

# Credit Suisse AG

## Principal Protected Securities and Non-Principal Protected Securities for Call Options and Put Options (Base Prospectus BPCS-5)

### Pursuant to the Structured Products Programme

Under this Base Prospectus, Credit Suisse AG (the “**Issuer**”), acting through its London Branch or its Nassau Branch (as specified in the relevant Final Terms), may issue notes, certificates or warrants (“**Securities**”) on the terms set out herein and in the relevant Final Terms.

This document constitutes a base prospectus (the “**Base Prospectus**”) prepared for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”). The Base Prospectus contains information relating to the Securities. The Base Prospectus shall be read in conjunction with the documents incorporated herein by reference (see the section entitled “Documents Incorporated by Reference”).

This document has been filed with the Financial Services Authority in its capacity as competent authority under the UK Financial Services and Markets Act 2000 (the “**UK Listing Authority**”) for the purposes of the Prospectus Directive.

The Issuer has requested the UK Listing Authority to provide the competent authorities for the purposes of the Prospectus Directive in Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Norway, Spain and Sweden with a certificate of approval in accordance with Article 18 of the Prospectus Directive attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive.

The final terms relevant to an issue of Securities will be set out in a final terms document (the “**Final Terms**”) which will be provided to investors and, where so required under the Prospectus Directive, filed with the UK Listing Authority and made available free of charge to the public at the registered office of the Issuer and at the offices of the relevant Distributors and Paying Agents.

Application has been made to the UK Listing Authority under the Financial Services and Markets Act 2000 (“**FSMA**”) for Securities issued under this Base Prospectus during the period of 12 months from the date of this Base Prospectus to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc for such Securities to be admitted to trading on the London Stock Exchange’s Regulated Market. However, Securities may also be listed and admitted to trading on such other or further regulated market(s) for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, as may be agreed between the Issuer and the relevant Dealers. Unlisted Securities may also be issued by the Issuer. The relevant Final Terms in respect of an issue of Securities will specify if an application will be made for such Securities to be listed on and admitted to trading.

Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Base Prospectus.

Any person (an “**Investor**”) intending to acquire or acquiring any Securities from any person (an “**Offeror**”) should be aware that, in the context of an offer to the public as defined in section 102B of FSMA, the Issuer may only be responsible to the Investor for this Base Prospectus under section 90 of FSMA if the Issuer has authorised the Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not so authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for this Base Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents, it should take legal advice. **Where information relating to the terms of the relevant offer required pursuant to the Prospectus Directive is not contained in this Base Prospectus or the relevant Final Terms, it will be the responsibility of the relevant Offeror at the time of such offer to provide the Investor with such information.** This does not affect any responsibility which the Issuer may otherwise have under applicable laws.

Base Prospectus dated 23 August 2010



This Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive for the purpose of giving information with regard to the Issuer and the Securities which, according to the particular nature of the Issuer and the Securities, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and of the rights attached to the Securities.

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

The previous paragraph should be read in conjunction with paragraph 8 on the first page of this Base Prospectus.

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

The Issuer will not be providing any post issuance information in relation to the Securities. Where required pursuant to Article 16 of the Prospectus Directive, the Issuer will publish a supplement to this Base Prospectus.

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

The distribution of this Base Prospectus and the offering or sale of the Securities 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.

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and may be subject to U.S. tax law requirements. Subject to certain exemptions, the Securities may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons. A further description of the restrictions on offers and sales of the Securities in the United States or to U.S. persons is set out under “Selling Restrictions” in the Principal Base Prospectus.

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## SUMMARY

This summary must be read as an introduction to this Base Prospectus and any decision to invest in Securities should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. No civil liability in respect of this summary will attach to the Issuer in any Member State of the European Economic Area in which the relevant provisions of the Prospectus Directive have been implemented unless this summary, including any translation thereof, is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in such a Member State, the plaintiff may, under the national legislation of that Member State, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

### Description of the Issuer

Credit Suisse AG (the “**Issuer**”) was established on 5 July 1856 and registered in the Commercial Register (registration no. CH-020.3.923.549-1) of the Canton of Zurich on 27 April 1883 for an unlimited duration under the name Schweizerische Kreditanstalt. The Issuer’s name was changed to Credit Suisse First Boston on 11 December 1996. On 13 May 2005, the Swiss banks Credit Suisse First Boston and Credit Suisse were merged. Credit Suisse First Boston was the surviving legal entity, and its name was changed to Credit Suisse (by entry in the commercial register). On 9 November 2009, Credit Suisse was renamed Credit Suisse AG.

Credit Suisse AG, a Swiss bank and joint stock corporation established under Swiss law, is a wholly owned subsidiary of Credit Suisse Group AG. Credit Suisse AG’s registered head office is in Zurich, and it has additional executive offices and principal branches located in London, New York, Hong Kong, Singapore and Tokyo.

Credit Suisse AG’s registered head office is located at Paradeplatz 8, CH-8001, Zurich, Switzerland.

### Description of Securities

Securities are either principal protected or non-principal protected securities (as specified in the Final Terms). Any principal protection will not be applicable if the Securities are redeemed before the maturity date or (in the case of warrants) the settlement date. In relation to Securities, the Issuer will act through its London Branch or its Nassau Branch as specified in the Final Terms. Securities may be notes, certificates or warrants. The denomination or nominal amount, currency and the maturity date or (in the case of warrants) expiration date will be specified in the Final Terms. The amount which will be paid to the investor at maturity or (in the case of warrants) following their exercise is an amount linked to the performance or evolution of one or more shares (which may include index tracking shares), depositary receipts, equity indices, commodities, commodity indices, exchange rates, exchange rate indices, funds, inflation indices, interest rate indices, cash indices and/or other variables specified in the Final Terms (each an “**Underlying Asset**”). Such amount shall be in addition to any percentage of the nominal amount that is protected. Only where specified in the Final Terms will interest and/or premium be payable.

Unless the Final Terms specify that the Issuer has a call option in respect of Securities or investors have a put option in respect of Securities, Securities may only be redeemed before the maturity date or settlement date, as applicable, for reasons of default by the Issuer (in the case of notes only) or the illegality of the Issuer’s payment obligations or disruption to its hedging arrangements or following certain events in relation to Underlying Assets. If a call option is applicable, the Issuer may redeem some or all

of the Securities on the dates and at the amounts specified in the Final Terms. If a put option is applicable, investors may redeem some or all of their Securities on the dates and at the amounts specified in the Final Terms.

Application will, if so specified in the Final Terms, be made to list Securities on the stock exchange(s) specified in the Final Terms.

### **Return at Maturity**

When the Securities mature or (in the case of warrants) are exercised, investors will receive a redemption amount or (in the case of warrants) a settlement amount equal to (i) a percentage of the nominal amount that is protected as specified in the Final Terms (which, in the case of principal protected Securities will be at least 100 per cent. or, in the case of non-principal protected Securities, will be a lesser amount and may be zero) and (ii) an amount calculated as the nominal amount multiplied by the “**Return**” as defined below. Warrants will generally be non-principal protected. If so specified in the Final Terms the redemption amount or settlement amount will be subject to a floor/cap.

If the Return is zero then, at maturity or (in the case of warrants) following their exercise, investors will only receive the percentage of the nominal amount that is protected (which may, in the case of non-principal protected Securities, be zero).

The “**Return**” shall be a percentage equal to the greater of zero and the Performance plus the FP%.

The “**Performance**” is as specified in the Final Terms and could be one of the following:

- (i) the aggregate or average of all the Option Return amounts or the Option Return of the best or worst performing Option Return (as specified in the Final Terms), multiplied by the OP%. Each Option Return is the Underlying Performance for an Option multiplied by the Participation and subject to a floor, if applicable. An “**Option**” is a potential payout with specified characteristics, as specified in the Final Terms.

The “**Underlying Performance**” (for each Option, if applicable) is calculated by comparing the Final Level and Initial Level (as specified in the Final Terms) for each Underlying Asset, expressed as a percentage and multiplied by the relevant Underlying Asset’s Weighting. The resultant figures for all the Underlying Assets are combined to give the Underlying Performance.

- (ii) the Underlying Performance (as defined in (i) above) multiplied by the Participation and subject to a floor, if applicable.
- (iii) the Average Performance multiplied by the Participation and subject to a floor, if applicable.

The “**Average Performance**” is calculated as the average of the Underlying Performances calculated in respect of each Averaging Date. For each Averaging Date, the Underlying Performance is calculated by comparing the Level on the relevant Averaging Date and the Initial Level (as specified in the Final Terms) for each Underlying Asset multiplied by the relevant Underlying Asset’s Weighting. The resultant figures for all the Underlying Assets are combined to give the Underlying Performance for the relevant Averaging Date.

Where “Performance” is determined using one or more Option Returns, each Option Return will, if so specified in the Final Terms, be subject to one or more of the following Return Features: a floor/cap, the highest/lowest values replaced with a percentage, a percentage added/deducted, the Weighting fixed for the best/worst Underlying Asset. Further, the Return Features may require the Level of the Underlying Asset to reach a threshold before the relevant Return Feature applies. The percentages, time periods and thresholds (as applicable) for the relevant Return Feature will be specified in the Final Terms.

The “**Initial Level**” for an Underlying Asset is either (i) as specified in the Final Terms or (ii) the prevailing level/price (“**Level**”) for that Underlying Asset on the Initial Setting Date (or, if there is more than one Initial Setting Date, the first Initial Setting Date).

The “**Final Level**” for an Underlying Asset is the Level for that Underlying Asset on the Final Observation Date (or, if there is more than one Final Observation Date, the lowest, highest or average (as specified in the Final Terms) of the Levels for that Underlying Asset on the Final Observation Dates).

“**Initial Setting Date(s)**”, “**Final Observation Date(s)**” and “**Averaging Dates**” mean the dates specified in the Final Terms.

If “**Trigger Redemption**” is specified as applicable in the Final Terms and a Trigger Event occurs, the Securities will be redeemed early on the date and at an amount specified in the Final Terms.

A “**Trigger Event**” occurs if the Level of the Underlying Asset is equal to, above or below a specified percentage of the Initial Level measured on specified dates or during a specified period, all as specified in the Final Terms. Where there is more than one Underlying Asset, the Final Terms will specify whether the Trigger Barrier has to be reached by one, the best/worst performing, all or the average of the Levels of the Underlying Assets.

“**FP%**”, “**OP%**”, “**Participation**” and “**Weighting**” mean the percentages specified in the Final Terms.

If the Underlying Asset is shares and physical settlement is specified as applicable in the Final Terms, either at the option of the Issuer or on the occurrence of a physical settlement trigger event (as applicable), in lieu of paying the Redemption Amount or Settlement Amount (as applicable), the Issuer shall discharge its payment obligation by delivery of an amount of shares of the Underlying Asset (or if more than one Underlying Asset, the worst or the best performing Underlying Asset) plus a cash payment in respect of any fraction of a share, each as specified in the Final Terms. Investors may have to submit a delivery notice to receive such shares.

The terms and conditions of Securities contain provisions dealing with non-business days, disruptions and adjustments that may affect each Underlying Asset and the Levels and the timing and calculations of payments under Securities.

## **Risk Factors**

### **Risks Relating to Securities**

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

If the Return is zero then, at maturity or (in the case of warrants) following their exercise, investors will only receive the percentage of the nominal amount that is protected which, for principal protected Securities, will be at least 100 per cent. (which may be less than the issue price in which event investors will lose part of their investment) or, for non-principal protected Securities, will be a lesser amount and may be zero (in which event investors will lose all or part of their investment, depending on such percentage).

Where Securities are not principal protected, investors are exposed to a return linked to the level of the Underlying Asset(s), and may lose the value of all or part of their investment.

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

Any principal protection will not be applicable if Securities are redeemed before the maturity date or, in the case of warrants, the settlement date.

A secondary market for Securities may not develop and may not be liquid. A decrease in liquidity may reduce the value of Securities. Investors must be prepared to hold Securities until their redemption/expiry. The Issuer may, but is not obliged to, purchase Securities at any time at any price and may hold, resell or cancel them. The only way in which holders can realise value from a Security prior to its maturity/expiry (other than in the case of an American style warrant) is to sell it at its then market price in the market, which may result in the holder receiving less than the amount initially invested. The price in the market for a Security may be less than its issue price even though the value of any Underlying Asset may not have changed since the issue date. If warrants are exercised, the number of warrants remaining will decrease, resulting in diminished liquidity for the remaining warrants. Any secondary market price quoted by the Issuer may be affected by several factors including, without limitation, prevailing market conditions, credit spreads and the time to maturity.

Call options of the Issuer in respect of Securities may negatively impact their market value and investors may not be able to reinvest the redemption proceeds at an interest rate comparable to the expected rate of return on Securities being redeemed.

In certain circumstances the Issuer may, without the consent of Securityholders, make adjustments to the terms of Securities including, without limitation, substitution of the Underlying Assets or redemption or cancellation of the Securities at their fair market value (as determined by the Issuer).

Changes in market interest rates may adversely affect the value of fixed rate Securities and the rate of interest on floating rate Securities.

There will be a time lag between the exercise of warrants by the Warrantholder and the determination of the Settlement Amount. The prices/levels of the relevant Underlying Assets could change significantly during such time and decrease the Settlement Amount or reduce it to zero.

In making calculations and determinations, each of the Issuer and the Calculation Agent is required to act in good faith and in a commercially reasonable manner but does not owe any obligations of agency or trust to any investors and has no fiduciary obligations towards them. In particular, the Issuer and its affiliated entities may have interests in other capacities (such as other business relationships and activities).

An investment in Securities is not the same as an investment in the Underlying Assets or any securities comprised in a relevant equity index or an investment which is directly linked to any of them. In particular, investors will not benefit from any dividends unless the relevant equity index is a total return index. An index may outperform or underperform the underlying securities or components contained in such indices.

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

Securities may involve complex risks, including share price, credit, commodity, foreign exchange, interest rate, political, inflation and/or issuer risks.

If Securities are linked to an Underlying Asset which involves emerging market countries there may be additional risks, including event, market, liquidity, regulatory, settlement and holder risks and investors should note that the risk of occurrence and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries.

The amount payable which is referable 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 and/or its affiliates' hedging arrangements in relation to that 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 Final Terms.

Where an Underlying Asset is an index (a “**Proprietary Index**”) composed by the Issuer or one of its affiliates (the “**Index Creator**”), the rules of the index may be amended by the Index Creator. No assurance can be given that any such amendment would not be prejudicial to Securityholders. None of the Issuer, the Index Creator or the relevant publisher is obliged to publish any information regarding a Proprietary Index other than as stipulated in its rules. The Issuer and the Index Creator are affiliated entities and may face a conflict of interest between their obligations as Issuer and Index Creator, respectively, and their interests in another capacity.

The level and basis of taxation on Securities and on Securityholders and any reliefs from such taxation depend on Securityholders’ individual circumstances and could change at any time. This could have adverse consequences for Securityholders. Potential Securityholders should consult their own tax advisers to determine the tax consequences of the purchase, ownership, transfer and redemption or enforcement of Securities.

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

#### **Risks Relating to the Issuer**

The Issuer is exposed to a variety of risks that could adversely affect the Issuer's operations and/or financial condition, including liquidity risk, market risk, credit risk, risks from estimates and valuations, risks relating to off-balance sheet entities, cross-border and foreign exchange risk, operational risk, risk management, legal and regulatory risks, competition risks and risks relating to strategy.

The general risk management policy of the Issuer is consistent with equivalent functions of other Credit Suisse Group AG entities. The Issuer believes that it has effective procedures for assessing and managing risks associated with its business activities.

The Issuer cannot completely predict all market and other developments and the Issuer’s risk management cannot fully protect against all types of risk.



## DOCUMENTS INCORPORATED BY REFERENCE

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

1. Registration document dated 13 August 2010 relating to the Issuer that has been approved by the UK Listing Authority (the “**Registration Document**”) (except the documents incorporated by reference therein).
2. Base Prospectus dated 1 July 2010 relating to the Issuer’s Structured Products Programme for the issuance of Notes, Certificates and Warrants that has been approved by the UK Listing Authority (the “**Principal Base Prospectus**”) except for the documents incorporated therein by reference, the Summary (pages 10 to 13 inclusive), the Risk Factors (pages 14 to 17 inclusive) and the Forms of Final Terms (pages 192 to 244 inclusive).
3. The following documents which have been filed with the UK Listing Authority and, where specified, with the U.S. Securities and Exchange Commission (“**SEC**”):
  - (i) Form 6-K of Credit Suisse Group AG filed with the SEC on 6 August 2010;
  - (ii) Form 6-K of Credit Suisse AG filed with the SEC on 6 August 2010;
  - (iii) 2010 Second Quarter Financial Report on Form 6-K of Credit Suisse AG dated 5 August 2010 which includes the Financial Report 1Q10 exhibited thereto, except that the information on pages 158-160 under "Investor Information" excluding the "Cautionary statement regarding forward looking information" is not incorporated by reference;
  - (iv) 2010 Second Quarter Financial Release on Form 6-K of Credit Suisse AG dated 23 July 2010 which includes the Financial Release 2Q10 exhibited thereto, except that the information on pages 124-126 under "Investor Information" is not incorporated by reference;
  - (v) 2010 First Quarter Financial Report on Form 6-K of Credit Suisse AG dated 7 May 2010 which includes the Financial Report 1Q10 exhibited thereto, except that the information on pages 148-150 under "Investor Information" is not incorporated by reference;
  - (vi) Form 6-K of Credit Suisse AG filed with the SEC on 3 May 2010;
  - (vii) Form 6-K of Credit Suisse AG filed with the SEC on 30 April 2010;
  - (viii) 2010 First Quarter Financial Release on Form 6-K of Credit Suisse AG dated 23 April 2010, except that the information on pages 118-120 under "Investor Information" is not incorporated by reference;
  - (ix) 2009 Annual Report on Form 20-F (the “**Annual Report**”) of Credit Suisse AG, except that the information on pages 484-485 under "Investor Information" is not incorporated by reference; and
  - (x) 2008 Annual Report on Form 20-F of Credit Suisse AG, except that the information on pages 436-437 under "Investor Information" is not incorporated by reference.

Copies of this Base Prospectus will be available for inspection during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the offices of the Agents. In addition, copies of any document incorporated by reference in this Base Prospectus will be available free of charge during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the principal office of the Principal Paying Agent and at the registered office of the Issuer.

## **RISK FACTORS**

The risk factors set out below should be read in addition to the risk factors set out on page 5 of the Registration Document and pages 469 to 475 (inclusive) of the Annual Report. Such risk factors are risk factors that are material to the Securities in order to assess the market risk associated with them or which may affect the Issuer's ability to fulfil its obligations under them.

This Base Prospectus identifies the information that an investor should consider prior to making an investment in Securities. 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.

An investment in Securities is only suitable for investors who (either alone or in conjunction with an appropriate financial adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

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

### **Credit Risk**

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

### **Return at Maturity**

If the Return is zero then, at maturity or (in the case of Warrants) following their exercise, investors will only receive the percentage of the nominal amount that is protected which, in the case of principal protected Securities, will be at least 100 per cent. (which may be less than the issue price in which event investors will lose part of their investment) or, in the case of non-principal protected Securities, will be a lesser amount and may be zero (in which event investors will lose all or part of their investment, depending on such percentage).

Where the Securities are not principal protected, investors are exposed to a return that is linked to the level of the relevant Underlying Asset or, if there is more than one Underlying Asset, the worst performing or the best performing Underlying Asset, as specified in the relevant Final Terms, and may lose the value of all or part of their investment.

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

Any principal protection will not be applicable if Securities are redeemed before the maturity date or, in the case of Warrants, the settlement date.

### **Limited Liquidity**

A secondary market for Securities may not develop and if one develops, may not be liquid. A decrease in liquidity may increase volatility which may reduce the value of Securities. Investors must be prepared to hold Securities until their redemption or expiry. The Issuer may, but is not obliged to, purchase Securities at any time at any price and may hold, resell or cancel them. The market for Securities may be limited. The only way in which holders can realise value from a Security prior to its maturity or expiry (other than in the case of an American style Warrant) is to sell it at its then market price in the market which may result in the holder receiving less than the amount initially invested. The price in the market for a Security may be less than its issue price even though the value of any Underlying Asset may not have changed

since the issue date. If Warrants are exercised, the number of Warrants remaining will decrease, resulting in diminished liquidity for the remaining Warrants. Any secondary market price quoted by the Issuer may be affected by several factors including, without limitation, prevailing market conditions, credit spreads and the time to maturity.

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

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

### **Interest Rate Risks**

Changes in market interest rates may adversely affect the value of fixed rate Securities and the rate of interest on floating rate Securities.

### **Warrants**

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

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

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

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

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

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

### **Currency Risk**

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

### **Conflicts of Interest**

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

### **Adjustments and Early Redemption or Cancellation**

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

### **General Risks relating to Securities linked to other Assets**

Where the amounts of payments under the Securities are linked to the performance or evolution of shares (which may include index tracking shares), depositary receipts, equity indices, commodities, commodity indices, exchange rates, exchange rate indices, funds, inflation indices, interest rate indices, cash indices and/or other variables ("**Underlying Assets**") an investment in the Securities is not the same as an investment in any or all of the Underlying Assets or any securities comprised in a relevant equity index or an investment which is directly linked to any of them. In particular, investors will not benefit from any dividends unless the relevant equity index is a total return index.

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

The Securities may involve complex risks, which include, among other things, share price risks, credit risks, commodity risks, foreign exchange risks, interest rate risks, political risks, inflation risks and/or issuer risks. If the Securities are linked to an Underlying Asset which involves emerging market countries

there may be additional risks, including event, market, liquidity, regulatory, settlement and holder risks and investors should note that the risk of occurrence and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries.

The amount payable which is referable 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 hedging arrangements in relation to that 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 Final Terms.

Where the Underlying Asset is a basket of shares which includes depositary receipts, investors should consult the relevant deposit agreement for the rights attaching to those depositary receipts, which may be different from the rights attaching to the shares themselves. In particular, depositary receipts may not get the benefit of any dividend paid on the shares.

Where an Underlying Asset is an index (a “**Proprietary Index**”) composed by the Issuer or one of its affiliates (the “**Index Creator**”), the rules of the index may be amended by the Index Creator. No assurance can be given that any such amendment would not be prejudicial to Securityholders. The value of a Proprietary Index is published subject to the provisions in the rules of the index. None of the Issuer, the Index Creator or the relevant publisher is obliged to publish any information regarding such index other than as stipulated in the rules of the index. The Index Creator may enter into licensing arrangements with investors pursuant to which the investor in question can obtain further and more detailed information, such as the constituent stocks, against payment of licensing fees and typically subject to a time lag. It is expected that only large professional investors will enter into such licensing arrangements.

The Issuer and the Index Creator are affiliated entities and may face a conflict of interest between their obligations as Issuer and Index Creator, respectively, and their interests in another capacity. No assurance can be given that the resolution of such potential conflicts of interest may not be prejudicial to the interests of Securityholders.

The Securities may be linked to the performance of specific commodity indices. As a result of rollover gains/costs that have to be taken into account within the calculation of such indices and under certain market conditions, such indices may outperform or underperform the underlying commodities contained in such indices. Furthermore, the prices of the underlying commodities may be referenced by the price of the current futures contract or active front contract and rolled into the following futures contract before expiry. The price of the Securities during their lifetime and at maturity is, therefore, sensitive to fluctuations in the expected futures prices and can substantially differ from the spot price of the commodities. Commodities strongly depend on supply and demand and are subject to increased price fluctuations. Such price fluctuations may be based (among others) on the following factors: perceived shortage of the relevant commodity, weather damage, loss of harvest, governmental intervention or political upheavals.

## **Tax**

The level and basis of taxation on the Securities and on the Securityholders and any reliefs from such taxation depend on the Securityholder’s individual circumstances and could change at any time. This could have adverse consequences for Securityholders. Potential Securityholders should consult their own tax advisers to determine the specific tax consequences of the purchase, ownership, transfer and redemption or enforcement of the Securities.

## TERMS AND CONDITIONS

The Securities will be subject to the General Terms and Conditions and Asset Terms set out in the Principal Base Prospectus as specified in the relevant Final Terms and also to the following provisions. In the case of a discrepancy or conflict with such General Terms and Conditions or Asset Terms, the following provisions shall prevail:

### 1 Definitions

“**A**” is equal to the number of Underlying Assets specified in the relevant Final Terms.

“**Averaging Date<sub>D</sub>**” means, subject to the Asset Terms, each date specified as such in the relevant Final Terms.

“**Asset<sub>i</sub>Base**” means Asset<sub>i</sub>Initial or Asset<sub>i</sub>Initial Period Level, as specified in the Final Terms.

“**Asset<sub>i</sub>Current<sub>D</sub>**” means the Level (either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms) of Underlying Asset<sub>i</sub> on the relevant Averaging Date<sub>D</sub>.

“**Asset<sub>i</sub>Final**” means, (a) if Multi-Option Redemption is applicable: in respect of the relevant Option<sub>N</sub>, the Level of Underlying Asset<sub>i</sub> on the Final Observation Date for that Option or, if more than one Final Observation Date is specified in the relevant Final Terms for that Option, the lowest or highest or average (as specified in the relevant Final Terms) of the Levels of Underlying Asset<sub>i</sub> on the Final Observation Dates for that Option or (b) if Single-Option Redemption is applicable: the Level of Underlying Asset<sub>i</sub> on the Final Observation Date or, if more than one Final Observation Date is specified in the relevant Final Terms, the lowest or highest or average (as specified in the relevant Final Terms) of the Levels of Underlying Asset<sub>i</sub> on the Final Observation Dates. For the purposes of this definition, the Level(s) shall be determined either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms.

“**Asset<sub>i</sub>Initial**” means, (a) if Multi-Option Redemption is applicable: in respect of the relevant Option<sub>N</sub>, either (i) as specified in the relevant Final Terms or (ii) the Level of Underlying Asset<sub>i</sub> on the Initial Setting Date for that Option or, if more than one Initial Setting Date is specified in the relevant Final Terms for that Option, the first Initial Setting Date for that Option or (b) if Single-Option Redemption or Averaged Option Redemption is applicable: either (i) as specified in the relevant Final Terms or (ii) the Level of Underlying Asset<sub>i</sub> on the Initial Setting Date or, if more than one Initial Setting Date is specified in the relevant Final Terms, the first Initial Setting Date. For the purposes of this definition, the Level(s) shall be determined either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms.

“**Asset<sub>i</sub>Initial Period Level**” means, (a) if Multi-Option Redemption is applicable: in respect of the relevant Option<sub>N</sub>, either (i) as specified in the relevant Final Terms or (ii) the Level of Underlying Asset<sub>i</sub> on the Initial Setting Date for that Option or, if more than one Initial Setting Date is specified in the relevant Final Terms for that Option, the lowest or highest or average (as specified in the relevant Final Terms) of the Levels of Underlying Asset<sub>i</sub> on the Initial Setting Dates for that Option or (b) if Single-Option Redemption or Averaged Option Redemption is applicable: either (i) as specified in the relevant Final Terms or (ii) the Level of Underlying Asset<sub>i</sub> on the Initial Setting Date or, if more than one Initial Setting Date is specified in the relevant Final Terms, the lowest or highest or average (as specified in the relevant Final Terms) of the Levels of Underlying Asset<sub>i</sub> on the Initial Setting Dates. For the purposes of this definition, the Level(s) shall be determined either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms.

**“Best Performing Underlying Asset”** means the Underlying Asset with the highest Underlying Asset Return, provided that if two or more Underlying Assets have the same highest Underlying Asset Return, then the Issuer and/or the Calculation Agent shall determine, in its/their absolute discretion, which Underlying Asset shall be the Best Performing Underlying Asset and such Underlying Asset shall be deemed to be the Best Performing Underlying Asset. Where Averaged-Option Redemption is applicable, the Best Performing Underlying Asset shall be determined using the Underlying Asset Return for the last Averaging Date.

**“D”** is equal to the number of Averaging Dates specified in the relevant Final Terms.

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

**“Delivery Notice”** means a notice as referred to in paragraph 4 below.

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

**“Final Observation Date”** means, subject to the Asset Terms, the date or dates so specified in the relevant Final Terms.

**“Final Price”** means the Share Price (either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms) of the Underlying Asset on the Final Observation Date or, if more than one Final Observation Date, the last Final Observation Date.

**“Floor”** means the percentage specified in the relevant Final Terms and where “Floor<sub>N</sub>” is specified, it shall be the Floor in respect of the relevant Option<sub>N</sub>, as specified in the relevant Final Terms.

**“FP%”** means the percentage so specified in the relevant Final Terms.

**“Fractional Amount”** means any fractional interest in one Share forming part of the Ratio.

**“Fractional Cash Amount”** means, in respect of each Security and in respect of Shares of a Share Issuer, the amount in the Settlement Currency (rounded to the nearest smallest transferable unit of such currency, half such a unit being rounded upwards) calculated by the Issuer in accordance with the following formula:

$$\text{Final Price} \times \text{Fractional Amount} \times \text{Spot Rate}$$

**“Initial Setting Date”** means, subject to the Asset Terms, the date or dates so specified in the relevant Final Terms.

**“Issue Date”** means the date so specified in the relevant Final Terms.

**“Level”** means the Share Price, Index Level, Commodity Reference Price, Commodity Index Level, Fund Interest Value, FX Rate, FX Index level, level of the Inflation Index, Interest Rate Index level or Cash Index Level of the relevant Underlying Asset.

**“Maturity Date”** means the date specified in the relevant Final Terms on which the Securities will be redeemed, unless the Securities have previously been redeemed, purchased or cancelled and subject to any possible postponement of the Final Observation Date, the last Final Observation Date or the last Averaging Date, as applicable.

**“Nominal Amount”** or **“NA”** means the nominal amount of each Security specified in the relevant Final Terms.



**“Participation”** means the percentage specified in the relevant Final Terms (which may be positive or negative) and where “Participation<sub>N</sub>” is specified, it shall be the Participation in respect of the relevant Option<sub>N</sub>, as specified in the relevant Final Terms.

**“Physical Settlement”** means, if so specified in the relevant Final Terms, the delivery of the relevant Underlying Asset pursuant to the Physical Settlement Trigger or Physical Settlement Option, as applicable.

**“Physical Settlement Trigger Event”** means, in respect of the Physical Settlement Trigger Observation Date and either with regard to the Valuation Time or without regard to the valuation Time (as specified in the relevant Final Terms), the Share Price of the Underlying Asset or the Share Price of any Underlying Asset or the Share Price of each Underlying Asset or the Share Price of the Best Performing Underlying Asset or the Share Price of the Worst Performing Underlying Asset, as specified in the relevant Final Terms, is below or at or below the Physical Settlement Trigger Event Barrier.

**“Physical Settlement Trigger Event Barrier”** means, in respect of an Underlying Asset and the Physical Settlement Trigger Observation Date, the Share Price equal to a percentage of the Strike Price of such Underlying Asset, as specified in the relevant Final Terms.

**“Physical Settlement Trigger Observation Date”** means the date so specified in the relevant Final Terms.

**“PP%”** means the percentage specified in the relevant Final Terms.

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

**“Ratio”** means, in respect of a Share, subject to the Asset Terms, the number of Shares specified as such in the relevant Final Terms, or if the number of Shares is not so specified, the number of Shares calculated by the Issuer in accordance with the following formula:

$$\text{Nominal Amount} \times [\text{Spot Rate or Strike Price (as specified in the Final Terms)}]$$

**“Redemption Amount”** or **“Settlement Amount”** means, in respect of each Security (subject, where the Underlying Asset(s) is/are Shares and Physical Settlement is specified as applicable in the relevant Final Terms, as provided in paragraph 4 below), an amount determined by the Issuer in accordance with the following formula (rounded down to the nearest transferable unit of the Settlement Currency) and, if so specified in the relevant Final Terms, subject to the Redemption Amount Floor and/or Redemption Amount Cap, if applicable:

(a) If “Multi-Option Redemption” is specified as applicable in the relevant Final Terms:

$$(\text{PP\%} \times \text{NA}) + (\text{NA} \times \text{Max} [0\%, \text{Performance} + \text{FP\%}])$$

where, for the purposes of Multi-Option Redemption:

**“Performance”** means an amount rounded up to four places of decimals determined by the Issuer as either (i) the aggregate of all Option Return<sub>N</sub> amounts or (ii) the average of all Option Return<sub>N</sub> amounts or (iii) the Option Return<sub>N</sub> of the best or worst performing Option Return<sub>N</sub> (as specified in the Final Terms), multiplied by the OP%.

where:

**“OP%”** means the percentage specified in the relevant Final Terms.

“**Option Return<sub>N</sub>**” means, subject to any Return Features set out in paragraph 3 below specified to be applicable in the relevant Final Terms, in respect of each Option<sub>N</sub>, an amount rounded up to four places of decimals determined by the Issuer in accordance with the following formula:

$$\text{Max (Floor}_{N}; \text{ Underlying Performance}_{N}) \times \text{Participation}_{N}$$

“**Option<sub>N</sub>**” means a potential payoff with a specified Strike<sub>N</sub>, Participation<sub>N</sub>, Floor<sub>N</sub>, Type<sub>N</sub>, Final Observation Date(s)<sub>N</sub> and Initial Setting Date(s)<sub>N</sub> all as set out in the relevant Final Terms. Each Option<sub>N</sub>, and its defining properties, are separately identifiable through the unique number N assigned to it in the relevant Final Terms.

“**Underlying Performance<sub>N</sub>**” means, in respect of the relevant Option<sub>N</sub>, an amount rounded up to four places of decimals determined by the Issuer in accordance with the following formula:

$$\sum_{i=1}^A \text{UAR}_i^N \times \text{Weighting}_i$$

where

“**UAR<sub>i</sub><sup>N</sup>**” is the “**Underlying Asset Return**” calculated for Underlying Asset<sub>i</sub> in respect of Option<sub>N</sub>, determined by the Issuer as an amount rounded up to four places of decimals in accordance with the following formula:

(a) if Type<sub>N</sub> for the relevant Option<sub>N</sub> is specified as “Call” in the relevant Final Terms then:

$$\frac{\text{Asset}_{i,\text{Final}} - (\text{Strike}_N \times \text{Asset}_{i,\text{Initial Period Level}})}{\text{Asset}_{i,\text{Base}}}; \text{ or}$$

(b) if Type<sub>N</sub> for the relevant Option<sub>N</sub> is specified as “Put” in the relevant Final Terms then:

$$\frac{(\text{Strike}_N \times \text{Asset}_{i,\text{Initial Period Level}}) - \text{Asset}_{i,\text{Final}}}{\text{Asset}_{i,\text{Base}}}$$

(b) If “Single-Option Redemption” is specified as applicable in the relevant Final Terms:

$$(\text{PP}\% \times \text{NA}) + (\text{NA} \times \text{Max [0\%, Performance + FP\%]})$$

where, for the purposes of Single-Option Redemption:

“**Performance**” means, subject to any Return Features set out in paragraph 3 below specified to be applicable in the relevant Final Terms, an amount rounded up to four places of decimals determined by the Issuer in accordance with the following formula:

$$\text{Max (Floor; Underlying Performance) x Participation}$$

where:

“**Underlying Performance**” means an amount rounded up to four places of decimals determined by the Issuer in accordance with the following formula:

$$\sum_{i=1}^A \text{UAR}_i \times \text{Weighting}_i$$

where

“**UAR<sub>i</sub>**” is the “**Underlying Asset Return**” calculated for Underlying Asset<sub>i</sub> determined by the Issuer as an amount rounded up to four places of decimals in accordance with the following formula:

(a) if Type is specified as “Call” in the relevant Final Terms then:

$$\frac{\text{Asset}_i \text{Final} - (\text{Strike} \times \text{Asset}_i \text{Initial Period Level})}{\text{Asset}_i \text{Base}}; \text{ or}$$

(b) if Type is specified as “Put” in the relevant Final Terms then:

$$\frac{(\text{Strike} \times \text{Asset}_i \text{Initial Period Level}) - \text{Asset}_i \text{Final}}{\text{Asset}_i \text{Base}}$$

(c) If “Averaged-Option Redemption” is specified as applicable in the relevant Final Terms:

$$(\text{PP}\% \times \text{NA}) + (\text{NA} \times \text{Max} [0\%, \text{Performance} + \text{FP}\%])$$

where, for the purposes of Averaged-Option Redemption:

“**Performance**” means, subject to any Return Features set out in paragraph 3 below specified to be applicable in the relevant Final Terms, an amount rounded up to four places of decimals determined by the Issuer in accordance with the following formula:

$$\text{Max} (\text{Floor}; \text{Averaged Performance}) \times \text{Participation}$$

where:

“**Averaged Performance**” means an amount rounded up to four places of decimals determined by the Issuer in accordance with the following formula:

$$\frac{1}{D} \times \sum_{i=1}^D \text{Underlying Performance}_D$$

“**Underlying Performance<sub>D</sub>**” means the Underlying Performance for the relevant Averaging Date<sub>D</sub> calculated as an amount rounded up to four places of decimals determined by the Issuer in accordance with the following formula:

$$\sum_{i=1}^A \text{UAR}_i \times \text{Weighting}_i$$

where

“**UAR<sub>i</sub>**” is the “**Underlying Asset Return**” calculated for Underlying Asset<sub>i</sub> determined by the Issuer as an amount rounded up to four places of decimals in accordance with the following formula:

(a) if Type is specified as “Call” in the relevant Final Terms then:

$$\frac{\text{Asset}_i \text{Current}_D - (\text{Strike} \times \text{Asset}_i \text{Initial Period Level})}{\text{Asset}_i \text{Base}}; \text{ or}$$

(b) if Type is specified as “Put” in the relevant Final Terms then:

$$\frac{(\text{Strike} \times \text{Asset}_i \text{Initial Period Level}) - \text{Asset}_i \text{Current}_D}{\text{Asset}_i \text{Base}}$$

“**Redemption Amount Cap**” means a percentage of the Nominal Amount as specified in the relevant Final Terms.

“**Redemption Amount Floor**” means a percentage of the Nominal Amount as specified in the relevant Final Terms.

“**Settlement Amount**” means the Redemption Amount.

“**Settlement Currency**” means the currency specified in the relevant Final Terms.

“**Settlement Disruption Event**” means an event determined by the Issuer to be beyond the control of the Issuer as a result of which the Issuer cannot transfer (or it would be contrary to applicable laws and regulations for the Issuer to transfer) Shares comprised in the Share Amount(s) in accordance with paragraph 4(c)(ii).

“**Share Amount**” means, subject as provided in paragraph 4(c), in respect of each Security, the number of Shares equal to the Ratio rounded down to the nearest integral number of Shares.

“**Share Delivery Date**” means, in respect of a Share, subject as provided in paragraph 4(c)(ii), the Maturity Date or Expiration Date (as applicable) or, if such day is not a Delivery Day, the first succeeding Delivery Day.

“**Spot Rate**” means, in respect of a Share, the prevailing spot rate determined by the Issuer in its discretion on the Final Observation Date (or if more than one Final Observation Date, the last Final Observation Date) or, at the discretion of the Issuer, on the Banking Day in the city of the Principal Paying Agent or Fiscal Agent following the Final Observation Date (or if more than one Final Observation Date, the last Final Observation Date) expressed as the number of units of the Settlement Currency that could be bought with one unit of the currency in which the relevant Share is quoted on the relevant Exchange (or, if no direct exchange rates are published, the effective rate resulting from the application of rates into and out of one or more intermediate currencies).

“**Strike**” means the percentage so specified in the relevant Final Terms and where “**Strike<sub>N</sub>**” is specified, it shall be the Strike in respect of the relevant Option<sub>N</sub>, as specified in the relevant Final Terms.

“**Strike Price**” means the Share Price (either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms) of the Underlying Asset on the Initial Setting Date or, if more than one Initial Setting Date, the last Initial Setting Date.

“**Trigger Barrier**” means, in respect of an Underlying Asset and a Trigger Barrier Observation Date, the Level of such Underlying Asset equal to a percentage of the Strike Price of such Underlying Asset, as specified in the relevant Final Terms, provided that where there are two or more Underlying Assets and the average of either the highest two Levels, the lowest two Levels or all Levels of each of the Underlying Assets, as specified in the Final Terms, is used to determine whether a Trigger Event has occurred or not, the Strike Price shall be the average of the Strike Prices of such Underlying Assets.

“**Trigger Barrier Observation Date**” means (as specified in the relevant Final Terms) either (a) any Currency Business Day in the Trigger Barrier Observation Period or (b) any of the dates so specified in the relevant Final Terms.

“**Trigger Barrier Observation Period**” means the period, if any, specified in the relevant Final Terms.

**“Trigger Barrier Redemption Amount”** means, in respect of each Security in respect of which a Trigger Event has occurred, an amount equal to a percentage of the Nominal Amount, as specified in the relevant Final Terms.

**“Trigger Barrier Redemption Date”** means, either (i) any of the dates specified in the relevant Final Terms following the occurrence of the Trigger Event or (ii) if specified in the relevant Final Terms, a date selected by the Issuer falling not later than 10 Currency Business Days immediately following the occurrence of the Trigger Event.

**“Trigger Event”** means, subject to the relevant Asset Terms, in respect of any Trigger Barrier Observation Date and either with regard to the Valuation Time or without regard to the Valuation Time (as specified in the relevant Final Terms), the Level of the Underlying Asset or the Level of each Underlying Asset or the Level of any Underlying Asset or the Level of the Worst Performing Underlying Asset or the Level of the Best Performing Underlying Asset or the Level of each of the Underlying Assets or the average of either the highest two Levels, lowest two Levels or all Levels of each of the Underlying Assets, as specified in the relevant Final Terms, is:

- (i) above the Trigger Barrier;
- (ii) at or above the Trigger Barrier;
- (iii) below the Trigger Barrier; or
- (iv) at or below the Trigger Barrier,

provided that, where the Trigger Event is without regard to the Valuation Time, for the purposes of the definition of Level used therein, the reference to “as at the Valuation Time” in the definition of Share Price, Index Level, FX Rate and Cash Index Level (as applicable) shall be deemed replaced with “at any time”.

**“Type”** means either Call or Put, as specified in the relevant Final Terms and where **“Type<sub>N</sub>”** is specified, it shall be the Type in respect of the relevant Option<sub>N</sub>, as specified in the relevant Final Terms.

**“Underlying Asset<sub>i</sub>”** means the relevant Underlying Asset specified in the relevant Final Terms.

**“Weighting<sub>i</sub>”** means the weighting in respect of the relevant Underlying Asset as specified in the relevant Final Terms.

**“Worst Performing Underlying Asset”** means the Underlying Asset with the lowest Underlying Asset Return, provided that if two or more Underlying Assets have the same lowest Underlying Asset Return, then the Issuer and/or the Calculation Agent shall determine, in its/their absolute discretion, which Underlying Asset shall be the Worst Performing Underlying Asset and such Underlying Asset shall be deemed to be the Worst Performing Underlying Asset. Where Averaged-Option Redemption is applicable, the Worst Performing Underlying Asset shall be determined using the Underlying Asset Return for the last Averaging Date.

## 2 Redemption

- (a) All Types of Securities

Unless they have previously been redeemed or purchased and cancelled, and subject to (b) below, the Issuer shall redeem the Securities on the Maturity Date at their Redemption Amount or, in the case of Warrants, on the Expiration Date at their Settlement Amount.

- (b) *Trigger Redemption*

If “Trigger Redemption” is specified as applicable in the relevant Final Terms and a Trigger Event occurs, the Issuer shall redeem the Securities (unless previously redeemed or purchased and cancelled) on the relevant Trigger Barrier Redemption Date at the Trigger Barrier Redemption Amount. Thereafter no further payments of interest or premium will be made.

(c) *Italian Securities*

If the Final Terms specify that the Additional Provisions for Certificates listed on Borsa Italiana S.p.A. as set out in the Principal Base Prospectus shall apply then Condition 2(b) above shall be amended by replacing “the Issuer shall redeem the Securities” (in both paragraphs) with “the Securities will be automatically exercised according to Condition 2(a)”.

For the avoidance of doubt, if the Trigger Redemption provisions and/or the Issuer’s Call Option are applicable and a Trigger Event occurs or the Issuer exercises its Call Option (as applicable), the Securities will be automatically exercised in accordance with Condition 2(a) (as amended by this Condition), or (ii) if a Trigger Event does not occur or the Issuer does not exercise its Call Option (as applicable), the Securities will be automatically exercised on the Maturity Date at an amount per Security equal to the Redemption Amount or, in the case of Warrants, on the Expiration Date at an amount per Security equal to the Settlement Amount.

### 3 Return Features

If one or more of the following features is specified in the relevant Final Terms in respect of an Option, the calculation of the relevant Option Return will be subject to such features:

- (i) Each Underlying Asset Return is subject to a maximum and/or a minimum percentage as specified in the relevant Final Terms.
- (ii) The highest or lowest of one or more (as specified in the relevant Final Terms) Underlying Asset Return(s) is/are replaced with a percentage or subject to an addition or deduction of a percentage amount, as specified in the relevant Final Terms.
- (iii) If, during a time period or on a specified date (as specified in the relevant Final Terms), the Level (either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms) of an Underlying Asset or each Underlying Asset (as specified in the relevant Final Terms) is at any time during such time period or on such date equal to or higher than or lower than (as specified in the relevant Final Terms) a percentage (as specified in the relevant Final Terms) of its or the relevant Underlying Asset’s  $Asset_{Initial}$  or  $Asset_{Initial\ Period\ Level}$  (as specified in the relevant Final Terms), then the Underlying Asset Return of that Underlying Asset or each Underlying Asset (as specified in the relevant Final Terms) will be either equal to a percentage or subject to an addition or deduction of a percentage amount, as specified in the relevant Final Terms;
- (iv) If, during a time period or on a specified date (as specified in the relevant Final Terms), the Level (either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms) of an Underlying Asset or each Underlying Asset (as specified in the relevant Final Terms) is on any day during such time period or on such date equal to or higher than or lower than (as specified in the relevant Final Terms) a percentage (as specified in the relevant Final Terms) of its or the relevant Underlying Asset’s  $Asset_{Initial}$  or  $Asset_{Initial\ Period\ Level}$  (as specified in the relevant Final Terms), then the Underlying Performance for  $Option_N$  (as specified in the relevant Final Terms) will be equal to a percentage as specified in the relevant Final Terms;

- (v) The Weighting of the Underlying Asset that performs best or worst (as specified in the relevant Final Terms) during a time period or on a specified date (as specified in the relevant Final Terms) (by comparing the Level (either with regard to the Valuation Time or without regard to the Valuation Time, as specified in the relevant Final Terms) of each Underlying Asset during such time period or on such date with its Asset<sub>t</sub>Initial or Asset<sub>t</sub>Initial Period Level (as specified in the relevant Final Terms), shall be deemed to be 100 per cent. and the Weighting of all other Underlying Assets shall be deemed to be zero per cent.;
- (vi) The Underlying Performance for Option<sub>N</sub> (as specified in the relevant Final Terms) is subject to a maximum percentage as specified in the relevant Final Terms.

provided that, where the relevant Return Feature is calculated without regard to the Valuation Time, for the purposes of the definition of Level used therein, the reference to “as at the Valuation Time” in the definition of Share Price, Index Level, FX Rate and Cash Index Level (as applicable) shall be deemed replaced with “at any time”.

#### 4 Delivery of Shares (Physical Settlement)

##### (a) *Redemption by delivery of Shares*

###### (A) Physical Settlement Trigger

Where the Underlying Asset is Shares and the relevant Final Terms specify that the Physical Settlement Trigger is applicable and if the Physical Settlement Trigger Event occurs, in lieu of paying the Redemption Amount or Settlement Amount (as applicable), the Issuer shall discharge its payment obligation by (i) delivery of the Share Amount (or if there is more than one Underlying Asset, the Share Amount of the Worst Performing Underlying Asset or the Best Performing Underlying Asset, as specified in the relevant Final Terms) on the Share Delivery Date and (ii) payment on the Maturity Date or Expiration Date (as applicable) of any Fractional Cash Amount.

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

###### (B) Physical Settlement Option

Where the Underlying Asset is Shares and the relevant Final Terms specify that the Physical Settlement Option is applicable and if the Physical Settlement Option Notice has been delivered, in lieu of paying the Redemption Amount or Settlement Amount (as applicable), the Issuer shall discharge its payment obligation by (i) delivery of the Share Amount (or if there is more than one Underlying Asset, the Share Amount of the Worst Performing Underlying Asset or the Best Performing Underlying Asset, as specified in the relevant Final Terms) on the Share Delivery Date and (ii) payment on the Maturity Date or Expiration Date (as applicable) of any Fractional Cash Amount.

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

If the Physical Settlement Option is specified as applicable in the relevant Final Terms and a valid Physical Settlement Option Notice has been delivered, the Issuer shall, as soon as practicable, and on or prior to the Banking Day that is at least a number of Banking Days prior to the Presentation Date (such number of Banking Days being equal to the Presentation Date Notice Period set out in the relevant Final Terms), provide details of the Presentation Date.

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

(b) *Delivery Notices*

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

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

The Delivery Notice must:

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

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

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

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

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

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



Securityholders should note that, since the Presentation Date may fall before the date on which the Issuer notifies them of the method of redemption, they may not know by then whether the Securities will be redeemed by payment or by delivery of the Share Amount. However, if the Delivery Notice and the relevant Securities are not delivered by the Presentation Date in accordance with this Condition and the Securities are to be redeemed by delivery of the Share Amount, the Securityholder will receive the Share Amount later than if the Delivery Notice and the relevant Securities had been so delivered by the Presentation Date.

(c) *Share Amounts*

(i) Delivery of Share Amounts

Without prejudice to paragraph 4(c)(ii) below, the Issuer shall on the Share Delivery Date, deliver or procure the delivery of the Share Amount in respect of each Security to the relevant Clearing System (or, in the case of any Share Amount which is not eligible for delivery within the relevant Clearing System, using such other commercially reasonable manner as the Issuer may select) at the risk and expense of the relevant Securityholder. The Securityholder is required to pay all taxes and fees in connection with the delivery of the Share Amount, if any and no delivery shall take place until all such taxes and fees have been paid by the Securityholder to the absolute satisfaction of the Issuer. As used herein, "delivery" in relation to any Share Amount means the carrying out of the steps required of the Issuer (or such person as it may procure to make the relevant delivery) in order to effect the transfer of the relevant Share Amount and "deliver" shall be construed accordingly. The Issuer shall not be responsible for any delay or failure in the transfer of such Share Amount once such steps have been carried out, whether resulting from settlement periods of clearing systems, acts or omissions of registrars, incompatible or incorrect information being contained in any Delivery Notice or otherwise and shall have no responsibility for the lawfulness of the acquisition of the Shares comprising the Share Amount or any interest therein by any Securityholder or any other person.

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

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

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

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

(ii) Settlement Disruption

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

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

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

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

## **5 Calculations and Determinations**

Any calculations and determinations made by the Issuer or the Calculation Agent shall be made in good faith and in a commercially reasonable manner.

Where a Level is to be determined with regard to the Valuation Time, such Level shall be the Level as of the Valuation Time. Where a Level is to be determined without regard to the Valuation Time, such Level shall be the Level at any time (and, if more than one Underlying Asset, not necessary at the same time) on the relevant day.

## TAXATION

*The following summary of the withholding tax position (and, in the case of Switzerland, other tax issues) in certain countries that may arise as a result of holding the Securities is based on current tax legislation and is intended only as general information for holders of the Securities. It does not relate to any other tax consequences unless otherwise specified. It is recommended that prospective investors consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding the Securities, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules which may be applicable. For the purposes of this Taxation Section, the disclosure replicates the taxation disclosure in the Principal Base Prospectus (pages 173 to 185 inclusive) other than the disclosure below relating to France, The Netherlands and Spain which is in addition to the taxation disclosure in the Principal Base Prospectus.*

### Switzerland

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

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

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

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

**Swiss Value Added Tax ("VAT"):** The issue, transfer, exercise or redemption of Securities relating to securities or any income derived therefrom will normally not be subject to Swiss VAT. However, any respective input VAT will correspondingly not be recoverable.

**Issue Stamp Tax and Securities Transfer Stamp Tax:** According to current Swiss tax law and the present practice of the Swiss Federal Tax Administration, neither the issue of Securities, provided that the Issuer acting through a branch uses the proceeds outside of Switzerland, nor the transfer of Securities is normally subject to Issue Stamp Tax and Securities Transfer Stamp Tax. If the Issuer acting through a branch uses the proceeds inside Switzerland the issuance (primary market) of the Securities could be subject to issuance stamp tax. Exceptions to these rules apply with regard to the Securities Transfer Stamp Tax to Securities which, due to specific features, are considered financing instruments, share-like or fund-like products for purposes of Swiss tax law. In this case, a Securities Transfer Stamp Tax of up to 0.3% of the consideration could be due on secondary market transactions in Securities, if a Swiss securities dealer ("**Effekthändler**"), as defined in art. 13 para. 3 of the Swiss Federal Act on

Stamp Duties ("**Stempelabgabengesetz**"), is a party to the transaction or acts as an intermediary thereto. This applies likewise for primary market transaction of fund-like instruments.

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

**Income Taxation of Non-Swiss tax resident Investors:** Under present Swiss tax law, payments of interest on the Securities and repayment of principal of the Securities to a holder who is a non-resident of Switzerland and who, during the taxation year has not engaged in a trade or business through a permanent establishment within Switzerland and who is not subject to income taxation in Switzerland for any other reason will not be liable to Swiss federal, cantonal or communal income taxation. Such an investor that is not a tax resident in Switzerland, will also not be liable to Swiss federal, cantonal or communal income taxation on gains realized during the taxation year on the sale or redemption of a Security.

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

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

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

**Income Taxation of Securities Held by Swiss tax resident Individuals or Entities as Part of Business Property:** Income realized and losses justified by business reasons incurred on Securities as part of the business property of individuals (including deemed securities dealers due to frequent dealing, debt financing or similar criteria; so called "**Wertschriftenhändler**") or entities resident in Switzerland are included in the taxable income or may be deducted from the taxable income, respectively, of such person or entity.

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

similar measures to the Directive. On 26 October 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland adopted measures equivalent to those of the Directive.

On the basis of this Agreement, Switzerland introduced a withholding tax on interest payments and other similar income paid in Switzerland by a paying agent to an individual resident in an EU Member State ("**EU Withholding Tax**"). The rate of withholding is 15 per cent. for the first three years from 1 July 2005, 20 per cent. for the next three years and 35 per cent. thereafter, with the option for such an individual to authorise the paying agent to disclose details of the payments to the tax authorities of the relevant Member State in lieu of the withholding. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding in its country of residence, if any, provided that certain conditions are met.

## **United Kingdom**

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

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

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

Interest on the Securities may also be paid without withholding or deduction for or on account of United Kingdom tax where the maturity of the Securities is less than 365 days.

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

Securityholders who are individuals may wish to note that HM Revenue & Customs have power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. HM Revenue & Customs also have power to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Security which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to,

or receives such amounts for the benefit of, an individual. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HM Revenue & Customs with the tax authorities of the jurisdiction in which the Securityholder is resident for tax purposes.

## **Bahamas**

Payments made by the Issuer acting through its Nassau Branch will not be subject to any withholding tax on account of Bahamian taxes.

## **Finland**

*The following provisions are only relevant in respect of Securities which are to be held within the Euroclear Finland system.*

There is no Finnish withholding tax (*lähdevero*) applicable on payments made by the Issuer in respect of the Securities. Payment of the redemption gain (if any) or interest on the Securities through a Finnish paying agent to individuals resident in Finland may, however, be subject to an advance tax withheld (*ennakonpidätys*) by the Finnish paying agent at the rate of 28 per cent. Such advance tax withheld (*ennakonpidätys*) will be used for the payment of the individual's final taxes. Payment of redemption gain or payment upon the exercise (i.e. the realisation of the net value through cash settlement) of Securities classified as certificates or warrants should not be subject to any advance tax withholding to the extent that the gain or income so arising would qualify as a capital gain for individuals.

Payment of the redemption gain (if any) or interest on the Securities through a Finnish paying agent to corporate entities resident in Finland will not be subject to any Finnish advance or withholding taxes.

## **France**

Payments of interest and other revenues in respect of the Securities will not be subject to French withholding tax.

French resident individuals holders of Securities as private assets may, under certain conditions and pursuant to Article 125 A I of the French tax code, elect to be subject to the fixed prepayment levy (*prélèvement libératoire*) on the income received under the Securities which is assimilated to interest income for French tax purposes.

## **Italy**

*The following provisions are only relevant in respect of Securities if the Final Terms specify that the Additional Provisions for Notes listed on Borsa Italiana S.p.A or the Additional Provisions for Certificates listed on Borsa Italiana S.p.A are applicable.*

*The following is a summary of current Italian law and practice relating to the taxation of the Securities. The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in bonds or commodities) may be subject to special rules.*

*Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Securities.*

### **Tax treatment of Notes**

*The following provisions are only relevant to Securities in respect of which the Final Terms specify that the applicable General Terms and Conditions are those of Notes.*

Legislative Decree No. 239 of 1 April 1996, as a subsequently amended, (the "**Decree No. 239**") provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Securities falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, inter alia, by non-Italian resident issuers.

For these purposes, debentures similar to bonds are defined as bonds that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value (whether or not providing for internal payments) and that do not give any right to directly or indirectly participate in the management of the relevant issuer or of the business in relation to which they are issued nor any type of control on the management.

#### *Italian resident investors*

Where an Italian resident Securityholder is (i) an individual not engaged in an entrepreneurial activity to which the Securities are connected (unless he has opted for the application of the "*risparmio gestito*" regime – see "Capital Gains Tax" below), (ii) a non-commercial partnership pursuant to Article 5 of the Italian Income Consolidated Code (TUIR) (with the exception of general partnership, limited partnership and similar entities), (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Securities, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 12.50 per cent. In the event that the Securityholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Securityholder is not included in the above (i) to (iv) and is a company or similar commercial entity pursuant to article 73 of TUIR or a permanent establishment in Italy of a foreign company to which the Securities are effectively connected and the Securities are deposited with an authorised intermediary, interest, premium and other income from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant Securityholder's income tax return and are therefore subject to general Italian corporate taxation ("*IRES*", levied at the rate of 27.5%) and, in certain circumstances, depending on the "*status*" of the Securityholder, also to regional tax on productive activities ("*IRAP*", generally levied at the rate of 3.9 per cent, even though regional surcharges may apply).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the Italian Ministry of Economics and Finance through Circular No. 47/E of 8 August 2003, payments of interest in respect of the Securities made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund. However, Law Decree No. 112 of 25 June 2008, converted with amendments into Law No. 133 of 6 August 2008, has introduced a 1 per cent property tax applying on real estate investment funds' net value, where (i) their units are not expected to be listed on regulated markets and (ii) their equity is less than € 400,000,000, if: (a) there are less than 10 unitholders, or (b) funds are reserved to institutional investors or are speculative funds and their

units are held, for more than 2/3, by individuals, trusts or other entities or companies referable to individuals.

If an investor is resident in Italy and is an open-ended or closed-ended investment fund (the "**Fund**") or a SICAV, and the Securities are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Securities will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund or SICAV accrued at the end of each tax period, subject to an ad-hoc substitute tax applicable at a 12.50 per cent. rate.

Where an Italian resident Securityholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Securities are deposited with an authorised intermediary, interest, premium and other income relating to the Securities and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *Società di intermediazione mobiliare* ("SIMs"), fiduciary companies, *Società di gestione del risparmio* ("SGRs"), stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an "**Intermediary**").

For the Intermediary to be entitled to apply the *imposta sostitutiva*, it must (i) be (a) resident in Italy or (b) resident outside Italy, with a permanent establishment in Italy or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Securities. For the purpose of the application of the *imposta sostitutiva*, a transfer of Securities includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Securities.

Where the Securities are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Securityholder. If interest and other proceeds on the Securities are not collected through an Intermediary or any entity paying interest and as such no *imposta sostitutiva* is levied, the Italian resident beneficial owners listed above under (i) to (iv) will be required to include interest and other proceeds in their yearly income tax return and subject them to a final substitute tax at a rate of 12.5 per cent.

#### *Early Redemption*

Without prejudice to the above provisions, in the event that Securities having an original maturity of at least 18 months are redeemed, in full or in part, prior to 18 months from their issue date, Italian resident Securityholders will be required to pay, by way of a withholding to be applied by the Italian intermediary responsible for payment of interest or the redemption of the Securities, an amount equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption. In accordance with one interpretation of Italian fiscal law, the above 20 per cent. additional amount may be due also in the event of purchase of Securities by the issuer with subsequent cancellation thereof prior to 18 months from the date of issue.

#### *Non-Italian Resident Securityholders*

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Securityholder of interest or premium relating to the Securities provided that, if the Securities are held in Italy, the non-Italian resident Securityholder declares itself to be a non-Italian resident according to Italian tax regulations.

#### **Capital Gains Tax**

Any gain obtained from the sale, early redemption or redemption of the Securities would be treated as part of the taxable income (and, in certain circumstances, depending on the "*status*" of the



Securityholder, also as part of the net value of production for *IRAP* purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Securities are effectively connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Securities are connected.

Where an Italian resident Securityholder is an individual not holding the Securities in connection with an entrepreneurial activity, any capital gain realised by such Securityholder from the sale, early redemption or redemption of the Securities would be subject to an *imposta sostitutiva*, levied at the current rate of 12.50 per cent. Under some conditions and limitations, Securityholders may set off losses with gains. This rule applies also to certain other entities holding the Securities.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

- (i) Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any offsettable capital loss, realised by the Italian resident individual Securityholder holding Securities not in connection with an entrepreneurial activity pursuant to all sales, early redemption or redemptions of the Securities carried out during any given tax year. Italian resident individuals holding Securities not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (ii) As an alternative to the tax declaration regime, Italian resident individual Securityholders holding the Securities not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale, early redemption or redemption of the Securities (the "*risparmio amministrato*" regime provided for by Article 6 of the Legislative Decree No. 461 of 21 November 1997, as a subsequently amended, the "**Decree No. 461**"). Such separate taxation of capital gains is allowed subject to (i) the Securities being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant Securityholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale, early redemption or redemption of the Securities (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Securityholder or using funds provided by the Securityholder for this purpose. Under the *risparmio amministrato* regime, where a sale, early redemption or redemption of the Securities results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same Securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Securityholder is not required to declare the capital gains in its annual tax return.
- (iii) Any capital gains realised or accrued by Italian resident individuals holding the Securities not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Securities, to an authorised intermediary and have validly opted for the so-called "*risparmio gestito*" regime (regime provided by Article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.50 per cent. substitute tax, to be paid by the managing

authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Securityholder is not required to declare the capital gains realised in its annual tax return.

Any capital gains realised by a Securityholder which is a Fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 12.50 per cent. substitute tax.

Any capital gains realised by a Securityholder which is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

#### *Non-Italian Resident Securityholders*

Capital gains realised by non-Italian resident Securityholders from the sale, early redemption or redemption of the Securities are not subject to Italian taxation, provided that the Securities (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside Italy.

#### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, (Decree No. 262), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (ii) transfers in favour of relatives to the fourth degree and relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

#### **Transfer Tax**

Article 37 of Law Decree No 248 of 31 December 2007 ("**Decree No. 248**"), converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December, 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of EUR 168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

#### **EU Savings Directive**

Under EC Council Directive 2003/48/EC ("**EU Savings Directive**") on the taxation of savings income, Member States, including Belgium from 1 January 2010, are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period Luxembourg and Austria are

instead required (unless during that period they elect otherwise) to impose a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the EU Savings Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

### **Implementation in Italy of the EU Savings Directive**

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

### **Italian taxation of Certificates**

*The following provisions are only relevant to Securities in respect of which the Final Terms specify that the applicable General Terms and Conditions are those of Certificates.*

Pursuant to Article 67 of Presidential Decree No. 917 of 22 December 1986 and Legislative Decree No. 461 of 21 November 1997, as subsequently amended, where the Italian resident Certificateholder is (i) an individual not engaged in an entrepreneurial activity to which the Certificates are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of the Certificates are subject to a 12.5% substitute tax (*imposta sostitutiva*). The recipient may opt for three different taxation criteria:

- (1) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity to which the Certificates are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any offsettable capital loss, realised by the Italian resident individual holding the Certificates not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Certificates carried out during any given tax year. Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (2) As an alternative to the tax declaration regime, Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Certificates (the "*risparmio amministrato*" regime provided for by Article 6 of the Legislative Decree No. 461 of 21 November 1997, as a subsequently amended, the "**Decree No. 461**"). Such separate taxation of capital gains

is allowed subject to (i) the Certificates being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express valid election for the *risparmio amministrato* regime being punctually made in writing by the relevant Certificateholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Certificates (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Certificateholder or using funds provided by the Certificateholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Certificates results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Certificateholder is not required to declare the capital gains in the annual tax return.

- (3) Any capital gains realised or accrued by Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Certificates, to an authorised intermediary and have validly opted for the so-called "*risparmio gestito*" regime (regime provided for by Article 7 of the Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Certificateholder is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident Securityholder is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Securities are effectively connected, capital gains arising from the Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant Securityholder's income tax return and are therefore subject to Italian corporate tax (and, in certain circumstances, depending on the "status" of the Securityholder, also as a part of the net value of production for IRAP purposes).

Capital gains realised by non-Italian resident Securityholders are not subject to Italian taxation provided that the Securities (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside Italy.

#### **Atypical securities**

In accordance with a different interpretation of current tax law, it is possible that Certificates would be considered as 'atypical' securities pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Certificates may be subject to an Italian withholding tax, levied at the rate of 27 per cent.

The 27 per cent. withholding tax mentioned above does not apply to payments made to a non-Italian resident holder of the Certificate and to an Italian resident holder of the Certificate which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

#### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, (Decree No. 262), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (ii) transfers in favour of relatives to the fourth degree and relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC ("**EU Savings Directive**") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State, including Belgium from 1 January 2010, details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the EU Savings Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

### **Implementation in Italy of the EU Savings Directive**

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

### **Luxembourg**

*The following provisions are only relevant if a paying agent has been appointed in Luxembourg and the terms and conditions contemplate the possibility of Securities being issued in definitive form and held outside a clearing system.*

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual holders of Securities and to certain entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to individual holders of Securities and to certain entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Securities.

### *Taxation of Luxembourg non-residents*

Under the Luxembourg laws dated 21 June 2005 implementing the European Council Directive 2003/48/EC (the “**Savings Directive**”) and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (“**EU**”), a Luxembourg-based paying agent (within the meaning of the Savings Directive) is required to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure. The same treatment will apply to payments of interest and other similar income made to certain “residual entities” within the meaning of Article 4.2 of the Savings Directive established in a Member State or in certain EU dependent or associated territories (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not UCITS recognised in accordance with the European Council Directive 85/611/EEC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and that have not opted to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC). The withholding tax rate is currently 20 per cent., increasing to 35 per cent. as from 1 July 2011. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

### *Taxation of Luxembourg residents*

In accordance with the law of 23 December 2005, as amended by the law of 17 July 2008, on the introduction of a withholding tax on certain interest payments on savings income, interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC or for the exchange of information regime) are subject to a 10 per cent. withholding tax.

## **The Netherlands**

All payments made by the Issuer under the Securities may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, unless the Securities are treated as loans which in fact function as equity of the Issuer within the meaning of article 10, section 1, letter d, Act on corporate taxation 1969 (*Wet op de vennootschapsbelasting 1969*).

## **Spain**

### **Spanish resident individuals**

Personal Income Tax (“*Impuesto sobre la Renta de las Personas Físicas*”) (“PIT”)

Please note that income obtained by Spanish resident individuals under the Securities may be subject to withholding tax at 19% on account of the final PIT liability of the Spanish individual investor. The withholding tax regime will be as follows:

- (i) Interest paid to holders of Securities who are Spanish resident individuals will be subject to Spanish withholding tax at 19% to be deducted by the depositary entity of the Securities or the entity in

charge of collecting the income derived thereunder, provided such entities are resident for tax purposes in Spain or have a permanent establishment in the Spanish territory.

- (ii) Income obtained upon transfer of the Securities will be subject to Spanish withholding tax at 19% to be deducted by the financial entity acting on behalf of the seller, provided such entity is resident for tax purposes in Spain or has a permanent establishment in the Spanish territory.
- (iii) Income obtained upon redemption of the Securities will be subject to Spanish withholding tax at 19% to be deducted by the financial entity appointed by the Issuer (if any) for redemption of the Securities, provided such entity is resident for tax purposes in Spain or has a permanent establishment in the Spanish territory.

### **Spanish resident companies**

Corporate Income Tax ("*Impuesto sobre Sociedades*") ("**CIT**")

Any income derived by Spanish companies under the Securities will be included in their CIT taxable income in accordance with applicable CIT legislation.

In case that the Securities would be listed on an OECD market, income obtained thereunder by Spanish resident corporates would be exempt from Spanish withholding taxes.

Should the Securities not be listed on an OECD market, income obtained by Spanish resident corporates thereunder will be subject to Spanish withholding taxes in similar terms than those described above in respect of Spanish resident individuals.

### **Sweden**

*The following provisions are only relevant in respect of Securities which are to be held within the Euroclear Sweden system.*

There is no Swedish withholding tax (*källskatt*) applicable on payments made by the Issuer in respect of the Securities. Sweden operates a system of preliminary tax (*preliminärskatt*) to secure payment of taxes. In the context of the Securities a preliminary tax of 30 per cent. will be deducted from all payments of interest in respect of the Securities made to any individuals or estates that are resident in Sweden for tax purposes. Depending on the relevant holder's overall tax liability for the relevant fiscal year the preliminary tax may contribute towards, equal or exceed the holder's overall tax liability with any balance subsequently to be paid by or to the relevant holder, as applicable.

### **EU Savings Directive**

*The following provisions are only relevant if a paying agent has been appointed in Austria or Luxembourg and the terms and conditions contemplate the possibility of Securities being issued in definitive form and held outside a clearing system.*

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another member state details of payments of interest or other similar income paid by a paying agent within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however for a transitional period, Austria and Luxembourg will instead operate a withholding system in relation to such payments, unless the beneficiary of the interest payments elects for the exchange of information. The end of this transitional period depends on the conclusion of certain other agreements relating to exchange of information with certain other countries.

A number of non-EU countries, including Switzerland, ("**Third Countries**") and certain dependent or associated territories of certain Member States ("**Dependent and Associated Territories**"), have adopted similar measures in relation to payments of interest or other similar income paid by a paying agent within its jurisdiction to, or collected by such a person for, an individual resident in another Member State, or certain Third Country or Dependent and Associated Territories.

Investors should note that the European Commission adopted an amending proposal to the Directive, which, among other changes, seeks to extend the application of the Directive to (i) payments channelled through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to savings income. Further developments in this respect should be monitored on a continuing basis, since no certainty exists over whether and when the proposed amendments to the Directive will be implemented. Investors who are in any doubt as to their position should consult their professional advisors.



## ADDITIONAL SELLING RESTRICTIONS

*The following selling restrictions are in addition to those set out in the section entitled “Selling Restrictions” in the Principal Base Prospectus (pages 187 to 189 inclusive).*

### **Austria**

The Securities have not and will not be offered to the public in Austria, except that an offer of the Securities may be made to the public in Austria:

- (a) if the following conditions have been satisfied:
  - (i) the Prospectus, including any supplements but excluding any relevant Final Terms, in relation to those Securities issued by the Issuer, which has been approved by Finanzmarktaufsichtsbehörde in Austria (the “**FMA**”) or, where appropriate, approved in another Member State and notified to the FMA, all in accordance with the Prospectus Directive, has been published at least one Austrian banking business day prior to the commencement of the relevant offer;
  - (ii) the applicable Final Terms for the Securities have been published on or prior to the date of commencement of the relevant offer; and
  - (iii) a notification with Oesterreichische Kontrollbank, all as prescribed by the Capital Market Act 1991 (Kapitalmarktgesetz 1991), as amended (the “**CMA**”), has been filed at least one Austrian banking business day prior to the commencement of the relevant offer; or
- (b) otherwise in compliance with the CMA.

For the purposes of this provision, the expression “an offer of the Securities to the public” means the communication to the public in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

### **France**

An offer of Securities to the public in France may only be made in the period beginning on the date of notification to the *Autorité des marchés financiers* (“**AMF**”) of the approval of this Base Prospectus by the competent authority of a member state of the European Economic Area, other than the AMF, which has implemented the Prospectus Directive, all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of the approval of this Base Prospectus and, to the extent still required by law or regulation, subject to certain notices having been published. The relevant Final Terms will specify whether a public offer of Securities is intended to take place. Otherwise, in the absence of any such public offer being intended, Securities may only be offered or sold, directly or indirectly, and this Base Prospectus, the relevant Final Terms and any other offering material relating to the Securities may not be distributed or caused to be distributed, directly or indirectly, to the public in France other than to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

## FORM OF FINAL TERMS

Final Terms dated [●]

**Credit Suisse AG**

acting through its [London/Nassau] Branch

**Zero Coupon [●]-linked [Non-]Principal Protected [Notes/Certificates/Warrants] due [●]**  
linked to [●]

(the “**Securities**”)

Series SPLB[●]-[●]

issued pursuant to the Principal Protected Securities and Non-Principal Protected Securities for Call  
Options and Put Options Base Prospectus (BPCS-5)

as part of the **Structured Products Programme**

### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Base Prospectus (BPCS-5) dated 23 August 2010 [as supplemented on [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. Copies of the Base Prospectus [and each supplemental Prospectus] may be obtained from the registered office of the Issuer and the offices of the Distributors and Agents specified herein.

These Final Terms comprise the final terms for the issue [and public offer in [●]] [and admission to trading on [*specify regulated market*]] of the Securities.]

*[Include the next four paragraphs (which do not form part of the Base Prospectus for the purposes of Article 5.4 of the Prospectus Directive) and delete the previous two paragraphs if the Final Terms are drafted for Securities that are not to be listed on an EEA regulated market and are not to be offered to the public in the EEA.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the Base Prospectus (BPCS-5) dated 23 August 2010 [as supplemented on [●]]. This document constitutes the Final Terms of the Securities described herein. Copies of the Base Prospectus [and each supplemental Prospectus] may be obtained from the registered office of the Issuer and the offices of the Agents specified herein.

These Final Terms comprise the final terms for the issuance of the Securities. The documents stated to be “DOCUMENTS INCORPORATED BY REFERENCE” in the Base Prospectus shall not be so incorporated for the purposes of the issue of the Securities.

Paragraphs [1], [2] and [3] of [Page 2] of the Base Prospectus shall be deleted in their entirety.

These Final Terms do not constitute final terms for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC). The Issuer is not offering the Securities in any jurisdiction in circumstances which would require a prospectus pursuant to the Prospectus Directive. Nor is any person authorised to make such an offer of the Securities on behalf of the Issuer in any jurisdiction. In addition, no application has been made (nor is it proposed that any application will be made) for listing of the Securities on any stock exchange.]

The terms and conditions applicable to the Securities are (1) the General Terms and Conditions of [Notes/Certificates/Warrants] and the Asset Terms for [Equity-linked/Equity Index-linked/Commodity-linked/Commodity Index-linked/Fund-linked/FX-linked/FX Index-linked/Inflation Index-linked/Interest Rate Index-linked/Cash Index-linked] Securities set out in the Base Prospectus dated 1 July 2010 relating to the Issuer's Structured Products Programme and (2) the Terms and Conditions set out in the Base Prospectus dated 23 August 2010 (BPCS-5) relating to Call Options and Put Options (which incorporates by reference the provisions referred to in (1) above), as completed by these Final Terms. References to such Base Prospectuses are to them as supplemented at the date of these Final Terms.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Italics denote guidance for completing the Final Terms.]*

*[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

- |  |  |   |
|--|--|---|
| 1  | Branch:  | [London/Nassau] Branch  |
| 2  | Series Number:                                 | [SPLB[●]-[●]]/[/[Not Applicable]  |
| 3  | Tranche Number:                                | [Not Applicable]/[●]<br><i>(Should be not applicable unless fungible with an existing series)</i>   |
| 4  | Applicable General Terms and Conditions:       | [Notes/Warrants/Certificates]<br><i>(N.B. In certain countries, Certificates should be documented using the "Notes" General Terms and Conditions)</i><br>[General Condition 4 of the General Terms and Conditions of Notes shall also apply]<br><i>(Include if the Certificate or Warrant General Terms and Conditions apply and the Securities bear interest or premium)</i> |
| 5  | Specified Currency or Currencies:              | [●]/[euro ("EUR")]  |
| <b>PROVISIONS RELATING TO NOTES AND CERTIFICATES</b> |  | [Applicable]/[Not Applicable]<br><i>(If not applicable, delete the remaining paragraphs of this section)</i>  |
| 6  | Aggregate Nominal Amount/Number of Securities: | [Up to] [●]<br><i>(N.B. if "Up to" then an Article 8 notice is required for the final amount/number)</i>  |
|  | (i) Series:                                    | [1]/[●]<br><i>(Should be "1" unless fungible)</i>   |
|  | (ii) Tranche:                                  | [Not Applicable]/[●]<br><i>(Should be "Not Applicable" unless fungible)</i>   |

7	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ <i>insert date</i> ] ( <i>in the case of fungible issues only, if applicable</i> ) [●] per Security
8	Specified Denomination/Nominal Amount:	[●] ( <i>amount must not be less than EUR 1,000 or equivalent in other currencies</i> )
9	Issue Date:	[●]
10	Maturity Date/(Final) Redemption Date:	The later of [●] and the [●] Currency Business Day after the [[last] Final Observation Date]/[last Averaging Date]/(specify other)] ( <i>specify the number and type of days by reference to which the Maturity Date is fixed</i> )
11	Interest Basis:	[Fixed Rate] [Floating Rate] [Zero Coupon] [Not Applicable]
12	Premium Basis:	[Applicable (further particulars below)]/[Not Applicable]
13	Redemption/Payment Basis:	[Equity-linked] [Equity Index-linked] [Commodity-linked] [Commodity Index-linked] [Fund-linked] [FX-linked] [FX Index-linked] [Inflation Index-linked] [Interest Rate Index-linked] [Cash Index-linked]
<b>PROVISIONS RELATING TO WARRANTS</b>		[Applicable]/[Not Applicable] <i>(If not applicable, delete the remaining paragraphs of this section)</i>
14	Type of Warrants:	[Equity-linked] [Equity Index-linked] [Commodity-linked] [Commodity Index-linked] [Fund-linked] [FX-linked] [FX Index-linked] [Inflation Index-linked] [Interest Rate Index-linked] [Cash Index-linked]

- 15 Exercise Style: [European Style]  
[American Style]  
[Bermudan Style]
- 16 Expiration Date/Exercise Date: [•]
- 17 Minimum Exercise Number: [•] [, or integral multiples thereof] (*Only for American Style Warrants. This must not be more than the Transferable Number*)  
(*Minimum number of Warrants which can be exercised at any time*)
- 18 Maximum Exercise Number: [•] (*Only for American Style Warrants*)  
(*Maximum number of Warrants which can be exercised at any time, subject as otherwise specified in the Conditions*)
- 19 Number of Securities: [Up to] [•]  
(*N.B. if "Up to" then an Article 8 notice is required for the final number*)
- (i) Series: [1]/[•]  
(*Should be "1" unless fungible*)
- (ii) Tranche: Not Applicable/[•]  
(*Should be "Not Applicable" unless fungible*)
- 20 Issue Price: [•] per Security
- 21 Nominal Amount: [•]  
(*required for determination of Settlement Amount*)  
(*amount must not be less than EUR 1,000 or equivalent in other currencies*)
- 22 Issue Date: [•]
- 23 Settlement Date: [•] Currency Business Days after the Expiration Date/relevant Exercise Date, provided that, if that day is not a Currency Business Day, it shall be the next Currency Business Day.
- 24 Put/Call Options: [[Put/Call] (further particulars specified below)]/[Not Applicable]

#### PROVISIONS RELATING TO INTEREST AND PREMIUM

- 25 **Fixed Rate Provisions** [Applicable]/[Not Applicable]  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate(s) of Interest: [•] per cent. per annum
- (ii) Interest Commencement Date: [•]  
(*Specify if different from Issue Date*)
- (iii) Interest Payment Date(s): [[•] in each year]/[•]
- (iv) Fixed Interest Amount (s): [•] per [Specified Denomination]/[•] in Nominal Amount
- (v) Broken Amount: [*Insert particulars of any initial or final broken interest amounts which do not*]

	<i>correspond with the Fixed Interest Amount(s) and the Interest Payment Date(s) to which they relate]</i>
(vi) Day Count Fraction:	[Actual/Actual]/ [Actual/Actual – ISDA]/ [Actual/365 (fixed)]/ [Actual/360]/ [30/360 (Unadjusted)]/ [30/360]/ [360/360]/ [Bond Basis]/ [30E/360]/ [Eurobond Basis]/ [30E/360 (ISDA)]/ [Actual/Actual – ICMA]
(vii) Determination Date(s):	[Not Applicable] [[•] in each year ( <i>insert regular interest period end dates, ignoring the maturity date in the case of a long or short last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual - ICMA</i> )]
(viii) Other terms relating to the method of calculating interest for Fixed Rate Securities:	[Not Applicable]/[ <i>give details</i> ]
<b>26 Floating Rate Provisions</b>	[Applicable]/[Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(ii) Interest Commencement Date: <i>(Specify if different from Issue Date)</i>	[•]
(iii) Interest Payment Date(s):	[[•] in each year]/[•], subject to adjustment in accordance with the Business Day Convention]
(iv) Business Day Convention:	[Floating Rate Business Day Convention] [Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [other ( <i>give details</i> )]
(v) Business Centre(s):	[•]
(vi) Interest Period Date(s):	[Each Interest Payment Date]/[•]
(vii) ISDA Determination:	
– Floating Rate Option:	[•]
– Designated Maturity:	[•]
– Reset Date:	[•]
– ISDA Definitions: (if different from those set out in the Conditions)	[•]
(viii) Margin(s):	[[+/-] [•] per cent. per annum]/[Not Applicable]
(ix) Minimum Rate of Interest:	[[•] per cent. per annum]/[Not Applicable]
(x) Maximum Rate of Interest:	[[•] per cent. per annum]/[Not Applicable]

(xi) Day Count Fraction:	[Actual/Actual]/ [Actual/Actual – ISDA]/ [Actual/365 (fixed)]/ [Actual/360]/ [30/360 (Unadjusted)]/ [30/360]/ [360/360]/ [Bond Basis]/ [30E/360]/ [Eurobond Basis]/ [30E/360 (ISDA)]/ [Actual/Actual – ICMA]
(xii) Determination Date(s):	[Not Applicable]  [[•] in each year ( <i>insert regular interest period end dates, ignoring the maturity date in the case of a long or short last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual - ICMA</i> )]
(xiii) Rate Multiplier:	[•]/[Not Applicable]
(xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Securities, if different from those set out in the Conditions:	[•]/[Not Applicable]
<b>27</b> Premium Provisions:	[Applicable]/[Not Applicable]  <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Rate(s) of Premium:	[•] per cent. per annum
(ii) Day Count Fraction:	[Actual/Actual]/ [Actual/Actual – ISDA]/ [Actual/365 (fixed)]/ [Actual/360]/ [30/360 (Unadjusted)]/ [30/360]/ [360/360]/ [Bond Basis]/ [30E/360]/ [Eurobond Basis]/ [30E/360 (ISDA)]/ [Actual/Actual – ICMA]
(iii) Determination Date(s):	[Not Applicable]  [[•] in each year ( <i>insert regular premium period end dates, ignoring the maturity date in the case of a long or short last period. N.B. only relevant where Day Count Fraction is Actual/Actual - ICMA</i> )]
(iv) Premium Commencement Date: <i>(Specify if different from Issue Date)</i>	[•]
(v) Premium Amount(s):	[•] per [Specified Denomination]/[[•] of the Nominal Amount]
(vi) Premium Payment Date(s):	[[•] in each year] [Each Interest Payment Date] [•]
<b>PROVISIONS RELATING TO REDEMPTION</b>	
<b>28</b> Redemption Amount or Settlement Amount:	[Principal Protected]/[Non-Principal Protected]  <i>(The following sub-paragraphs should be completed or deleted as appropriate)</i>

- (i) Multi-Option Redemption: [Applicable]/[Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Performance: The [aggregate of all Option Return<sub>N</sub> amounts]/[average of all Option Return<sub>N</sub> amounts]/[the Option Return<sub>N</sub> of the [best/worst] performing Option<sub>N</sub>.  
 OP%: [Indicatively [●] per cent., or such higher percentage as the Issuer shall determined in its sole and absolute discretion on the Initial Setting Date by reference to the then prevailing market conditions, subject to a minimum of [●] per cent.]/[[●] per cent.]  
*(N.B. if indicative then an Article 8 notice is required for the final percentage)*
- Asset<sub>t</sub>Base: [Asset<sub>t</sub>Initial]/[Asset<sub>t</sub>Initial Period Level]/[Not Applicable]
- Asset<sub>t</sub>Initial: [●]/[As determined in accordance with the Conditions, [with/without] regard to the Valuation Time].
- Asset<sub>t</sub>Initial Period Level: [●]/[As determined in accordance with the Conditions [using the [lowest/highest/average] Levels], [with/without] regard to the Valuation Time].  
*[only include "using the [lowest/highest/average] Levels" if more than one Initial Setting Date]*
- Asset<sub>t</sub>Final: As determined in accordance with the Conditions [using the [lowest/highest/average] Levels], [with/without] regard to the Valuation Time.  
*[only include "using the [lowest/highest/average] Levels" if more than one Final Observation Date]*
- Initial Setting Date(s): (i) [●]/[●], [●] and [●] ("ISD-A")  
 (ii) [●]/[●], [●] and [●] ("ISD-B")  
 (ii) [●]/[●], [●] and [●] ("ISD-C")  
*(delete or add further lines as required)*  
 as specified for the relevant Option<sub>N</sub> in the table below.
- Final Observation Date(s): (i) [●]/[●], [●] and [●] ("FOD-A")  
 (ii) [●]/[●], [●] and [●] ("FOD-B")  
 (ii) [●]/[●], [●] and [●] ("FOD-C")  
*(delete or add further lines as required)*  
 as specified for the relevant Option<sub>N</sub> in the



table below.

- Option<sub>N</sub>:

N	Strike <sub>N</sub>	Participation <sub>N</sub>	Floor <sub>N</sub>	Type <sub>N</sub>	Initial Setting Date(s) <sub>N</sub>	Final Observation Date(s) <sub>N</sub>
1	[●]%	[+/-] [●]%	[●]%	[Put/Call]	ISD-[●]	FOD-[●]
2	[●]%	[+/-] [●]%	[●]%	[Put/Call]	ISD-[●]	FOD-[●]
3	[●]%	[+/-] [●]%	[●]%	[Put/Call]	ISD-[●]	FOD-[●]

*(Add further lines where necessary)*

- (ii) Single-Option Redemption: [Applicable]/[Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Asset<sub>t</sub>Base: [Asset<sub>t</sub>Initial]/[Asset<sub>t</sub>Initial Period Level]/[Not Applicable]
- Asset<sub>t</sub>Initial: [●]/[As determined in accordance with the Conditions, [with/without] regard to the Valuation Time].
- Asset<sub>t</sub>Initial Period Level: [●]/[As determined in accordance with the Conditions [using the [lowest/highest/average] Levels], [with/without] regard to the Valuation Time].  
*[only include "using the [lowest/highest/average] Levels" if more than one Initial Setting Date]*
- Asset<sub>t</sub>Final: As determined in accordance with the Conditions [using the [lowest/highest/average] Levels], [with/without] regard to the Valuation Time.  
*[only include "using the [lowest/highest/average] Levels" if more than one Final Observation Date]*
- Initial Setting Date(s): [●]/[●], [●] and [●]
- Final Observation Date(s): [●]/[●], [●] and [●]
- Strike: [●] per cent.
- Participation: [+/-] [●] per cent.
- Floor: [●] per cent.
- Type: [Put/Call]
- (iii) Averaged-Option Redemption: [Applicable]/[Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Asset<sub>t</sub>Base: [Asset<sub>t</sub>Initial]/[Asset<sub>t</sub>Initial Period Level]/[Not Applicable]
- Asset<sub>t</sub>Initial: [●]/[As determined in accordance with the Conditions, [with/without] regard to the Valuation Time].
- Asset<sub>t</sub>Initial Period Level: [●]/[As determined in accordance with the

	Conditions [using the [lowest/highest/average] Levels], [with/without] regard to the Valuation Time].
	<i>[only include "using the [lowest/highest/average] Levels" if more than one Initial Setting Date]</i>
- Asset <sub>t</sub> Current:	As determined in accordance with the Conditions, [with/without] regard to the Valuation Time.
- Initial Setting Date(s):	[●]/[●], [●] and [●]
- Averaging Dates:	[●], [●] and [●]
- Strike:	[●] per cent.
- Participation:	[+/-] [●] per cent.
- Floor:	[●] per cent.
- Type:	[Put/Call]
(iv) Redemption Amount Cap:	[[●] per cent.]/[Not Applicable]
(v) Redemption Amount Floor:	[[●] per cent.]/[Not Applicable]
(vi) FP%:	[[●] per cent.]/[Not Applicable] <i>(For Certificates FP% should be "Not Applicable" not 0 per cent.)</i>
(vii) PP%:	[●] per cent.
(viii) Return Features:	[In respect of Option <sub>t,●</sub> ] [Each Underlying Asset Return is subject to: - a maximum percentage of [●] per cent.; - a minimum percentage of [●] per cent.] [The [highest/lowest] [specify number if more than one] Underlying Asset Return[s] [[is/are] replaced with [●] per cent.]/[will be [reduced/increased] by [●] per cent.] [If, on [●]/[any day during the period from, and including [●] to, and including [●]], the Level ([with/without] regard to the Valuation Time) of [one or more/each] Underlying Asset is [equal to] [or] [higher/lower than] [●] per cent. of [its/the relevant Underlying Asset's] [Asset <sub>t</sub> Initial/Asset <sub>t</sub> Initial Period Level], then the Underlying Asset Return of [that/each] Underlying Asset will be [equal to [●] per cent.]/[[reduced /increased] by [●] per cent.] [If, on [●]/[any day during the period from, and including [●] to, and including [●]], the Level ([with/without] regard to the

Valuation Time) of [one or more/each] Underlying Asset is [equal to] [or] [higher/lower than] [●] per cent. of [its/the relevant Underlying Asset's] [Asset,Initial/Asset,Initial Period Level], then the Underlying Performance will be equal to [●] per cent.]

[The Weighting of the Underlying Asset that performs [best/worst] on [●]/[any day during the period from, and including [●] to, and including [●]] (by comparing the Level ([with/without] regard to the Valuation Time) of each Underlying Asset during such time period with its [Asset,Initial/Asset,Initial Period Level]) shall be deemed to be 100 per cent. and the Weighting of all other Underlying Assets shall be deemed to be zero per cent.]

[The Underlying Performance is subject to a maximum percentage of [●] per cent.]

[Not Applicable]

*[Repeat for each Option<sub>N</sub> as required]*

*[only applicable for Multi-Option Redemption, if required]*

**29 Trigger Redemption:**

[Applicable]/[Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Trigger Event:

[The Level ([with/without] regard to the Valuation Time) of [the/any/each/the [Best/Worst] Performing] Underlying Asset in respect of any Trigger Barrier Observation Date is [at or] [above/below] the Trigger Barrier.]

[The average ([with/without] regard to the Valuation Time) of [all/the two [highest/lowest]] Levels of each of the Underlying Assets in respect of any Trigger Barrier Observation Date is [at or] [above/below] the Trigger Barrier.]

(ii) Trigger Barrier Redemption Date:

[Any of [●], [●] and [●]]/[As specified in the table below]/[A date selected by the Issuer falling not later than 10 Currency Business Days after the occurrence of the Trigger Event.]

(iii) Trigger Barrier Redemption Amount:

[[●] per cent. of the Nominal Amount]/[A

- percentage of the Nominal Amount, as specified in the table below]
- (iv) Trigger Barrier: [[•] per cent.]/[As specified in the table below]  
(Specify separately for each Underlying Asset)
- (v) Trigger Barrier Observation Date(s): [Any of [•], [•] and [•]]/[As specified in the table below]/[Any Currency Business Day in the [relevant] Trigger Barrier Observation Period]/
- (vi) Trigger Barrier Observation Period: [From and including [•] to and including [•]]/[As specified in the table below]/[Not Applicable]

	Trigger Barrier Observation Date <sub>n</sub>	Trigger Barrier Observation Period <sub>n</sub>	Trigger Barrier <sub>n</sub>	Trigger Barrier Redemption Amount <sub>n</sub>	Trigger Barrier Redemption Date <sub>n</sub>
1.	[•]	[•] to [•]	[•] per cent.	[•] per cent.	[•]
2.	[•]	[•] to [•]	[•] per cent.	[•] per cent.	[•]
3.	[•]	[•] to [•]	[•] per cent.	[•] per cent.	[•]

(Repeat as necessary)

(Delete the relevant columns as necessary)

**30 Physical Settlement Provisions:**

[Applicable]/[Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Physical Settlement Trigger:

[Applicable]/[Not Applicable]

Physical Settlement Trigger Event:

[With/Without] regard to the Valuation Time, the Share Price of [the/any/each/the [Best/Worst] Performing] Underlying Asset is [at or] below the Physical Settlement Trigger Event Barrier.

Physical Settlement Trigger Event Barrier:

[•] per cent.

Physical Settlement Trigger Observation Date:

[•]

(b) Physical Settlement Option:

[Applicable]/[Not Applicable]

Physical Settlement Option Notice Period:

[•] Banking Days prior to the [Maturity Date/Settlement Date]

Presentation Date Notice Period:

[•] Banking Days prior to the Presentation Date

Ratio:

[[•] (Specify separately for each Share)]/[Nominal Amount x [Spot Rate/Strike Price]]/[Not Applicable]

[Underlying Asset to be Delivered:]

[[Best/Worst] Performing Underlying Asset] (include if more than one Underlying Asset)

**31 Put Option:**

[Applicable]/[Not Applicable]

	<i>(Not applicable to Warrants)</i>	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[[•] per cent. of the Nominal Amount] [together with any interest/premium accrued to the date fixed for redemption]
	(iii) Description of any other Securityholder's option:	[•]/[Not Applicable]
	(iv) Notice period (if other than as set out in the Conditions):	[As per the Conditions]/[Not less than [•] Business Days] <i>(Complete if Notice is other than the 15 Business Day provided in the Principal Base Prospectus)</i>
<b>32</b>	Call Option: <i>(Not applicable to Warrants)</i>	[Applicable]/[Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[[•] per cent. of the Nominal Amount] [together with any interest accrued to the date fixed for redemption]
	(iii) If redeemable in part:	[•]
	(a) Minimum nominal amount to be redeemed:	[•]
	(b) Maximum nominal amount to be redeemed:	[•]
	(iv) Description of any other Issuer's option:	[•]/[Not Applicable]
	(v) Notice period (if other than as set out in the Conditions):	[As per the Conditions]/[Not less than [•] Business Days] <i>(Complete if Notice is other than the 15 Business Day provided in the Principal Base Prospectus)</i>
<b>33</b>	Settlement Currency <i>(currency in which payment will be made)</i>	[The Specified Currency]/[•]

**UNDERLYING ASSETS**

**34 List of Underlying Assets**

i	Underlying Asset <sub>i</sub>	Weighting <sub>i</sub>
[•]	[•]	[•]
[•]	[•]	[•]

*(Add further lines where necessary)*

**35 Equity-linked Securities**

	[Applicable]/[Not Applicable] <i>(If not applicable, delete the following sub-paragraphs of this paragraph)</i>
Share Issuer:	[•]
Share:	[•]

Index Tracking Share:	[Applicable]/[Not Applicable]
ISIN:	[•]
Bloomberg Code:	[•]
Information Source:	[•]
Exchange:	[•]
Related Exchange:	[•]/[All Exchanges]
Jurisdictional Event:	[Applicable]/[Not Applicable]
Jurisdictional Event Jurisdiction(s):	[•]/[Not Applicable]
Extraordinary Dividend:	[[•]/To be determined by the Issuer]
Additional Disruption Events:	
Change in Law:	[Applicable]/[Not Applicable]
Insolvency Filing:	[Applicable]/[Not Applicable]
Hedging Disruption:	[Applicable]/[Not Applicable]
Increased Cost of Hedging:	[Applicable]/[Not Applicable]
	<i>(default position for Change in Law/Insolvency Filing/Hedging Disruption/Increased Cost of Hedging is Applicable)</i>
Loss of Stock Borrow:	[Applicable]/[Not Applicable]
Maximum Stock Loan Rate:	[•]/[Not Applicable]
Increased Cost of Stock Borrow:	[Applicable]/[Not Applicable]
Initial Stock Loan Rate:	[•]/[Not Applicable]
	<i>(default position for Loss of Stock Borrow/Increased Cost of Stock Borrow is Not Applicable)</i>

*(Repeat as necessary where there are more Share Issuers)*

<b>36 Equity Index-linked Securities</b>	[Applicable]/[Not Applicable]
	<i>(If not applicable, delete the following sub-paragraphs of this paragraph)</i>
Index:	[•]
Bloomberg code:	[•]
Information Source:	[•]
Required Exchanges:	[As per the Asset Terms]/[•]/[Not Applicable]
Related Exchange:	[•]/[All Exchanges]
Disruption Threshold:	[20]/[•] per cent.
Jurisdictional Event:	[Applicable]/[Not Applicable]
Jurisdictional Event Jurisdiction(s):	[•]/[Not Applicable]
Additional Disruption Events:	
Change in Law:	[Applicable]/[Not Applicable]

Hedging Disruption: [Applicable]/[Not Applicable]  
 Increased Cost of Hedging: [Applicable]/[Not Applicable]  
*(default position for Change in Law/Hedging Disruption/Increased Cost of Hedging is Applicable)*

*(Repeat as necessary where there are more Equity Indices)*

**37 Commodity-linked Securities**

[Applicable]/[Not Applicable]  
*(If not applicable, delete the following sub-paragraphs of this paragraph)*

Commodity: [•]  
 Bloomberg Code: [•]  
 Information Source: [•]  
 Jurisdictional Event: [Applicable]/[Not Applicable]  
 Jurisdictional Event Jurisdiction(s): [•]/[Not Applicable]  
 Commodity Reference Price: [•]/[The Specified Price as published by the Price Source]/[Commodity Reference Dealers]  
 Price Materiality Percentage: [[•] per cent.]/[Not Applicable]  
 Exchange: [•]  
 Futures Contract: [•]  
 Delivery Date: [[•]/[•] Nearby Month]/[Not Applicable]  
 Price Source: [•]  
 Specified Price: [(A) the high price; (B) the mid price; (C) the low price; (D) the average of the high price and the low price; (E) the closing price; (F) the opening price; (G) the bid price; (H) the asked price; (I) the average of the bid price and the asked price; (J) the settlement price; (K) the official settlement price; (L) the official price; (M) the morning fixing; (N) the afternoon fixing; (O) the fixing; (P) the bid fixing; (Q) the mid fixing; (R) the asked fixing; (S) the spot price; or (T) *[Other – please specify]*]

Market Disruption Event: [Price Source Disruption]  
 [Trading Disruption]  
 [Disappearance of Commodity Reference Price]  
 [Material Change in Formula]  
 [Material Change in Content]  
 [Tax Disruption]  
 [Not Applicable]

Additional Disruption Events:  
Change in Law: [Applicable]/[Not Applicable]  
Hedging Disruption: [Applicable]/[Not Applicable]  
Increased Cost of Hedging: [Applicable]/[Not Applicable]  
*(default position for Change in Law/Hedging Disruption/Increased Cost of Hedging is Applicable)*

Bullion Reference Dealers: [•]/[The Calculation Agent]/[Not Applicable]  
Reference Dealers: [•]/[The Calculation Agent]/[Not Applicable]

*(Repeat as necessary where there are more Commodities)*

**38 Commodity Index-linked Securities** [Applicable]/[Not Applicable]  
*(If not applicable, delete the following sub-paragraphs of this paragraph)*

Commodity Index: [•]  
Bloomberg Code: [•]  
Information Source: [•]  
Jurisdictional Event: [Applicable]/[Not Applicable]  
Jurisdictional Event Jurisdiction(s): [•]/[Not Applicable]  
Commodity Reference Price: [•]/[The price as published by the Price Source]  
Exchange: [•]  
Price Source: [•]  
Market Disruption Event: [Price Source Disruption]  
[Trading Disruption]  
[Disappearance of Commodity Reference Price]  
[Early Closure]  
[Material Change in Formula]  
[Material Change in Content]  
[Tax Disruption]  
[Not Applicable]

Additional Disruption Events:  
Change in Law: [Applicable]/[Not Applicable]  
Hedging Disruption: [Applicable]/[Not Applicable]  
Increased Cost of Hedging: [Applicable]/[Not Applicable]  
*(default position for Change in Law/Hedging Disruption/Increased Cost of Hedging is Applicable)*

*(Repeat as necessary where there are more Commodity Indices)*



<b>39</b>	<b>Fund-linked Securities</b>	[Applicable]/[Not Applicable] <i>(If not applicable, delete the following sub-paragraphs of this paragraph)</i>
	Reference Fund:	[As per the Asset Terms]/[•]
	Fund Interest:	[•]
	Fund Interest Unit:	[As per the Asset Terms]/[•]
	Additional Fund Documents:	[None]/[•]
	Hypothetical Investor Jurisdiction:	[England]/[•]
	Redemption Fees:	[•]
	Additional Fund Service Provider:	[•]
	Fund Adviser:	[As per the Asset Terms]/[•]
	Fund Administrator:	[As per the Asset Terms]/[•]
	Fund Insolvency Entity:	[None]/[•]
	Key Persons:	[None]/[•]
	Jurisdictional Event:	[Applicable]/[Not Applicable]
	Jurisdictional Event Jurisdiction:	[•]/[Not Applicable]
	NAV Trigger Percentage:	[•]
	NAV Trigger Period:	[•]
	Additional Fund Disruption Event:	[Applicable]/[Not Applicable]
		[•]
	Hedging Party:	[•]
	Reinvestment of Dividends:	[Applicable]/[Not Applicable]
	<i>(Repeat as necessary where there are more Funds)</i>	
<b>40</b>	<b>FX-linked Securities</b>	[Applicable]/[Not Applicable] <i>(If not applicable, delete the following sub-paragraphs of this paragraph)</i>
	FX Rate:	[•]/[Determined in accordance with Settlement Rate Option]
	FX Page:	[•]
	Information Source:	[•]
	Jurisdictional Event:	[Applicable]/[Not Applicable]
	Jurisdictional Event Jurisdiction(s):	[•]/[Not Applicable]
	Event Currency:	[•]
	Non-Event Currency:	[•]
	Reference Currency:	[•]/[Settlement Currency]
	Valuation Date:	[•]
	Market Disruption Events:	
	Benchmark Obligation Default:	[Applicable]/[Not Applicable]
		[If applicable: Benchmark Obligations:

	Primary Obligor:[●]
	Type of Instrument:[●]
	Currency of Denomination:[●]
	Coupon:[●]
	Maturity Date:[●]
	BB Number:[●]
	Face Value:[●]
Dual Exchange Rate:	[Applicable]/[Not Applicable]
General Inconvertibility:	[Applicable]/[Not Applicable]
General Non-Transferability:	[Applicable]/[Not Applicable]
Governmental Authority Default:	[Applicable]/[Not Applicable]
Illiquidity:	[Applicable]/[Not Applicable]
	[If applicable: Minimum Amount: [●]]
Material Change in Circumstances:	[Applicable]/[Not Applicable]
Nationalisation:	[Applicable]/[Not Applicable]
	[If applicable: Relevant Affiliates: [Specify]/[Not Applicable]]
Price Materiality:	[Applicable]/[Not Applicable]
	[If applicable: Primary Rate: [●] / Secondary Rate: [●] / Price Materiality Percentage:[●]%]
Price Source Disruption:	[Applicable]/[Not Applicable]
Specific Inconvertibility:	[Applicable]/[Not Applicable]
Specific Non-Transferability:	[Applicable]/[Not Applicable]
Additional Disruption Events:	
Change in Law:	[Applicable]/[Not Applicable]
Hedging Disruption:	[Applicable]/[Not Applicable]
Increased Cost of Hedging:	[Applicable]/[Not Applicable]
	<i>(default position for Change in Law/Hedging Disruption/Increased Cost of Hedging is Applicable)</i>

*(Repeat as necessary where there are more FX Rates)*

**41 FX Index-linked Securities**

[Applicable]/[Not Applicable]

*(If not applicable, delete the following  
sub-paragraphs of this paragraph)*

FX Index:

[●]

FX Page:

[●]

Information Source:

[●]

Jurisdictional Event:

[Applicable]/[Not Applicable]

Jurisdictional Event Jurisdiction(s):	[●]/[Not Applicable]
Event Currency:	[●]
Non-Event Currency:	[●]
Reference Currency:	[●]/[Settlement Currency]
Disruption Events:	
Benchmark Obligation Default:	[Applicable]/[Not Applicable] [If applicable: Benchmark Obligations: Primary Obligor:[●] Type of Instrument:[●] Currency of Denomination:[●] Coupon:[●] Maturity Date:[●] BB Number:[●] Face Value:[●]]
Dual Exchange Rate:	[Applicable]/[Not Applicable]
General Inconvertibility:	[Applicable]/[Not Applicable]
General Non-Transferability:	[Applicable]/[Not Applicable]
Governmental Authority Default:	[Applicable]/[Not Applicable]
Illiquidity:	[Applicable]/[Not Applicable] [If applicable: Minimum Amount: [●]]
Material Change in Circumstances:	[Applicable]/[Not Applicable]
Nationalisation:	[Applicable]/[Not Applicable] [If applicable: Relevant Affiliates: [Specify]/[Not Applicable]]
Price Materiality:	[Applicable]/[Not Applicable] [If applicable: Primary Rate: [●] / Secondary Rate: [●] / Price Materiality Percentage:[●]%]
Price Source Disruption:	[Applicable]/[Not Applicable]
Specific Inconvertibility:	[Applicable]/[Not Applicable]
Specific Non-Transferability:	[Applicable]/[Not Applicable]
Additional Disruption Events:	
Change in Law:	[Applicable]/[Not Applicable]
Hedging Disruption:	[Applicable]/[Not Applicable]
Increased Cost of Hedging:	[Applicable]/[Not Applicable] <i>(default position for Change in Law/Hedging Disruption/Increased Cost of Hedging is Applicable)</i>
<i>(Repeat as necessary where there are more FX Indices)</i>	
<b>42 Inflation Index-linked Securities</b>	[Applicable]/[Not Applicable] <i>(If not applicable, delete the following sub- paragraphs of this paragraph)</i>

	Inflation Index:	[•]
	Inflation Fixing Months:	[•]
	<i>(Repeat as necessary where there are more Inflation Indices)</i>	
<b>43</b>	<b>Interest Rate Index-linked Securities</b>	[Applicable]/[Not Applicable]
	<i>(If not applicable, delete the following sub-paragraphs of this paragraph)</i>	
	Interest Rate Index:	[•]
	Information Source:	[•]
	Jurisdictional Event:	[Applicable]/[Not Applicable]
	Jurisdictional Event Jurisdiction(s):	[•]/[Not Applicable]
	Additional Disruption Events:	
	Change in Law:	[Applicable]/[Not Applicable]
	Hedging Disruption:	[Applicable]/[Not Applicable]
	Increased Cost of Hedging:	[Applicable]/[Not Applicable]
	<i>(default position for Change in Law/Hedging Disruption/Increased Cost of Hedging is Applicable)</i>	
	<i>(Repeat as necessary where there are more Interest Rate Indices)</i>	
<b>44</b>	<b>Cash Index-linked Securities</b>	[Applicable]/[Not Applicable]
	<i>(If not applicable, delete the following sub-paragraphs of this paragraph)</i>	
	Reference Rate:	[•]
	Specified Page:	[•]
	Valuation Time:	[•]
	Valuation Date:	[•]
	Compounding Dates:	[•]
	Initial Compounding Date:	[•]
	Day Count Denominator:	[•]/[360]
	<i>(Repeat as necessary where there are more Cash Indices)</i>	
<b>45</b>	Valuation Time:	[As determined in accordance with the Conditions]/[•]/[Not Applicable]
	<i>(N.B. Not applicable for Commodity, Commodity Index, Fund, Inflation Index or Interest Rate Index Underlying Assets as they do not have a Valuation time)</i>	
<b>46</b>	Adjustments Convention:	[As per Asset Term 2]/[•]
	<i>(for the purposes of Asset Term 2)</i>	
	<b>GENERAL PROVISIONS</b>	
<b>47</b>	Form of Securities:	[Not Applicable]
	<i>(Not Applicable if Certificates General Terms</i>	<i>(If not applicable, delete the remaining</i>

	<i>and Conditions or Warrants General Terms and Conditions apply)</i>	<i>sub-paragraphs of this paragraph)</i>
	(i) Type:	[Bearer Securities]/[Registered Securities]
	(ii) Global Security:	[Permanent Global Security]/[Not Applicable]
<b>48</b>	Financial Centre(s):	[Not Applicable]/[Give details] <i>(Note that this item relates to the place of payment, and not interest period end dates)</i>
<b>49</b>	Minimum Transferable Number of Securities: <i>(Only include if Notes General Terms and Conditions apply)</i>	[•]/[Not Applicable]
<b>50</b>	Transferable Number of Securities: <i>(Only include if Certificates or Warrants General Terms and Conditions apply)</i>	[•]/[Not Applicable]
<b>51</b>	Listing and Admission to Trading:	
	(i) Stock Exchange(s) to which application will initially be made to list the Securities: <i>(Application may subsequently be made to other stock exchange(s))</i>	[London Stock Exchange] [Irish Stock Exchange] [Luxembourg Stock Exchange] [NASDAQ OMX Helsinki] [NASDAQ OMX Stockholm] [Oslo Børs] [Euronext Amsterdam] [•]/[None]
	(ii) Admission to trading:	[Application has been made for the Securities to be admitted to trading on the Regulated Market of the [•] with effect from [•] provided, however, no assurance can be given that the Securities will be admitted to trading or listed on the Regulated Market of the [•] on the Issue Date or any specific date thereafter.][Not Applicable]
<b>52</b>	Entities (other than stock exchanges) to which application for listing and/or approval of the Securities will be made:	[•]/[Not Applicable]
<b>53</b>	Security Codes and Ticker Symbols:	
	ISIN Code:	[•]/[Not Applicable]
	Common Code:	[•]/[Not Applicable]
	Swiss Security Number:	[•]/[Not Applicable]
	Telekurs Ticker:	[•]/[Not Applicable]
	WKN Number:	[•]/[Not Applicable]
<b>54</b>	Clearing and Trading:	

Clearing System(s) and any relevant identification number(s):	[Euroclear Bank S.A./N.V. and Clearstream Banking, S.A., Luxembourg] [Clearstream Banking AG, Frankfurt] [The Securities may also be cleared through the bridge account of Monte Titoli S.p.A.] [Euroclear Finland] [Euroclear Sweden] [VPS] [•]
Delivery of Securities:	Delivery [against/free of] payment [See further the section entitled "Details of the method and time limits for paying up and delivering the Securities" set out in Part B, item [7] below.][ <i>insert if required</i> ]
Minimum Trading Lot:	[•]/[Not Applicable]
<b>55</b> Agents:	
Calculation Agent:	Credit Suisse International One Cabot Square London E14 4QJ
Fiscal Agent/[Principal Certificate Agent]/[Principal Warrant Agent]:	The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL
Paying Agents:	The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL  [Nordea Securities Services Aleksis Kiven katu 3-5 Helsinki FI-00020 NORDEA Finland]  [ING Wholesale Banking / Securities Services Location Code BV 05.01 Van Heenvlietlaan 220 1083 CN Amsterdam The Netherlands]  <i>(include where the securities are to be listed on Euronext, Amsterdam)</i>
Additional Agents:	[Applicable]/[Not Applicable]  <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
Transfer Agent:	[Not Applicable]

	<i>(Registered Securities only)</i>	[The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL]
	Registrar:	[Not Applicable]
	<i>(Registered Securities only)</i>	[The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL]
		[Euroclear Finland Oy Urho Kekkosen katu 5C 00101 Helsinki]
		[Nordea Bank Norge ASA Custody Services Essendrops gate 7 P.O. Box 1166 Sentrum 0107 Oslo]
		[Euroclear Sweden AB Box 7822 SE-10397 Stockholm]
	Issuing Agent:	[Not Applicable]
	<i>(Registered Securities /Norwegian issues only)</i>	[Nordea Bank Norge ASA Custody Services Essendrops gate 7 P.O. Box 1166 Sentrum 0107 Oslo]
	Issuing Agent <i>(Emissionsinstitut):</i>	[Not Applicable]
	<i>(Registered Securities /Swedish issues only)</i>	[Skandinaviska Enskilda Banken AB (publ) Kungsträdgårdsgatan 8 SE- 106 40 Stockholm Sweden]
		[Nordea Bank AB (publ) Smålandsgatan 24 SE-105 71 Stockholm Sweden]
	Issuer Agent:	[Not Applicable]
	<i>(Registered Securities /Finnish issues only)</i>	[Nordea Securities Services Aleksis Kiven katu 3-5 Helsinki FI-00020 NORDEA Finland]
		<i>(Delete or add additional Agents as appropriate)</i>
<b>56</b>	Co-Structurer:	[Not Applicable]/[●]
<b>57</b>	Dealer(s):	[Credit Suisse International]/[Credit Suisse Securities (Europe) Limited]/[●]

- [For the avoidance of doubt, the Dealer will not act as a Distributor, as defined in Part B, item [12], and will not place any Securities to the public.][*insert if required*]
- 58** Additional steps that may only be taken following approval by Extraordinary Resolution:  
*(Delete if Certificate General Terms and Conditions apply)*
- [Not Applicable]/[*give details*]
- 59** Specified newspaper for the purposes of notices to Securityholders:
- [Not Applicable]/[●]
- 60** Additional Provisions:
- [Not Applicable]/[The “Additional Provisions for [Notes/Certificates] listed on Borsa Italiana S.p.A.”, as set out in the Base Prospectus dated 1 July 2010 relating to the Issuer’s Structured Products Programme shall apply]
- [Renouncement Cut-Off Date: [●]]  
*(Certificates only)*



## PART B – OTHER INFORMATION

### Terms and Conditions of the Offer

- 1** Offer Price: [The Offer Price will be equal to the Issue Price]/[[●] per cent. of the Nominal Amount/[●] per Security]
- [To be determined on the basis of the prevailing market conditions on or around [●] subject to a maximum of [●] per cent. of the Nominal Amount/[●] per Security]
- [Up to [●] per cent. of the Offer Price is represented by a commission payable to the [relevant] Distributor.
- See item [11] below for information on applicable fees.]
- [Not Applicable]
- 2** Total amount of the offer. If the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer: [Up to] [●]
- [To be determined on the basis of the demand for the Securities and prevailing market conditions and published in accordance with Article 8 of the Prospectus Directive.]
- [It is anticipated that the final amount of Securities to be issued on the Issue Date will be notified to investors by appropriate means (and also through a notice published on the [relevant] Distributor's website, if available) on or around the Issue Date. The final amount of Securities will depend on the outcome of the offer.]
- [Not Applicable]
- 3** Conditions (in addition to those specified in the Base Prospectus) to which the offer is subject: [The offer of the Securities is conditional on their issue.]
- [Right to cancel: The offer may be cancelled if the Aggregate Nominal Amount or aggregate number of Securities purchased is less than [●], or if the Issuer or the [relevant] Distributor assesses, at its absolute discretion, that any applicable laws, court rulings, decisions by governmental or other authorities or other similar factors render it illegal, impossible or impractical, in whole or part, to complete the offer or that there has been a material adverse change in the market conditions. In the case of cancellation, unless otherwise specified by the [relevant] Distributor, the [relevant] Distributor will repay the purchase price and any commission paid by any purchaser without interest.]

- [The Issuer reserves the right to withdraw the offer and/or to cancel the issue of the Securities for any reason at any time on or prior to the Issue Date.]
- [For the avoidance of doubt, if any application has been made by a potential investor and the Issuer exercises such a right, each such potential investor will not be entitled to subscribe or otherwise purchase any Securities.]
- [The offer will be subject to the above provisions. In case of withdrawal or cancellation, the [relevant] Distributor will inform the investors that have already applied for the Securities by appropriate means (and also through a notice published on its website, if available) and repay the Offer Price and any commission paid by any investor without interest.]
- [•]
- 4** The time period during which the offer will be open: From, and including, [•] to, and including, [•].  
The Offer Period may be discontinued at any time. [Notice of the early closure of the Offer Period will be made to investors by appropriate means (and also through a notice published on the [relevant] Distributor's website, if available). (See further the section entitled "Details of the minimum and/or maximum amount of application" set out in item [6] below).]
- 5** Description of the application process [Prospective investors may apply to the [relevant] Distributor to subscribe for Securities in accordance with the arrangements existing between the [relevant] Distributor and its customers relating to the subscription of securities generally.]  
[Investors will be notified by the [relevant] Distributor of the amount allotted. Dealings may begin on or around the Issue Date.]  
[Prospective investors will not be required to enter into any contractual arrangements directly with the Issuer in relation to the subscription for the Securities.]  
[Not Applicable]
- [•]
- 6** Details of the minimum and/or maximum amount of application: [There is no minimum amount of application.]  
[Allotment of Securities will be managed and coordinated by the [relevant] Distributor subject to the arrangements existing between the [relevant] Distributor and its customers relating to the

- subscription of securities generally. There are no pre-identified allotment criteria. All of the Securities requested through the [relevant] Distributor during the Offer Period will be assigned up to the maximum amount of the offer.]
- [In the event that requests exceed the total amount of the offer, the [relevant] Distributor will close the Offer Period early, pursuant to item [4] above.]
- [The [maximum/minimum] number of Securities each individual investor may subscribe for is [●].]
- [Not Applicable]
- 7** Details of the method and time limits for paying up and delivering the Securities: [Payments for the Securities shall be made to the [relevant] Distributor on [[●]/such date as the [relevant] Distributor may specify] as instructed by the [relevant] Distributor.]
- [Payments for the Securities shall be made to the [relevant] Distributor in accordance with the arrangements existing between the [relevant] Distributor and its customers relating to the subscription of securities generally, as instructed by the [relevant] Distributor.]
- [The Securities are expected to be delivered to the purchasers' respective [book entry securities] accounts on or around [[●]/the date as notified by the [relevant] Distributor].]
- [The Securities will be issued on the Issue Date against payment to the Issuer by the [relevant] Distributor of the aggregate subscription moneys. Each investor will be notified by the [relevant] Distributor of the settlement arrangements in respect of the Securities at the time of such investor's application.]
- [Not Applicable]
- 8** Manner in and date on which results of the offer are to be made public: [The results of the offer will be published on the [relevant] Distributor's website following the closing of the Offer Period on or around the Issue Date [or, if such website is not available, the results of the offer will be available upon request from the [relevant] Distributor].]
- [Not Applicable]
- [●]
- 9** Categories of potential investors to which the Securities are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable]
- [●]
- 10** Process for notification to applicants of [Applicants will be notified by the [relevant]

the amount allotted and the indication whether dealing may begin before notification is made:

Distributor of the success of their application.]  
[Dealings in the Securities may begin before such notification is made/No dealings in the Securities may take place prior to the Issue Date.]

[Not Applicable]

[•]

11 Amount of any expenses and taxes specifically charged to the subscriber or purchaser:

[The Distributor[s] will charge purchasers a commission of [•]/[up to [•] per cent. of the Specified Denomination] per Security.]

[The Issuer will pay a fee to the Distributor[s] in connection with the Offer of [•]/[up to [•] per cent. of the Specified Denomination] per Security.]

[The Securities [will be/have been] sold at a discount.]

[The Issuer is not aware of any expenses or taxes specifically charged to the subscriber and not disclosed herein.]

[Taxes charged in connection with the subscription, transfer, purchase or holding of Securities must be paid by the relevant investor and the Issuer will not have any obligation in relation thereto. Investors should consult their professional tax advisers to determine the tax regime applicable to their particular situation.]

[Not Applicable]

[•]

12 Name(s) and address(es), to the extent known to the Issuer, of the placers (“**Distributors**”) in the various countries where the offer takes place.

[•]

[The Issuer reserves the right to appoint other distributors during the Offer Period. Any such appointment will be communicated to investors by means of a notice published on the Issuer’s website.][None]

13 Market-Maker:

[•]/[Not Applicable]

14 Market-making agreement with the Issuer:

[Yes]/[No]

**Liability for the offer:** Any offers made by [the/a] Distributor will be made in its own name and not as an agent of the Issuer or the Dealer and only the [relevant] Distributor will be liable for the relevant offer. Neither the Issuer nor the Dealer accepts any liability for the offer or sale by the [relevant] Distributor of Securities.

**[Risk Factors:** Investors should read the risk factors set out in the Principal Protected Securities and Non-Principal Protected Securities for Call Options and Put Options Base Prospectus (BPCS-5) dated 23 August 2010 before making a decision to subscribe for the Securities.] [*Italian trades only*]

**[Selling Restrictions:** The selling restrictions applicable to the Securities are set out in the Base Prospectus dated 1 July 2010 relating to the Issuer's Structured Products Programme.] *[Italian trades only]*

**[Notice for investors in Finland:** Complaints relating to the offer may be submitted to the Securities Complaints Board.]

**[Notice for investors in The Netherlands:** The Issuer does not have authorisation from the Dutch Central Bank for the pursuit of the business of a bank in The Netherlands and the Issuer does not have a licence pursuant to section 2:11(1) of the Financial Supervision Act.]

#### **[Scenario Analysis**

[Include if desired]]

#### **[Retrospective Simulation**

[Include if desired]

[Source of information: [●]]

The values used for the simulations are historic and past performance is not a reliable indicator of future performance. The simulations are only examples and should not be considered as implying that the same levels of return could be obtained.

The figures used for the simulations are denominated in [SPECIFY CURRENCY]. Where investors are resident in a country other than the country or countries of such currency, the return for such investors in the currency of their country of residence may be increased or decreased as a result of currency fluctuations.]

#### **[Redemption Amount**

[Include Formula and related provisions if desired]]

#### **[Interests of Natural and Legal Persons involved in the Issue**

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer.-*Amend as appropriate if there are other interests*]]

#### **[Explanation of effect on value of investment and associated risks**

[Include a clear and comprehensive explanation of how the value of the investments is affected by the underlying and the circumstances when the risks are most evident]

*[(N.B. The above applies if the Securities are derivative securities to which Annex XII of the Prospectus Directive Regulation applies with a denomination of less than EUR 50,000.*

*When completing this paragraph consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.))]*

#### **Responsibility**

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to as certain

from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

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

Duly authorised

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

Duly authorised

**[Index Trademark(s)/Disclaimer(s)] [*delete if not applicable*]**

[Add if applicable]

**[Additional Selling Restrictions] [*delete if not applicable*]**

[Add if applicable]

**[Additional Taxation Provisions] [*delete if not applicable*]**

[Add if applicable]