## Sale and Subscription

*The below replaces the "United States" paragraph of the "Sale and Subscription" section in the Annex (Programme Memorandum) of the Listing Supplement.*

### UNITED STATES

The following United States selling and transfer restrictions apply unless as provided otherwise in the relevant Pricing Supplement:

The Notes and, in certain cases, the securities (if any) to be delivered when Notes are redeemed, have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**{ XE "Securities Act" }"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and trading in Notes has not been approved by the U.S. Commodity Futures Trading Commission (the "**CFTC**{ XE "CFTC" }") under the U.S. Commodity Exchange Act of 1936, as amended (the "**CEA**{ XE "CEA" }"), or by the U.S. Securities Exchange Commission (the "**SEC**{ XE "SEC" }"). No Notes, or interests therein, may at any time be offered, sold, resold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. person (as defined herein) or to others for offer, sale, resale, or delivery, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. person (as defined herein). Terms used in this paragraph and not otherwise defined herein have the meaning given to them by Regulation S under the Securities Act.

An offer or sale of Notes, or interests therein, directly or indirectly, within the United States, or for the account or benefit of, U.S. persons (as defined herein) may violate the registration requirements of the Securities Act and/or the securities laws of U.S. states or territories. In addition, in the absence of relief from the CFTC, offers, sales, resales, trades or deliveries of Notes, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading.

An offer, transfer or sale of Notes, or interests therein, directly or indirectly, within the United States, or for the account or benefit of, U.S. persons (as defined herein) which violates the registration requirements of the Securities Act and/or the securities laws of U.S. states or territories or United States law governing commodities trading will not be recognised. Further, prior to a redemption of Notes by way of physical delivery, the holder may be required to represent that (i) it is not a U.S. person, (ii) the Notes are not redeemed on behalf of a U.S. person, and (iii) no assets will be delivered within the U.S. or to or for the account or benefit of a U.S. person.

**Neither this Document nor any copy hereof may be distributed in the United States or to any U.S. person (as defined herein) or in any other jurisdiction except under circumstances that will result in compliance with the applicable laws thereof. This Document may not be reproduced either in whole or in part, without the written permission of the Issuer.**

**As used herein, "U.S. person{ XE "U.S. person" }" means a person that is one or more of the following: (a) a U.S. person as defined in Rule 902(k)(1) of Regulation S of the Securities Act or (b) a person who comes within any definition of U.S. person for the purposes of the Commodity Exchange Act of 1936, as amended, or any rule, guidance or order proposed or issued by the CFTC thereunder (including but not limited to any person who is not a "Non-United States person{ XE "Non-United States person" }" under CFTC Rule 4.7(a)(1)(iv) (excluding for purposes of CFTC Rule 4.7(a)(1)(iv)(D) the exception for qualified eligible persons who are not "Non-United States persons{ XE "Non-United States persons" }"))).**

### Additional U.S. Tax Selling Restrictions

Where the relevant Pricing Supplement specifies that "Additional U.S. Tax Selling Restrictions" are applicable, the Notes may not be offered or sold or otherwise transferred, nor may transactions in the Notes be executed, at any time, to, or for the account or benefit of, either (i) a "United States person" as defined in section 7701(a)(30) of the U.S. Internal Revenue Code (the "**Code**{ XE "Code" }") or (ii) persons that are not United States persons as defined in section 7701(a)(30) of the Code ("**Non-U.S. Persons**{ XE "Non-U.S. Persons" }") and that are engaged in the conduct of a U.S. trade or business for U.S. federal income tax purposes (such Non-U.S. Persons, together

with United States persons, "**Prohibited Persons**{ XE "Prohibited Persons" }"). The Dealer and each distributor in relation to the Notes may not offer, sell, trade, deliver or effect transactions in the Notes to, or for the account or benefit of, Prohibited Persons at any time. Additionally, in the case of Notes that are warrants, upon exercise of any warrant, written certification must be given that that each person who is exercising a warrant is not a Prohibited Person and the warrant is not being exercised on behalf of a Prohibited Person.

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

Any Notes which are the subject of the offering contemplated by the Programme Memorandum as completed by the Pricing Supplement in relation thereto must not be offered sold or otherwise made available to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**retail investor**{ XE "retail investor" }" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**{ XE "MiFID II" }"); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

## **UNITED KINGDOM**

### **Prohibition of Sales to UK Retail Investors**

In relation to the United Kingdom, no offer of Notes has been or will be made which is the subject of the offering contemplated by the Securities Document as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that an offer of such Notes may be made to the public in the United Kingdom:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom; or
- (c) at any time in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000 (the "**FSMA**{ XE "FSMA" }"),

provided that no such offer of Notes referred to in (a) to (c) above shall require the publication of a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Securities to the public**{ XE "an offer of Securities to the public" }" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and the expression "**UK Prospectus Regulation**{ XE "UK Prospectus Regulation" }" means Regulation (EU)

2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA{ XE "EUWA" }").

Any Notes which are the subject of the offering contemplated by the Notes Document as completed by the Pricing Supplement in relation thereto must not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "**retail investor**{ XE "retail investor" }" means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an "**offer**{ XE "offer" }" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

#### *Other Regulatory Restrictions*

In relation to Notes: (a) any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of Notes may only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not or, where applicable, would not if it was not an authorized person, apply to the Issuer; and (b) applicable provisions of the FSMA with respect to anything done in relation to Notes in, from or otherwise involving the United Kingdom, must be complied with.

#### **GENERAL**

Except as set out in the Listing Supplement (including this Supplement) or the relevant Pricing Supplement, no action has been or will be taken that would permit a public offering of the Notes or possession or distribution of any offering material in relation to the Notes in any jurisdiction where action for that purpose is required. Each Dealer has represented, warranted and undertaken, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that it has complied and will comply and act in accordance with each of the restrictions (as may be relevant) set out below, including all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries. 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 and will not impose any obligations on the Issuer or the Dealer.

Each reference to "Dealer" in this section headed "Selling Restrictions" shall be deemed to include (a) each dealer specified as such in the relevant Pricing Supplement, (b) each distributor in relation to the Notes and (c) Credit Suisse Securities, Sociedad De Valores, S.A. (as an intermediary between each such dealer and each such distributor).