

# DEMETER INVESTMENTS B.V.

*(incorporated with limited liability in the Netherlands)*

## Series 2014-1

### EUR 10,000,000 Credit-linked Notes due 2019

### issued under the Secured Note Programme

### Issue Price: 100 per cent.

This document is a series prospectus (the “**Series Prospectus**”), prepared for the purposes of Article 5(1) of Directive 2003/71/EC (the “**Prospectus Directive**”). This Series Prospectus contains information relating to the above notes (the “**Notes**”) issued by Demeter Investments B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated in the Netherlands, with its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands (the “**Issuer**”). The Series Prospectus should be read in conjunction with the base prospectus dated 24 July 2013 relating to the Secured Note Programme (the “**Programme**”) of the Issuer which has been approved by the Central Bank (as defined below) (the “**Base Prospectus**”). Unless defined herein, terms defined in the Base Prospectus have the same meanings in this Series Prospectus.

This Series Prospectus constitutes a “prospectus” for the purposes of the Prospectus Directive.

This Series Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under the Prospectus Directive. The Central Bank only approves this Series Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that any such listing will be obtained, or if obtained, will be maintained.

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

**Arranger and Dealer**

**Credit Suisse International**

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

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

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

No person has been authorised to give any information or to make any representation other than those contained in this Series Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Arranger or the Dealer (as defined in “Overview of the Programme” within the Base Prospectus). Neither the delivery of this Series Prospectus nor any sale of Notes made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this Series Prospectus or the date upon which this Series Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date of this Series Prospectus or the date upon which this Series Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

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

This Series Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or the Dealer to subscribe for, or purchase, any Notes.

The Arranger and the Dealer have not separately verified the information contained in this Series Prospectus. None of the Arranger or the Dealer makes any representation, express or implied, or, to the fullest extent permitted by law, accepts any responsibility, with respect to the accuracy or completeness

of any of the information in this Series Prospectus or for any other statement made or purported to be made by a Dealer or the Arranger or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Arranger and the Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Series Prospectus or any such statement.

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

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

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

## TABLE OF CONTENTS

	<b>Page</b>
RISK FACTORS.....	5
FREQUENTLY ASKED QUESTIONS.....	16
CREDIT DEFAULT SWAPS AND THE CDS TRANSACTION RELATING TO THE SWAP TRANSACTION AND THE NOTES .....	27
DOCUMENTS INCORPORATED BY REFERENCE .....	40
ISSUE TERMS.....	41
SCHEDULE 1 TO THE ISSUE TERMS – AMENDMENTS TO MASTER CONDITIONS.....	54
SCHEDULE 2 TO THE ISSUE TERMS – ADDITIONAL DEFINITIONS.....	69
SCHEDULE 3 TO THE ISSUE TERMS – FORM OF CONFIRMATION OF SWAP TRANSACTION .....	73
DESCRIPTION OF THE REFERENCE ENTITY .....	84
SUBSCRIPTION AND SALE .....	85
GENERAL INFORMATION.....	86

## RISK FACTORS

The risk factors set out below should be read in addition to those set out in pages 14 to 30 of the Base Prospectus. Such risk factors are risk factors that are material to the Notes in order to assess the market risk associated with them or which may affect the Issuer's ability to fulfil its obligations under them. None of the Issuer, the Arranger or any Dealer is in a position to express a view on the likelihood of any contingency highlighted by a risk factor occurring.

### Limitations on claims against the Issuer

The Notes are solely obligations of the Issuer and none of the Swap Counterparty, any Reference Entity, the Collateral CDS Reference Entity or any Original Collateral Obligor (each as defined herein) has any obligation to the Noteholders for payment of any amount due in respect of the Notes. The Issuer is a special purpose vehicle established, *inter alia*, for the purpose of issuing the Notes. The Notes are limited in recourse to the Mortgaged Property which includes, *inter alia*, the Issuer's rights in respect of the Swap Agreement and the Original Collateral (if any) held pursuant to the Custody Agreement. Other than the Mortgaged Property, there are no other assets of the Issuer available to meet any outstanding claims of the Secured Creditors, including the Noteholders.

### Credit-linked notes

The Notes are credit-linked notes, which means that they are linked to the credit risk of one or more Reference Entities, the Collateral CDS Reference Entity and the obligations of (or the obligations guaranteed by) such Reference entity/entities. In the event that a Credit Event Determination Date occurs in relation to any Reference Entity, or (in certain circumstances) a Collateral Credit Event occurs in respect of the Collateral CDS Reference Entity the Noteholders may lose all or a part of their investment in the Notes. The Final Redemption Amount, Early Cash Redemption Amount (each as defined herein) and amount of interest payable on the Notes is linked to, *inter alia*, the credit performance of the Reference Entities and (in certain circumstances) the Collateral CDS Reference Entity. As such, prospective purchasers should note that the Notes differ from ordinary debt securities. See the section of this Series Prospectus entitled "Frequently Asked Questions" below.

If a Credit Event Determination Date occurs, the Notes will fall due for redemption in an amount in aggregate equal to the Post-Credit Event Amount, which is likely to be less than the par value of the Notes and may even be zero. No further principal amount or interest amount will be paid on the Notes. Interest will cease to accrue on the Notes from and including the Interest Payment Date immediately preceding the Credit Event Determination Date or, if there have not been any previous Interest Payment Dates, from and including the Issue Date.

The occurrence or non-occurrence of (i) a credit event with respect to any Reference Entity and/or (ii) a credit event with respect to the Collateral CDS Reference Entity where a Collateral Event has occurred or the Original Collateral has redeemed at scheduled maturity in accordance with its terms will directly and materially affect the return and/or the value of the investor's investment in the Notes. The likelihood of a credit event occurring in respect of any Reference Entity or the Collateral CDS Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of such entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Public information which is available in relation to any such entity may be incomplete, misleading or out of date.

The identity of any Reference Entity or the Collateral CDS Reference Entity is also subject to amendment as a result of corporate or other actions such as a merger or demerger. The risks associated with a

successor Reference Entity or Collateral CDS Reference Entity may be greater than the risks associated with the original entity.

Prospective investors in the Notes should conduct their own review of the Reference Entity and the Collateral CDS Reference Entity and investigate and analyse the credit risk of each and the likelihood of the occurrence of a credit event with respect to such entity.

### **Partial Redemption of the Notes following a Restructuring Credit Event**

Where a Credit Event Determination Date has occurred as a result of a Restructuring Credit Event and the Swap Counterparty elects to settle a portion of the CDS Transaction (the “**Exercised Percentage**”) which is less than 100 per cent., if the corresponding Original Collateral Affected Portion after rounding is less than all Original Collateral then remaining a partial redemption of the Notes shall occur.

In such circumstances, a proportion of the Original Collateral equal to the Original Collateral Affected Portion (as defined herein) shall be liquidated. The Aggregate Outstanding Principal Amount of the Notes will be reduced to reflect the relevant Exercised Percentage and Noteholders may be entitled to receive a pro rata proportion of the Restructuring Distribution Amount (as defined herein), if any. The Restructuring Distribution Amount is calculated as (i) Restructuring Realised Proceeds (ii) plus (if valuable to the Issuer) or minus (if valuable to the Swap Counterparty) the proportionate partial termination value of the asset swap component of the Swap Agreement minus (iii) the Restructuring Credit Event Loss Amount.

### **Early Cash Redemption Amounts**

The Notes are subject, amongst other things, to the credit risk of any Reference Entity, each Original Collateral Obligor, the Collateral CDS Reference Entity, the Custodian and the Swap Counterparty.

#### *Post-Event Amount*

If (i) a Collateral Event occurs with respect to any Original Collateral (but no credit event has occurred in respect of the Collateral CDS Reference Entity), (ii) certain tax events occur with respect to the Notes or the Original Collateral, (iii) the Swap Agreement is terminated early (other than in circumstances where such termination is as a result of an Event of Default under the Swap Agreement by either the Issuer or the Swap Counterparty or as a result of a Counterparty Bankruptcy Credit Event), (iv) certain events occur which make it unlawful for the Issuer to perform certain obligations, comply with material provisions of agreements entered into in connection with the Notes or hold Original Collateral or (v) certain Events of Default occur, interest shall be deemed to have ceased to accrue from and including the immediately preceding Interest Payment Date or (if no such preceding Interest Payment Date) the Issue Date, the Notes will fall due for redemption at an amount equal in aggregate to the Post-Event Amount and no further payments of interest and/or principal in respect of the Notes will be due and payable.

The Post-Event Amount is an amount determined by Credit Suisse International (acting in its capacity as Calculation Agent) which will take into account (a) the Value of the Original Collateral (as defined herein), (b) the Swap Gain or Swap Loss (each as defined herein), and (c) any interest amount transferred to the Issuer by the Swap Counterparty in respect of the cash balance from time to time (if any) within the Issuer’s Credit Support Balance.

The Value of the Original Collateral represents the prevailing market value of the Original Collateral at the time such Value of the Original Collateral is being determined for a forward delivery in or around the date of early redemption or, following the scheduled maturity of the Original Collateral in accordance with its terms and conditions, the value of the Original Collateral Proceeds (as defined herein). The Value of the Original Collateral may rise as well as fall prior to its scheduled maturity. If a Credit Event Determination Date has occurred as a result of a Restructuring Credit Event and a partial redemption of

the Notes occurs, then a Liquidation will occur and the amount of Original Collateral that is available to be valued will have been reduced.

The Swap Gain or Swap Loss reflects the early termination amount that the Calculation Agent determines would be payable to the Issuer (in the case of a Swap Gain) or by the Issuer (in the case of a Swap Loss) upon the early termination of the Swap Agreement. The Swap Gain or Swap Loss takes into account, among other things, (i) the CDS Transaction; (ii) Fixed Amounts payable by the Swap Counterparty to the Issuer (but adjusted to reflect the CDS Transaction component); (iii) the scheduled payments under the Original Collateral which determine the amounts payable by the Issuer to the Swap Counterparty under the Swap Agreement and (iv) the limited recourse nature of the Swap Agreement in respect of the Issuer's obligations thereunder.

#### *Post-Collateral CDS Credit Event Amount*

If the Calculation Agent determines that a default has occurred in respect of the Collateral CDS Reference Entity at the same time that a Collateral Event has occurred or following the scheduled redemption of the Original Collateral, a Collateral CDS Credit Event will occur. Interest shall be deemed to have ceased to accrue from and including the immediately preceding Interest Payment Date or (if no such preceding Interest Payment Date) the Issue Date, the Notes will fall due for redemption at an amount equal in aggregate to the Post-Collateral CDS Credit Event Amount and no further payments of interest and/or principal in respect of the Notes will be due and payable. The Post-Collateral CDS Credit Event Amount is an amount determined by Credit Suisse International (acting in its capacity as Calculation Agent) which will take into account (a) (I) the Value of the Original Collateral (where a Collateral Credit Event has occurred in respect of the Collateral CDS Reference Entity on or prior to the redemption of the Original Collateral at scheduled maturity in accordance with its terms); or (II) the Aggregate Outstanding Principal Amount of the Notes multiplied by the CDS Auction Final Price or the CDS Value of the Valuation Obligations (where a Collateral Credit Event has occurred in respect of the Collateral CDS Reference Entity following the redemption of the Original Collateral at scheduled maturity in accordance with its terms); and (b) the CDS Gain or CDS Loss (as defined herein). As such, the value of the Swap Transaction (save for the credit derivatives elements) will not be taken into account.

The CDS Gain or CDS Loss reflects the early termination amount that the Calculation Agent determines would be payable to the Issuer (in the case of a CDS Gain) or by the Issuer (in the case of a CDS Loss) upon the early termination of the CDS Transaction. The CDS Gain or CDS Loss takes into account, among other things, (i) the credit exposure to the Reference Entity and (ii) the limited recourse nature of the Swap Agreement in respect of the Issuer's obligations thereunder.

Noteholders should be aware that, as described above, the Post-Collateral Credit Event Amount that is payable will depend on whether the Original Collateral has redeemed at its scheduled maturity when a Collateral Credit Event occurs. See "Post-Collateral CDS Credit Event" below for more details.

#### *Post-Collateral Exhaustion Event Amount*

If the Calculation Agent determines that a Collateral Exhaustion Event has occurred, interest shall be deemed to have ceased to accrue from and including the immediately preceding Interest Payment Date or (if no such preceding Interest Payment Date) the Issue Date, the Notes will fall due for redemption at an amount equal in aggregate to the Post-Collateral Exhaustion Event Amount, and no further payments of interest and/or principal in respect of the Notes will be due and payable. The Post-Collateral Exhaustion Event Amount is an amount determined by Credit Suisse International (acting in its capacity as Calculation Agent) which will take into account (a) the Value of the Original Collateral (as defined herein); (b) the Collateral Exhaustion Swap Gain or Collateral Exhaustion Swap Loss (each as defined herein); and (c) the Credit Event Loss Amount (as defined herein).

The Collateral Exhaustion Gain or Collateral Exhaustion Loss reflects the early termination amount that the Calculation Agent determines would be payable to the Issuer (in the case of a Collateral Exhaustion

Gain) or by the Issuer (in the case of a Collateral Exhaustion Loss) upon the early termination of the Swap Agreement, including the remaining portion of the CDS Transaction for which an Exercised Percentage has not been specified as a result of a Relevant Restructuring. The Collateral Exhaustion Gain or Collateral Exhaustion Loss takes into account, among other things, the limited recourse nature of the Swap Agreement in respect of the Issuer's obligations thereunder.

#### *Post-Credit Event Amount*

If a Credit Event occurs with respect to any Reference Entity, the Notes will fall due for redemption at an amount equal in aggregate to the Post-Credit Event Amount and no further payments of interest and/or principal in respect of the Notes will be due and payable. The Post-Credit Event Amount is an amount determined by Credit Suisse International (acting in its capacity as Calculation Agent) which will take into account (a) the Value of the Original Collateral (as defined above), (b) the Affected Swap Gain or Affected Swap Loss (each as defined herein), (c) the Credit Event Loss Amount, and (d) any interest amount transferred to the Issuer by the Swap Counterparty in respect of the cash balance from time to time (if any) within the Issuer's Credit Support Balance.

The Affected Swap Gain or Affected Swap Loss reflects the early termination amount that the Calculation Agent determines would be payable to the Issuer (in the case of an Affected Swap Gain) or by the Issuer (in the case of an Affected Swap Loss) upon the early termination of the Swap Agreement (excluding for this purpose the CDS Transaction). Although the Affected Swap Gain or Affected Swap Loss does not take into account the CDS Transaction, it does take into account, among other things, (i) the scheduled payments under the Notes, as reduced to reflect the exclusion of the CDS Transaction component; (ii) the scheduled payments under the Original Collateral which determine the amounts payable by the Issuer to the Swap Counterparty under the Swap Agreement and (iii) the limited recourse nature of the Swap Agreement in respect of the Issuer's obligations thereunder.

Prospective Noteholders must read and understand all the provisions herein that relate to the calculation of the Early Cash Redemption Amounts before investing in the Notes.

#### **Post-Collateral CDS Credit Event**

Noteholders should be aware that where the Original Collateral has redeemed on its scheduled maturity date (expected to fall on 28 February 2018) in accordance with its terms and a Collateral Credit Event has subsequently occurred with respect to the Collateral CDS Reference Entity before the Maturity of the Notes (expected to fall on 20 March 2019, subject to extension), then the calculation will take into account the CDS Auction Final Price or the CDS Value of the Valuation Obligations for the purpose of the Post-Collateral CDS Credit Event Amount. As such, Noteholders will be directly exposed to credit risk of the Collateral CDS Reference Entity in the period between the scheduled maturity date of the Original Collateral and the Maturity Date of the Notes and effectively sell credit protection on the Collateral CDS Reference Entity under the Notes.

#### **Swap Counterparty Exposure**

Upon the scheduled maturity of the Original Collateral, the redemption proceeds in respect thereof are expected to be used by the Issuer to satisfy its payment obligations to the Swap Counterparty under the Swap Transaction. As the scheduled Maturity Date of the Notes falls after the scheduled maturity date of the Original Collateral, following its payment of such redemption proceeds to the Swap Counterparty the Issuer will rely solely upon the amounts payable to it by the Swap Counterparty under the Swap Transaction on the Maturity Date to fund its redemption on the Notes. As a result, in these circumstances, the Issuer and the Noteholders are exposed to the credit risk of the Swap Counterparty and will not have the benefit of any security over any Original Collateral or redemption proceeds thereof.



## **A Credit Event may occur even if the Issuer and/or Swap Counterparty suffers no loss**

The Issuer's obligations under the Notes and the Swap Transaction are irrespective of any loss which the Issuer and/or the Swap Counterparty may suffer as a result of the circumstances giving rise to a credit event. Neither the Issuer nor the Swap Counterparty are required to suffer any loss, liability or other detriment or to provide evidence of any loss, liability or detriment at any time as a condition to the occurrence of a Credit Event Determination Date or Collateral CDS Credit Event Determination Date, nor is any party required to have any credit exposure to any Reference Entity or the Collateral CDS Reference Entity at any time.

## **Reference Entity may change as a result of Succession Events**

Following the occurrence of certain corporate events relating to a corporate entity identified as a Reference Entity or the Collateral CDS Reference Entity, such as a merger of such entity with another entity, a transfer of assets or liabilities by such entity or other similar event in which an entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement, ISDA may publicly announce that a Credit Derivatives Determinations Committee (a "CDDC") has resolved to treat a different entity or entities as the successor(s) to such original entity. If the Calculation Agent under the Swap Transaction or the Hypothetical Collateral CDS Transaction determines that such CDDC resolution would apply for purposes of the Swap Transaction, then the identity of the Reference Entity or the Collateral CDS Entity may be amended accordingly and Noteholders will be exposed to the credit risk of such successor in place of the original entity. Alternatively, absent a resolution of the CDDC, the Calculation Agent may, but will not be obliged to, make a determination that a different entity or entities has or have become successor(s) to the original Reference Entity or Entities or the Collateral CDS Reference Entity. The effect of such amendment may be a material increase in the risk associated with an investment in the Notes, for example where a successor entity is more indebted than the original Reference Entity or is exposed to different business risks. If a Reference Entity or the Collateral CDS Reference Entity has more than one successor entity, then Noteholders will be exposed to the creditworthiness of multiple entities instead of or in addition to the original Reference Entity. The effect may be to materially increase the likelihood of a loss of principal and interest under the Notes as a result of a credit event occurring with respect to a number of entities rather than just one Reference Entity or the Collateral CDS Reference Entity.

## **Quotations**

Whilst the Value of the Valuation Obligations and Value of Original Collateral are determined by reference to Quotations (as defined in the Conditions), if two or fewer Quotations are obtained, such values shall be determined by the Calculation Agent acting in a commercially reasonable manner. Where an asset the value of which is being sought is illiquid or of a low notional amount, there may be limited availability of dealers willing to provide Quotations. In such circumstances, the Calculation Agent would instead make such determination. No assurance can be given that sufficient numbers of Quotations will be available.

## **Determination of Swap Value and CDS Value**

The Swap Value which comprises part of the scheduled payments due by the Swap Counterparty to the Issuer (used to determine the Swap Gain or Swap Loss referred to above) or Affected Swap Value (used to determine the Affected Swap Gain or Affected Swap Loss referred to above) are amounts determined by the Calculation Agent to be equal to the Early Termination Amount (as defined in the Swap Agreement) of the Swap Agreement (but excluding any Unpaid Amounts relating to the Credit Support Balance of the Issuer under the Credit Support Annex) that would be payable either by the Issuer to the

Swap Counterparty (which will be a “Swap Loss” or “Affected Swap Loss”) or by the Swap Counterparty to the Issuer (which will be a “Swap Gain” or “Affected Swap Gain”) under the Swap Agreement upon a termination of the Swap Agreement (including the CDS Transaction) on the relevant Valuation Date. The Affected Swap Value is calculated in a similar manner to the Swap Value, but on the basis that only the relevant portion of the asset swap component of the Swap Agreement is to be terminated, thereby ignoring for this purpose the CDS Transaction.

The CDS Value is an amount determined by the Calculation Agent to be equal to the Early Termination Amount (as defined in the Swap Agreement) of the Swap Agreement (but excluding any Unpaid Amounts relating to the Credit Support Balance of the Issuer under the Credit Support Annex) that would be payable either by the Issuer to the Swap Counterparty (which will be a “CDS Loss”) or by the Swap Counterparty to the Issuer (which will be a “CDS Gain”) upon a termination on the Valuation Date of the CDS Transaction.

The Collateral Exhaustion Value is an amount determined by the Calculation Agent to be equal to the Early Termination Amount (as defined in the Swap Agreement) of the Swap Agreement, including the remaining portion of the CDS Transaction for which an Exercised Percentage has not been specified as a result of a Relevant Restructuring that would be payable either by the Issuer to the Swap Counterparty (which will be a “Collateral Exhaustion Loss”) or by the Swap Counterparty to the Issuer (which will be a “Collateral Exhaustion Gain”) upon a termination of the Swap Agreement on the relevant Valuation Date.

The determination by the Calculation Agent of an Early Termination Amount may, without limitation, involve the Calculation Agent (i) valuing different components of the Swap Transaction that are traded separately in the market and/or (ii) using financial models to determine the value of the relevant Swap Transaction and/or the CDS Transaction. Financial models are typically simplified projections of what is expected to occur in practice and are likely to contain certain assumptions which may or may not be accurate. Different financial institutions may use different financial models to value the same asset, which may result in diverging valuations for such asset. For the purpose of determining the Swap Value and/or the CDS Value, the Calculation Agent shall take into account the fact that the Swap Counterparty’s claim against the Issuer under any replacement transaction would be limited in recourse to the prevailing market value of the Collateral at that time. Such limited recourse nature could result in a lower Swap Value, Affected Swap Value or CDS Value than would otherwise be the case absent limited recourse.

## **Maturity Date Extension and Suspension of Payments**

In certain circumstances, the Maturity Date of the Notes may be extended and/or the payment of interest and/or principal may be suspended (for significant lengths of time). Interest will only be payable in respect of any such extension of the principal payment beyond the Scheduled Maturity Date of the Notes (such interest will accrue on the basis of the EONIA Rates determined by the Calculation Agent and payable on the Extended Maturity Date). In respect of any other suspension of payments, no compensation shall be payable to Noteholders as a consequence of such suspension.

## **Original Collateral**

The outstanding principal amount of the Original Collateral held on behalf of the Issuer may be reduced from time to time (to an amount not less than zero) where a Restructuring Liquidation occurs or to the extent that Original Collateral is required to be transferred to the Swap Counterparty pursuant to the Credit Support Annex. Such a transfer will be required under the Credit Support Annex if the Swap Value (as determined by Credit Suisse International in its role as Valuation Agent under the Credit Support Annex) increases in value from the Swap Counterparty’s perspective, which may result from, among other things, a deterioration in the creditworthiness of any Reference Entity and/or Original Collateral Obligor(s). Further, under the terms of the Credit Support Annex the Swap Counterparty shall have no

obligation to transfer any credit support to the Issuer, save for its obligation to transfer equivalent collateral in respect of any Return Amounts (as defined in the Credit Support Annex) and any other amounts due and payable by it under the Credit Support Annex. Such an obligation to transfer equivalent collateral shall only occur to the extent that the Calculation Agent under the Swap Agreement has not determined that irregular market conditions (including any banking or liquidity crisis, war, act of any Government or other competent authority, civil commotion, rebellion, storm, tempest or fire) exist that would have an adverse impact on the Swap Counterparty's ability to meet such obligation under the Credit Support Annex. A Restructuring Liquidation may occur following the occurrence of a Credit Event Determination Date as a result of a Restructuring Credit Event in respect of which there is a partial exercise selected by the Swap Counterparty.

If the Notes redeem early, the Issuer will deliver the Original Collateral to the Swap Counterparty under the Swap Agreement two Business Days prior to the Cash Settlement Date, whereas the Swap Counterparty will not pay the Early Cash Redemption Amount to the Issuer under the Swap Transaction until the Cash Settlement Date. The Issuer will rely solely upon the Early Cash Redemption Amount payable to it by the Swap Counterparty under the Swap Transaction to fund its redemption payments on the Notes. Noteholders are therefore exposed to additional Swap Counterparty risk during this period and will not have the benefit of any security over any Original Collateral or proceeds thereof.

### **Provision of information**

Neither the Issuer nor the Dealer (i) has provided (beyond what is included in the Issue Memorandum) or will provide prospective purchasers of Notes with any information or advice with respect to any Reference Entity, the Collateral CDS Reference Entity, the Original Collateral, the Original Collateral Obligor, the Custodian or the Swap Counterparty, or (ii) makes any representation as to the credit quality of any Reference Entity, the Collateral CDS Reference Entity, the Original Collateral, the Original Collateral Obligor, the Custodian or the Swap Counterparty. The Issuer and/or the Swap Counterparty may have acquired, or during the term of the Notes may acquire, non-public information with respect to any Reference Entity, the Collateral CDS Reference Entity, the Custodian, the Original Collateral and the Original Collateral Obligor which will not be disclosed to Noteholders. The timing and limited scope of the information provided to Noteholders regarding the Original Collateral, the Original Collateral Obligor and the occurrence of a credit event or a Collateral Event, may affect the liquidity of the Notes and the ability of Noteholders to value the Notes accordingly. Neither the Issuer nor the Dealer is under any obligation to make such information, whether or not confidential, available to Noteholders.

### **Business relationships**

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

The Issuer and/or the Swap Counterparty may have existing or future business relationships with any Reference Entity, the Collateral CDS Reference Entity or the Original Collateral Obligor (including, but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that it deems or they deem necessary or appropriate to protect their and/or its interests (in whatever capacity) arising therefrom (including, without limitation, any action which might constitute or give rise to a Collateral Event or Collateral CDS Credit Event) without regard to the consequences for a Noteholder.

The Issuer and the Swap Counterparty may deal in any obligations of any Reference Entity or the Collateral CDS Reference Entity, any derivatives linked to the obligations or shares of any Reference Entity, the Collateral CDS Reference Entity or the Original Collateral and any other obligations of an Original Collateral Obligor and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, any Reference Entity, the Collateral CDS Reference Entity or the Original Collateral Obligor and may act with respect to such business in the same manner as each of them would have had the Notes not been in issue, regardless of whether any such action might have an adverse effect on the Reference Entity, the Collateral CDS Reference Entity, the Original Collateral, the Original Collateral Obligor or the position of a Noteholder or otherwise.

### **No claim against any Reference Entity, the Collateral CDS Entity or the Original Collateral Obligor**

The Notes will not represent a claim against any Reference Entity, the Collateral CDS Reference Entity or the Original Collateral Obligor and, in the event of any loss, a Noteholder will not have recourse under the Notes to any Reference Entity, the Collateral CDS Reference Entity or the Original Collateral Obligor.

In particular, Noteholders will not have:

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

Accordingly, an investment in the Notes is not equivalent to an investment in the Original Collateral or any debt obligation of a Reference Entity or the Collateral CDS Reference Entity.

### **Determinations**

The determination as to whether a Collateral Event has occurred shall be made by the Calculation Agent and without regard to any related determination by the Original Collateral Obligor or any action taken, omitted to be taken or suffered to be taken by any other person, including, without limitation, any creditor of the Original Collateral Obligor.

The determination as to whether a credit event has occurred may be made by the Calculation Agent (and notified by the Issuer (or the Issuing and Paying Agent on its behalf) to Noteholders) without regard to any related determination by any Reference Entity or the Collateral CDS Reference Entity or any action taken, omitted to be taken or suffered to be taken by any other person including, without limitation, any creditor of any Reference Entity or the Collateral CDS Reference Entity. Alternatively, a Credit Event Determination Date may occur upon a determination of the Credit Derivatives Determinations Committee which the Calculation Agent determines would apply to any Reference Entity, the Collateral CDS Reference Entity, the Hypothetical Transaction and the Hypothetical Collateral CDS Transaction (regarding which, Noteholders are referred to the sections below headed "Hypothetical Transaction and Hypothetical Collateral CDS Transaction" and "Role of the Credit Derivatives Determinations Committees" which the Calculation Agent determines to be relevant to the Notes).

## **The market value of the Notes may be affected by a wide variety of factors**

A number of factors, which are beyond the control of the Issuer, Trustee, Dealer, Swap Counterparty and Calculation Agent, will influence the value of the Notes. In addition to those factors which would affect the value of the Issuer's debt generally (as described more fully in the Base Prospectus), factors specific to the Notes may include:

- (a) the financial condition and perceived creditworthiness of the Reference Entity and the Collateral CDS Reference Entity;
- (b) the availability and payment profile of debt obligations of the Reference Entity and the Collateral CDS Reference Entity;
- (c) liquidity and other technical factors affecting pricing in the credit default swap market;
- (d) the views of analysts at rating agencies; and
- (e) economic, financial, political, regulatory or judicial events that affect a Reference Entity or the Collateral CDS Reference Entity or the markets for the debt securities of such entity.

Even where a credit event has not occurred with respect to the Reference Entity or the Collateral CDS Reference Entity, the market value of the Notes may be adversely affected when the probability or perceived probability of a credit event occurring in respect of any such specified entity increases. Similar considerations apply to a Collateral Event.

## **Hypothetical Transaction and Hypothetical Collateral CDS Transaction**

Certain determinations in relation to the Notes, including the determination of whether a Credit Event Determination Date has occurred in relation to any Reference Entity or the Collateral CDS Reference Entity, may be made by reference to a hypothetical credit default swap transaction entered into in respect of the Reference Entity (referred to as the Hypothetical Transaction) and a hypothetical credit default swap transaction entered into in respect of the Collateral CDS Reference Entity (referred to as the Hypothetical Collateral CDS Transaction). Under the Hypothetical Transaction and the Hypothetical Collateral CDS Transaction, the Issuer will be the buyer of credit protection and a hypothetical Noteholder will be the seller of credit protection based on the terms described herein.

The Hypothetical Transaction and the Hypothetical Collateral CDS Transaction are contemplated to be entered into on the basis of definitions and provisions published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"). The Hypothetical Transaction and the Hypothetical Collateral CDS Transaction will be deemed to also incorporate such other terms as determined by the Calculation Agent in order to provide to the Issuer (as buyer of protection under the Hypothetical Transaction and the Hypothetical Collateral CDS Transaction) with substantially similar rights and remedies with respect to the Reference Entity/Collateral CDS Reference Entity, as applicable, as are provided to it under the Notes. The Hypothetical Transaction and the Hypothetical Collateral CDS Transaction are treated as existing solely for the purposes of determining whether resolutions of a Credit Derivatives Determinations Committee (including as to the holding of Auctions) will be binding on the Noteholders in respect of the Reference Entity or the Collateral CDS Reference Entity, respectively.

In making determinations in respect of the Hypothetical Transaction and the Hypothetical Collateral CDS Transaction, the Calculation Agent will act in its own interest and has no fiduciary or other duty to act (or to refrain from acting) in the best interests of the Noteholders. Prior to purchasing any Notes, investors should ensure that they understand the terms of the Hypothetical Transaction, the Hypothetical Collateral CDS Transaction and the Swap Transaction, and the risks associated with entry into any such transaction.

## **Role of the Credit Derivatives Determinations Committees**

Prospective purchasers should note that the relevant Credit Derivatives Determinations Committee has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an Auction (as defined herein) should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules (the latest version of which is available on the ISDA website as [www.isda.org/credit](http://www.isda.org/credit)), as amended from time to time. The Calculation Agent may determine in its sole discretion that such decisions as are relevant to the Notes or which would be applicable to any Hypothetical Transaction (as defined herein) shall be binding on the Issuer and the Noteholders and, consequently, prospective purchasers will be bound by any such relevant decisions.

Noteholders will have no ability to submit questions to such Credit Derivatives Determinations Committees, no influence on the composition of such Credit Derivatives Determinations Committees and no recourse to ISDA or to the members of such Credit Derivatives Determinations Committees, in each case solely by virtue of being an investor in the Notes. None of the Issuer, the Swap Counterparty or the Calculation Agent will have any liability to the Noteholders where they rely on a determination of a Credit Derivatives Determinations Committee.

Credit Suisse International and certain of its affiliates are currently members of one or more Credit Derivatives Determinations Committees. In reaching decisions, neither Credit Suisse International nor any other member of a Credit Derivatives Determinations Committee will take account of the interests of the Noteholders.

## **Risks relating to settlement by reference to an Auction sponsored by ISDA**

Where, following the occurrence of a Credit Event Determination Date, ISDA sponsors an Auction in relation to a Reference Entity and the Calculation Agent determines for purposes of the Notes that such Auction would apply, the Credit Event Loss Amount will be determined according to a bidding process to establish the value of certain eligible obligations of the Reference Entity, which may be loans, bonds or other obligations issued directly by the Reference Entity or obligations in respect of which the Reference Entity acts as guarantor. The Swap Counterparty or its affiliates may act as a participating bidder in any such Auction and, in such capacity, may take certain actions which may influence the Auction Final Price including (without limitation) submitting bids, offers and physical settlement requests with respect to the obligations of the Reference Entity.

The Auction Final Price determined pursuant to an Auction may be less than the market value that would otherwise have been determined in respect of the specified Reference Entity or its obligations. In particular, the Auction process may be affected by technical factors or operational errors which would not otherwise apply or may be the subject of actual or attempted manipulation. None of the Issuer, the Calculation Agent or any other party will have any responsibility to dispute any determination of an Auction Final Price or to verify that any Auction has been conducted in accordance with its Rules. See further the "Credit Default Swaps and the CDS Transaction Relating to the Swap Transaction and the Notes" section below.

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

If the Calculation Agent determines that Cash Settlement applies (whether or not there is or will be a relevant Auction), the Credit Event Loss Amount will be determined by reference to the value of certain obligations of, or guaranteed by, the affected Reference Entity ("**Valuation Obligations**"). Such value will be determined by reference to quotations obtained for such obligations from third party dealers. Any quotations used may be affected by factors other than just the occurrence of the credit event. Such

prices may vary widely from dealer to dealer and substantially between dates on which such quotations are sought. The obligations valued for these purposes may be illiquid and such illiquidity may be more pronounced following the occurrence of a credit event, thereby adversely affecting the value of such obligation which in turn will reduce the Early Cash Redemption Amount of the Notes. The Calculation Agent will be entitled to select obligations for the purposes of valuation and in so doing will be entitled to select the eligible obligations with the lowest value in the market at the relevant time. This will operate to reduce the Early Cash Redemption Amount payable to Noteholders.

### **No secondary market**

No secondary market is expected to develop in respect of the Notes and, in the unlikely event that a secondary market in the Notes does develop, there can be no assurance that it will continue. Accordingly, the purchase of Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes.

### **Exchange rates and exchange controls**

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

## FREQUENTLY ASKED QUESTIONS

The questions and answers set out below highlight selected information to help prospective investors understand the Notes, particularly the credit-linked features of the Notes. However, any decision to invest in the Notes should only be made after careful consideration of the Base Prospectus and this Series Prospectus in their entirety, particularly, the terms and conditions of the Notes set out in the Master Conditions and as amended, supplemented and varied by the Issue Terms set out herein (the “Conditions” of the Notes). This section should be treated as an introduction to certain terms of the Notes. It is not intended to be a substitute for, nor a summary of, the Conditions of the Notes.

Capitalised terms shall have the meanings given to them in the Conditions.

### ***Who is the Issuer?***

The Issuer is a special purpose entity whose only business is to issue debt instruments such as the Notes or borrow under loan agreements and, in each case, to invest and apply such funds into related transactions. The Issuer is not an affiliate or a subsidiary of Credit Suisse International. The Notes are solely obligations of the Issuer and none of the Swap Counterparty, any Reference Entity or any Original Collateral Obligor has any obligation to the Noteholders for payment of any amount due in respect of the Notes.

### ***What does the Issuer do with the issue proceeds of the Notes?***

The Issuer will use the issue proceeds of the Notes to purchase the Original Collateral from Credit Suisse Securities (Europe) Limited on the Issue Date pursuant to a securities sale agreement entered into on the Issue Date.

### ***Will the Issuer enter into a Swap Agreement and a Credit Support Annex with the Swap Counterparty?***

Yes. The Issuer will enter into a Swap Agreement with the Swap Counterparty. The Swap Agreement will provide, among other things, for (i) the Issuer to pay to the Swap Counterparty amounts equal to the scheduled payments due in respect of the Original Collateral and (ii) the Swap Counterparty to pay to the Issuer amounts equal to the scheduled payments due under the Notes.

The Issuer will also enter into a Credit Support Annex with the Swap Counterparty pursuant to which the Issuer will be required to collateralise its obligations to the Swap Counterparty under the Swap Agreement. The Swap Counterparty shall have no reciprocal obligation to collateralise its obligations to the Issuer under the Swap Agreement. The Issuer will use the Original Collateral to meet its collateral obligations under the Swap Agreement and the Original Collateral held by the Issuer will then be accordingly reduced. The Issuer will be required to transfer such collateral if the Swap Agreement increases in value from the Swap Counterparty’s perspective, which may arise as a result of a deterioration in the creditworthiness of any Reference Entity and/or the Original Collateral Obligor.

### ***What assets of the Issuer do the Noteholders have recourse to?***

The Noteholders and the other Secured Creditors will have recourse to the Mortgaged Property for the Notes. The Mortgaged Property includes the Original Collateral, the charged rights under the Agency Agreement and the Swap Agreement and any assets, property, income, rights and/or agreements from time to time charged to the Trustee securing the Notes.

The Noteholders and the other Secured Creditors will have recourse *only* to the Mortgaged Property in respect of the Notes and not to any other assets of the Issuer. Noteholders’ claims (and those of other Secured Creditors) will be limited to the Mortgaged Property and subject to the specified order of priority. If the Mortgaged Property is not sufficient to meet Noteholders’ claims and those of all the other Secured Creditors, the Mortgaged Property will be used to meet claims according to the specified order of priority.



Amounts owing to the Swap Counterparty under the Swap Agreement, and certain sums payable to certain other Secured Creditors will be paid before Noteholders. If there is no Mortgaged Property left after paying prior ranking creditors, the Noteholders will not be paid.

***What is the difference between the Notes and an ordinary debt security?***

The Notes are credit-linked notes. They are similar to an ordinary debt security in that they provide the investor with a regular stream of interest payments and the return of par on maturity in the ordinary course (although bear in mind that the Issuer is a special purpose vehicle and recourse is limited to the Mortgaged Property in respect of the Notes). However, the Notes being credit-linked notes have the added feature not present in ordinary debt securities of an exposure to the credit risk of the Reference Entity. If a Credit Event occurs in relation to a Reference Entity, an investor may lose all or part of its investment in the Notes.

The amount of interest and principal which an investor receives will depend on whether a Credit Event occurs with respect to any Reference Entity and whether a Credit Event Determination Date occurs as a result. If no Credit Event Determination Date has occurred and the Calculation Agent does not believe that such an event, a Collateral Event or a Collateral CDS Credit Event will occur, then the Notes will be redeemed at their outstanding nominal amount on the Maturity Date. If a Credit Event Determination Date occurs, except where such event results from a Restructuring Credit Event in respect of which there is a partial exercise the Notes will be redeemed early in an amount in aggregate equal to the Post-Credit Event Amount, with no further payment of principal or interest on the Notes (see further “*When can a Credit Event Determination Date occur and what are the consequences for the Notes if a Credit Event Determination Date occurs?*” below). The Post-Credit Event Amount is likely to be less than the par value of the Notes and may even be zero (see further “*What is the Post-Credit Event Amount?*” below). Interest will cease to accrue on the Notes from and including the Interest Payment Date immediately preceding the Credit Event Determination or, if there have not been any previous Interest Payment Dates, from and including the Issue Date.

The Post-Credit Event Amount takes into account the Credit Event Loss Amount which is the settlement amount as a result of the Credit Event in relation to the Reference Entity. The greater the Credit Event Loss Amount in relation to the Reference Entity, the lower the Post-Credit Event Amount that is payable to the Noteholders in relation to the Notes.

***What are credit-linked notes?***

Credit-linked notes are debt securities, the value of which is linked to the credit risk of one or more Reference Entities. The amount of interest and principal which investors will receive on the Notes is dependent on whether certain Credit Events occur in respect of the relevant Reference Entity or Collateral CDS Reference Entity to which the Notes are linked.

In purchasing the Notes, investors are assuming credit risk exposure to the Reference Entity (and possible successors thereof). A credit-linked note is broadly intended to give the investor access to a credit default swap referencing certain reference entity(ies) in funded format. Therefore, many of the features and risks applicable to a market standard credit default swap referencing the relevant Reference Entity will be equally applicable to the Notes.

***What is credit risk?***

Credit risk with respect to a Reference Entity is the risk that the Reference Entity fails to perform its obligations under certain types of transactions of the Reference Entity. This is generally (but not exclusively) as a result of a deterioration in its financial condition.

For the Notes, the credit risk is in relation to a broad range of transactions of the Reference Entity, and extends to any borrowed money obligations of the Reference Entity. Borrowed money obligations would

include any loan agreements entered into by the Reference Entity and any debt securities issued by the Reference Entity.

***What is the difference between the Notes and a bond issued by the Reference Entity?***

The Notes give the investor exposure to the credit risk of the Reference Entity without having to own a bond or other type of debt obligation of such Reference Entity. The Reference Entity itself is not a party to and has no direct involvement in the Notes and an investor will not be able to claim against the Reference Entity or Issuer for any losses it suffers from a Credit Event of the Reference Entity. Neither the Issuer nor the Swap Counterparty is obliged to hold any obligation of the Reference Entity or otherwise have credit risk exposure to the Reference Entity. In addition to the credit risk of the Reference Entity to which the Notes are linked, an investor will also be exposed to other credit risks in relation to, for example, the Original Collateral Obligor, the Custodian and the Swap Counterparty. Therefore, even if the Reference Entity is performing well, an investor may still suffer a loss as a result of these other credit risks.

***What is the maturity of the Notes?***

The Notes have a Scheduled Maturity Date of 20 March 2019. The maturity date of the Notes may be extended after the Scheduled Maturity Date in certain cases, for example, if a potential Credit Event may have occurred before the Scheduled Maturity Date, and a determination of whether such potential Credit Event has become an actual Credit Event has yet to be made.

***What is ISDA?***

The International Swaps and Derivatives Association, Inc. (“**ISDA**”) is a trade organisation of participants in the market for over-the-counter derivatives. It is headquartered in New York, and is responsible for creating standardised contracts such as the ISDA Master Agreement and the 2003 ISDA Credit Derivatives Definitions (the “**Credit Derivative Definitions**”) and a wide range of related documentation, that are used to enter into derivatives transactions. Definitions, confirmations and other documents and information published by ISDA are available on ISDA’s website: <http://www2.isda.org/>. Certain publications are available free of charge while others are available to subscribers of the website only.

At the date of this Series Prospectus, ISDA has more than 800 members from 60 countries. These members include a broad range of OTC derivatives market participants: global, international and regional banks, asset managers, energy and commodities firms, government and supra-national entities, insurers and diversified financial institutions, corporations, law firms, exchanges, clearing houses and other service providers.

***What is the Hypothetical Transaction?***

There is no requirement that the Hypothetical Transaction is actually entered into between any parties as a result of the Notes. The Hypothetical Transaction is treated as existing solely for the purposes of determining whether resolutions of a Credit Derivatives Determinations Committee (including as to the holding of Auctions) will be binding on the Noteholders.

The Hypothetical Transaction is used solely for the purposes of making determinations under the Notes by reference to the CDS Transaction component within the Swap Agreement. Accordingly, the Notes do not give rise to any ownership or other interest of Noteholders in any actual Hypothetical Transaction and Noteholders will not be treated as having any rights to give any notice or require performance of any obligation under the Hypothetical Transaction.

***What is a Credit Event?***

A Credit Event is, broadly speaking, an event which is regarded as being indicative of a default or material decline in the creditworthiness of the Reference Entity.

Credit Events are determined by reference to the relevant Reference Entity itself and certain eligible types of obligations of such Reference Entity which, in relation to the Notes, include loans, debt securities or other borrowed money obligations of the Reference Entity (“**Obligations**”).

The Credit Events relevant to the Reference Entity in respect of the Notes are: (i) the bankruptcy or insolvency of the Reference Entity, and (ii) the Reference Entity’s failure to pay a specified amount due under an Obligation and (iii) a restructuring of an Obligation owed or guaranteed by the Reference Entity due to a deterioration in the Reference Entity’s financial condition.

***When does a Credit Event need to occur to affect the payout on the Notes?***

If a relevant Credit Derivatives Determinations Committee resolves that a Credit Event has occurred in relation to any Reference Entity or an Obligation thereof (see further “*What are the Credit Derivatives Determinations Committees and how do they affect the Notes?*” below), such Credit Event must have occurred during the period from and including the date that is 60 calendar days prior to the date on which it first received a request to resolve whether or not such Credit Event has occurred to and including the Scheduled Maturity Date (subject to extension in certain circumstances). Whereas, if the Calculation Agent determines that a Credit Event has occurred in relation to any Reference Entity or an Obligation thereof and delivers a Credit Event Notice to the Issuer to that effect, such Credit Event must have occurred on or prior to the Scheduled Maturity Date (subject to extension in certain circumstances).

***Can a Credit Event occur prior to the Issue Date?***

Yes. A Credit Event may occur prior to the Issue Date of the Notes and may even occur prior to the Collateral Observation Start Date of 27 January 2014 (which is treated as the “Trade Date” for the purpose of the Credit Derivatives Definitions).

Noteholders should conduct their own review of any recent developments with respect to the Reference Entity by consulting publicly available information. If a request has been delivered to ISDA prior to the Collateral Observation Start Date to determine whether a Credit Event has occurred with respect to the Reference Entity, details of such request may be found on the ISDA website at <http://dc.isda.org/>.

***When can a Credit Event Determination Date occur and what are the consequences for the Notes if a Credit Event Determination Date occurs?***

A Credit Event Determination Date may occur:

- (a) as a result of the publication by ISDA of a resolution by a Credit Derivatives Determinations Committee that a Credit Event has occurred in relation to any Reference Entity which the Calculation Agent in its sole discretion determines would apply to the Hypothetical Transaction or the Hypothetical CDS Transaction (in which case, the Credit Event Determination Date will be on the date of such publication by ISDA); or
- (b) if the Calculation Agent delivers a notice to the Issuer of the Credit Event together with supporting information (such notice together with the supporting information is referred to herein as the Credit Event Notice) of such Credit Event derived from specified sources (that is, public news or information sources, the Reference Entity itself, court or other public filings or paying agents, trustees or other intermediaries appointed in respect of obligations of the Reference Entity).

If a Credit Event Determination Date occurs, except where such event results from a Restructuring Credit Event in respect of which there is a partial exercise of the CDS Transaction the Notes will be redeemed early at an amount in aggregate equal to the Post-Credit Event Amount, or, where a Collateral CDS Credit Event has occurred the Post-Collateral CDS Credit Event Amount without payment of any further principal or interest (see further “*What is the Post-Credit Event Amount?*” and “*What is the Post-Collateral CDS Credit Event Amount?*” below ).

***Can a Credit Event Determination Date only occur if a Credit Derivatives Determinations Committee determines that one has occurred?***

No. The Calculation Agent may also deliver a Credit Event Notice to the Issuer in relation to the Credit Event triggering a Credit Event Determination Date. Such notice may be delivered at any time prior to the Termination Date of the Swap Transaction, including where a Credit Derivatives Determinations Committee has not resolved that a Credit Event has occurred (see further “*When can a Credit Event Determination Date occur and what are the consequences for the Notes if a Credit Event Determination Date occurs?*” above).

***What is the Post-Event Amount?***

The Post-Event Amount is the aggregate amount payable on the Notes if the Notes are redeemed early due to the occurrence of a Collateral Event (but no credit event has occurred in respect of the Collateral CDS Reference Entity) or a Programme Event (See further “*When may the Issuer redeem the Notes early?*” below ).

The Post-Event Amount is an amount determined by the Calculation Agent equal to (a) the Value of the Original Collateral, plus (b) the Swap Gain in relation to the Swap Agreement (if any), minus (c) Swap Loss in relation to the Swap Agreement (if any), plus (d) any interest amount to be transferred to the Issuer by the Swap Counterparty in respect of the cash balance from time to time (if any) within the Issuer’s Credit Support Balance.

The Swap Gain or Swap Loss (as applicable) reflects the early termination amount payable upon the early termination of the Swap Agreement, as determined by the Calculation Agent acting in a commercially reasonable manner. The credit exposure to the Reference Entity, among other things, will be factored into the calculation of the Swap Gain or Swap Loss (as applicable).

***What is the Post-Collateral CDS Credit Event Amount?***

The Post-Collateral CDS Credit Event Amount is the aggregate amount payable on the Notes if the Notes are redeemed early due to the occurrence of a Collateral Event where a credit event has simultaneously occurred in respect of the Collateral CDS Reference Entity (See further “*When may the Issuer redeem the Notes early?*” below ).

The Post-Collateral CDS Credit Event Amount is an amount determined by the Calculation Agent equal to (a) (I) the Value of the Original Collateral (where a Collateral Credit Event has occurred in respect of the Collateral CDS Reference Entity on or prior to the redemption of the Original Collateral at scheduled maturity in accordance with its terms); or (II) the Aggregate Outstanding Principal Amount of the Notes multiplied by the CDS Auction Final Price or the CDS Value of the Valuation Obligations, as applicable (where a Collateral Credit Event has occurred in respect of the Collateral CDS Reference Entity following the redemption of the Original Collateral at scheduled maturity in accordance with its terms); and (b) the CDS Gain or CDS Loss (as defined herein), plus (c) any interest amount to be transferred to the Issuer by the Swap Counterparty in respect of the cash balance from time to time (if any) within the Issuer’s Credit Support Balance. As such, the value of the Swap Transaction (save for the CDS element) will not be taken into account.

The CDS Gain or CDS Loss (as applicable) reflects the early termination amount payable upon the early termination of the CDS Transaction, as determined by the Calculation Agent acting in a commercially reasonable manner.

Noteholders should be aware that the payouts that they receive upon a Post-Collateral CDS Credit Event will depend on whether the Original Collateral has redeemed at scheduled maturity when a Collateral Credit Event occurs. If the Original Collateral has not redeemed at scheduled maturity, the Post-Collateral Event will take into account the Value of the Original Collateral. However, if the Original Collateral has redeemed at scheduled maturity, the calculation will take into account the CDS Auction

Final Price or the CDS Value of the Valuation Obligations rather than the Value of the Original Collateral. As such, Noteholders are exposed to credit risk of the Collateral CDS Obligor in the period between the scheduled maturity date of the Original Collateral and the Maturity Date of the Notes.

***What is the Post-Collateral Exhaustion Event Amount?***

The Post-Collateral Exhaustion Event Amount is the aggregate amount payable on the Notes if the Notes are redeemed early due to the occurrence of a Collateral Exhaustion Event (See further “*When may the Issuer redeem the Notes early?*” below ).

The Post-Collateral Exhaustion Event Amount is an amount determined by the Calculation Agent equal to (a) the Value of the Original Collateral, plus (b) the Collateral Exhaustion Gain in relation to the Swap Agreement (if any), minus (c) the Collateral Exhaustion Loss in relation to the Swap Agreement (if any), and plus (d) any interest amount to be transferred to the Issuer by the Swap Counterparty in respect of the cash balance from time to time (if any) within the Issuer’s Credit Support Balance.

The Collateral Exhaustion Gain or Collateral Exhaustion Loss reflects the early termination amount that the Calculation Agent determines would be payable to the Issuer (in the case of a Collateral Exhaustion Gain) or by the Issuer (in the case of a Collateral Exhaustion Loss) upon the early termination of the Swap Agreement, including the remaining portion of the CDS Transaction for which an Exercised Percentage has not been specified as a result of a Relevant Restructuring, as determined by the Calculation Agent acting in a commercially reasonable manner.

***What is the Post-Credit Event Amount?***

The Post-Credit Event Amount is the aggregate amount payable on the Notes if the Notes are redeemed early due to the occurrence of a Credit Event (except where such event has occurred as a result of a Restructuring Credit Event and the Swap Counterparty selects an amount of Notes for redemption (an “**Exercised Percentage**”) which is less than 100 per cent., in which case an amount of Notes equal to the Exercised Percentage will be redeemed) (see further “*When may the Issuer redeem the Notes early?*” below ).

The Post-Credit Event Amount is an amount determined by the Calculation Agent equal to (a) the Value of the Original Collateral, plus (b) the Affected Swap Gain in relation to the Swap Agreement (if any), minus (c) the Affected Swap Loss in relation to the Swap Agreement (if any), minus (d) the Credit Loss Amount (if any) and plus (e) any interest amount to be transferred to the Issuer by the Swap Counterparty in respect of the cash balance from time to time (if any) within the Issuer’s Credit Support Balance.

The Affected Swap Gain or Affected Swap Loss (as applicable) reflects the market value of the Swap Agreement (excluding the CDS Transaction), as determined by the Calculation Agent acting in a commercially reasonable manner.

***What is the Credit Event Loss Amount?***

The Credit Event Loss Amount is the settlement amount calculated in relation to a Credit Event with respect to any Reference Entity and such amount is taken into account in calculating the Post-Credit Event Amount that is payable to the Noteholders on an early redemption of the Notes.

The Credit Event Loss Amount is determined based on the price of certain eligible obligations (“**Valuation Obligations**”) of the Reference Entity on a specified date following the occurrence of a Credit Event with respect to such Reference Entity. With respect to the Notes, the eligible obligations need to be (a) the Reference Obligations set out in the confirmation or (b) either loans or bonds of the Reference Entity (or of another party and guaranteed by the Reference Entity) that also meet certain specified Valuation Obligation Characteristics. The price of such eligible obligations may be determined

either by an Auction or, where Cash Settlement applies as a fallback, on the basis of bid quotations received by the Calculation Agent from third party dealers.

***How is the Credit Event Loss Amount determined if Auction Settlement applies?***

Unless the Calculation Agent determines that Auction Settlement would not apply for certain specified reasons, the Credit Event Loss Amount will be determined by reference to a price determined by way of a credit derivatives auction sponsored by ISDA (an “**Auction**”). The Auction will involve a bidding process by institutions participating in the relevant Auction, pursuant to a bidding procedure set by ISDA, to establish the value of the eligible obligations (the “**Deliverable Obligations**”) of the relevant Reference Entity. Credit Suisse International may act as a participating bidder in any such Auction and may submit bids and offers with respect to the Deliverable Obligations of the Reference Entity.

Deliverable Obligations mean obligations of the Reference Entity which satisfy certain specified “Deliverable Obligation Categories” and “Deliverable Obligation Characteristics”, including that they need to be either a bond or a loan.

If Auction Settlement applies, the Credit Event Loss Amount will be equal to the product of (1) the aggregate nominal of the Notes outstanding and (2) 100 per cent. minus the price (expressed as a percentage) determined through the Auction for certain obligations of such Reference Entity.

The auction price is likely to be lower than the par value of the Deliverable Obligations of the Reference Entity and will be reflective of a loss experienced by the holder of such Deliverable Obligations. Moreover, the price is likely to reflect the lowest prevailing market value of any Deliverable Obligation. The lower the auction price, the greater the Credit Event Loss Amount which gets deducted from the Post-Credit Event Amount paid to Noteholders on an early redemption of the Notes.

***How is the Credit Event Loss Amount determined if Auction Settlement does not apply?***

If the Calculation Agent determines that Cash Settlement will apply, the Credit Event Loss Amount will be determined on the basis of the bid quotations sought by the Calculation Agent from third party dealers for the eligible obligations of the relevant Reference Entity selected by the Calculation Agent and satisfying certain specified obligation categories and obligation characteristics (such obligation being the Valuation Obligations). However, if two or fewer quotations are obtained, the Calculation Agent will determine the final price acting in a commercially reasonable manner. The Issuer will be entitled to select the cheapest Valuation Obligations for valuation. This could increase the Credit Event Loss Amount and, as a result, reduce the Post-Credit Event Amount payable to Noteholders on an early redemption.

If cash settlement applies, the Credit Event Loss Amount will be equal to the product of (1) the aggregate nominal of the Notes outstanding and (2) 100 per cent. minus the price (expressed as a percentage) determined on the basis of such bid quotations sought by the Calculation Agent from third party dealers for the Valuation Obligations (or determined by the Calculation Agent if two or fewer quotations are obtained).

***How much will Noteholders receive if the Notes are partially redeemed following a Restructuring Credit Event?***

If a Restructuring Credit Event occurs with respect to the Notes, the Swap Counterparty may elect to trigger a partial redemption of the Notes. The Swap Counterparty has sole discretion to decide whether it will exercise a partial redemption of the Notes.

If the Swap Counterparty exercises such right to partially redeem the Notes, where the amount of Original Collateral to be liquidated is less than the amount of Original Collateral available (which will include amounts forming part of the Issuer’s Credit Support Balance), a Restructuring Liquidation shall take place and Noteholders may receive a Restructuring Distribution Amount (which shall be an amount

equal to the Restructuring Realised Proceeds plus or minus the Restructuring Affected Swap Gain or Loss, as applicable, less the Restructuring Credit Event Loss).

***What if a Restructuring Credit Event occurs and there is no outstanding Original Collateral?***

Where there is a Restructuring Credit Event and the Swap Counterparty has elected to trigger a partial redemption of the Notes but there is no Original Collateral standing to the credit of the Custody Account, a Restructuring Liquidation shall not occur. The Aggregate Outstanding Principal Amount of the Notes shall be deemed to have been reduced by the Exercised Percentage and the Swap Transaction will partially redeem, with an adjustment made to reflect the payments under the CDS Transaction element of the Swap Transaction.

***How much will Noteholders receive if no Credit Event Determination Date occurs?***

If no Credit Event Determination Date has occurred, and provided that the Notes are not otherwise redeemed early, repurchased or cancelled (see further "*When may the Issuer redeem the Notes early?*" below), each Note will be redeemed on the Maturity Date which may in certain circumstances have been extended at its Final Redemption Amount, which, in such circumstances, will be an amount equal to par.

***May Noteholders elect to redeem their Notes early?***

The Noteholders do not have a right to require the Issuer to redeem their Notes early. The Dealer may, but is not obligated to, purchase the Notes at any time in the open market or by tender or private treaty.

***When may the Issuer redeem the Notes early?***

The Issuer may redeem the Notes early if (i) a Credit Event Determination Date occurs (other than where such Credit Event Determination Date has occurred as a result of a Restructuring Credit Event and the Swap Counterparty selects an Exercised Percentage which is less than 100 per cent., in which case an amount of Notes equal to the Exercised Amount will be redeemed), (ii) a Collateral Event occurs with respect to any Original Collateral, (iii) a Collateral CDS Credit Event occurs, (iv) a Collateral Exhaustion Event occurs, (v) certain tax events occur with respect to the Notes or the Original Collateral, (vi) the Swap Agreement is terminated early, (vii) certain events occur which make it unlawful for the Issuer to perform certain obligations, comply with material provisions of agreements entered into in connection with the Notes or hold Original Collateral or (viii) certain Events of Default occur.

***What interest payments will Noteholders receive?***

Noteholders will receive Interest at the rate of interest specified in the Issue Terms and in accordance with the terms set out in the Issue Terms and the Master Conditions (subject to any early redemption of the Notes).

If an early redemption event occurs, Interest shall cease to accrue from and including the Interest Payment Date preceding such occurrence of the early redemption event or, (if no such Interest Payment Date exists), the Issue Date.

***How do changes in share prices of any Reference Entity affect the value of the Notes?***

Taking credit risk on the Reference Entity by purchasing Notes is different from taking equity risk by investing in shares of the Reference Entity. There are a number of reasons for this. For example:

- (a) credit derivatives reference debt obligations of the Reference Entity, and a Reference Entity must generally pay amounts due to the creditors on these debt obligations before paying dividends or capital to shareholders;
- (b) the obligations of the Reference Entity referenced by the Notes consist of bonds and other debt; holders of this type of debt will generally rank ahead of holders of ordinary shares in the insolvency of a Reference Entity, and so may have (but are not guaranteed) a higher rate of recovery of moneys due to them;

- (c) because the Notes reference these debt obligations, the market value of the Notes is related to (although not necessarily equal to) the value of these debt obligations; and
- (d) there is no direct link between share prices and the value of the Notes.

However, in some circumstances, change in the share price of the Reference Entity may result in or from, at a general level, a change in the market value of its debt and vice versa.

***What are the Credit Derivatives Determinations Committees and how do they affect the Notes?***

The Credit Derivatives Determinations Committees were established by ISDA in March 2009 to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency.

Prospective Noteholders should note that a Credit Derivatives Determinations Committee has the power to make binding decisions which the Calculation Agent may determine are applicable for the purposes of the Notes on critical issues, including:

- (a) the occurrence of a Credit Event and Credit Event Determination Date;
- (b) whether one or more Auctions will be held in respect of the Reference Entity for which a Credit Event has occurred and the price determined in such Auction;
- (c) if one or more Auctions is to be held, what Deliverable Obligations of the Reference Entity will be used for the purposes of determining the price for each such Auction; and
- (d) the occurrence of a “Succession Event” and the identity of any “Successors”.

Consequently, Noteholders will be bound by any such relevant decisions determined to be applicable to the Notes and the payments on the Notes and the timing of any such payments may be affected by such decisions or determinations. Questions referred to the Credit Derivatives Determinations Committee and the results of binding votes will be published on <http://www2.isda.org/>.

The Credit Derivatives Determinations Committees are regional and there is a Credit Derivatives Determinations Committee for each of the following five regions: the Americas, Asia (excluding Japan), Australia and New Zealand, Europe, the Middle East and Africa and Japan. The Credit Derivatives Determinations Committees which are relevant for the Notes will be the one constituted for Europe.

The proceedings of each Credit Derivatives Determinations Committee will be governed by rules published from time to time by ISDA. A copy of such rules is available as at the date of this Series Prospectus free of charge at <http://www2.isda.org/>.

Each Credit Derivatives Determinations Committee is composed of fifteen voting members and three non-voting consultative members. Ten of the voting members are dealer institutions, with eight serving across all regions and two potentially varying by region. The other five voting members are non-dealer institutions that serve across all regions. The three non-voting consultative members consist of one dealer institution and one non-dealer institution that serve across all regions and one dealer institution that could potentially vary by region.

As at the date of this Series Prospectus, Credit Suisse International and certain of its affiliates are members of one or more Credit Derivatives Determinations Committee.

***Is it possible to change a Reference Entity or a Collateral CDS Reference Entity?***

The Reference Entity or Collateral CDS reference Entity may not be changed unless a “Succession Event” occurs with respect to the Reference Entity or Collateral CDS Reference Entity on or after the “Succession Event Backstop Date”.



A “Succession Event” means a corporate event relating to the Reference Entity or Collateral CDS Reference Entity, for example a merger, demerger, or transfer of assets or liabilities or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to an agreement.

***What is a “Successor” to the Reference Entity or Collateral CDS Reference Entity and how can succession affect the Notes?***

If ISDA publicly announces that a Credit Derivatives Determinations Committee has resolved that a different entity or entities has or have become successor(s) to the original Reference Entity or Collateral CDS Reference Entity to which the Notes are linked, then such entity may be identified as a “Successor” to the original Reference Entity. The Calculation Agent under the Swap Agreement (being Credit Suisse International) may also, following a Succession Event, identify an entity or entities as a successor(s) to the original Reference Entity or Collateral CDS Reference Entity.

The identity of the original Reference Entity or Collateral CDS Reference Entity will be treated as having been amended accordingly for the purposes of the Notes so that, following the occurrence of the Succession Event, the Notes will be linked to the credit risk of the Successor entity. The credit risk associated with such Successor entity may be different from and could be greater than the credit risk associated with the original entity.

A Succession Event may occur at any time from and including the “Succession Event Backstop Date”, which is a rolling date that is:

- (a) if a Credit Derivatives Determinations Committee receives a request to resolve whether or not a Succession Event has occurred, 90 calendar days prior to the date of such request (regardless of whether the Credit Derivatives Determinations Committee resolves to determine such matter or not); or
- (b) otherwise, 90 calendar days prior to the date on which notice of the occurrence of a Succession Event is delivered by the Calculation Agent under the Swap Agreement to the Issuer and the Swap Counterparty under the Swap Agreement.

***Can a Succession Event occur prior to the Issue Date?***

Yes. A Succession Event may occur prior to the Issue Date of the Notes and may even occur prior to the Collateral Observation Start Date of 27 January 2014. The Succession Event Backstop Date may fall prior to the Collateral Observation Start Date and accordingly a Succession Event may occur prior to the Collateral Observation Start Date.

Noteholders should conduct their own review of any recent developments with respect to the Reference Entity and the Collateral CDS Reference Entity by consulting publicly available information. If a request has been delivered to convene a Credit Derivatives Determinations Committee prior to the Collateral Observation Start Date to determine whether a Succession Event has occurred with respect to the Reference Entity or Collateral CDS Reference Entity, details of such request may be found on the ISDA website <http://dc.isda.org/>.

***Who is the Calculation Agent?***

Credit Suisse International will act as Calculation Agent for the Notes and the Swap Agreement.

***What is the role of the Calculation Agent and the Issuer in deciding certain issues related to the Notes?***

The Calculation Agent may exercise certain discretions and make certain determinations relating to the Notes, including (but not limited to) the following: (i) determination of whether a Collateral Event or a Collateral CDS Credit Event has occurred, (ii) determination of whether a Credit Event Determination

Date has occurred with respect to a Reference Entity, whether or not the Credit Derivatives Determinations Committee has considered such determination, (iii) determination of whether a Succession Event has occurred with respect to a Reference Entity or a Collateral CDS Reference Entity, whether or not the Credit Derivatives Determinations Committee has considered such determination, (iv) the right to determine whether an Auction would apply for the purposes of the Hypothetical Transaction and (v) where Auction Settlement does not apply, the right to determine the Value of the Valuation Obligations on the basis of bid quotations from third party dealers.

Noteholders should note that any determination and/or calculation by the Calculation Agent shall, in the absence of manifest error, be final and binding on the Noteholders.

Where a Credit Derivatives Determinations Committee has made a determination as to whether a Credit Event Determination Date or Succession Event has occurred, the Calculation Agent may apply the same determination for the purposes of the Notes.

***Will the Notes be rated by any rating agency?***

The Notes will not be rated by any rating agency.

## **CREDIT DEFAULT SWAPS AND THE CDS TRANSACTION RELATING TO THE SWAP TRANSACTION AND THE NOTES**

### **Credit derivatives and credit default swaps**

A credit derivative transaction is generally a transaction which is entered into between two parties to transfer to one of the parties the credit risk of a third party. One of the parties to the transaction will be a purchaser of credit protection (and hence a seller of credit risk), whilst the other will be a seller of credit protection (and therefore a purchaser of credit risk). The Notes represent a funded credit derivative transaction in the form of a debt security whilst the Swap Transaction includes a credit derivative component. Under the terms of the Notes, the Issuer will be the buyer of credit protection and the Noteholders will be the sellers of credit protection. Under the Swap Transaction, the Issuer will be the seller of credit protection and the Swap Counterparty will be the buyer of credit protection.

Credit default swaps are transactions in which settlement is triggered by one of a specified number of events, which may include default, insolvency or distressed restructuring, of a particular Reference Entity or Reference Entities referenced in the terms of such transaction. Credit default swaps are bilateral contracts rather than debt securities and are traded between two parties “over-the-counter”. A protection buyer will typically make one or more fixed rate payments to the protection seller. In exchange, the protection seller typically agrees to make payment to the protection buyer following the occurrence of the relevant event in relation to the Reference Entity or an obligation thereof, subject to satisfaction of certain conditions. Alternatively, the protection seller may agree in such case to purchase at par bonds or loans of the Reference Entity (which are likely to be trading in the market at a discount to par following the occurrence of the relevant event in relation to the Reference Entity). Credit default swaps are the most commonly-traded form of credit derivative transaction and many banks and financial institutions regularly quote prices for entering into credit default swaps. Credit default swaps may be entered into in relation to the credit risk of a single Reference Entity or a basket of Reference Entities.

### **Documentation and terms of a credit default swap**

Credit default swaps are typically entered into on the basis of standard definitions and provisions published by ISDA. ISDA is a trade association whose membership comprises participants in the over-the-counter derivatives markets. As at the date of this Series Prospectus, these definitions and provisions are primarily contained in the 2003 ISDA Credit Derivatives Definitions. From time to time, ISDA publishes supplements to such definitions. For example, the majority of credit default swap transactions traded incorporate the terms of the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions. The 2003 ISDA Credit Derivatives Definitions as so supplemented are referred to below as the “**Credit Derivatives Definitions**”. The full text of the Credit Derivatives Definitions is available on ISDA’s website <http://www2.isda.org/> on a subscription basis. The Credit Derivatives Definitions are incorporated into the Swap Agreement and cross referred to in the Conditions of the Notes.

Certain terms of credit default swaps are subject to negotiation between the parties, for example the maturity of each transaction and the price of credit protection purchased. However, many key terms of credit default swaps - for example, the applicable Credit Events - are typically determined by reference to a matrix of market standard terms published by ISDA (referred to below as the “**Settlement Matrix**”). The Settlement Matrix recognises a variety of standard terms based on the nature of the relevant Reference Entity (corporate, sovereign, etc.) and its location (Europe, North America, Latin America, etc.). The terms of the Confirmation are based on these key terms. As at the date of this Series Prospectus, the Settlement Matrix is available free of charge on ISDA’s website at <http://www2.isda.org/>.

## **The Hypothetical Transaction and the Hypothetical Collateral CDS Transaction are hypothetical credit derivative transactions**

The Hypothetical Transaction and the Hypothetical Collateral CDS Transaction are hypothetical credit derivative transactions. They are treated as existing solely for the purposes of determining whether certain resolutions of a CDDC (including as to the holding of Auctions) will be binding on the Noteholders.

The Confirmation for the Swap Transaction sets out all of the relevant terms of the CDS Transaction provided for in the Swap Transaction between the Issuer and the Swap Counterparty. Certain provisions of the Confirmation differ from the market standard terms as published by ISDA.

## **CDDCs have the power to make binding determinations**

The CDDCs were established in March 2009 to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. Prospective Noteholders should note that a CDDC that is determined to be relevant to the Notes may have the power to make binding decisions for the purposes of the Notes on critical issues such as whether a Credit Event has occurred and whether one or more Auctions should take place. Consequently, Noteholders will be bound by any such relevant decisions that the Calculation Agent determines are applicable to the Notes and the timing and/or occurrence of any payments on the Notes may be affected by any such relevant decisions or subsequent determinations.

The CDDCs are regional and as at the date of this Series Prospectus there is a CDDC for each of the following five regions: the Americas, Asia (excluding Japan), Australia and New Zealand, Europe, the Middle East and Africa and Japan. The CDDC which is relevant for the Notes will be the one constituted for the region applicable to the relevant Reference Entity to which a given determination relates.

The proceedings of each CDDC will be governed by rules published from time to time by ISDA (the “Rules”). A copy of the Rules published by ISDA as of 11 July 2012 (as amended) is available free of charge at <http://www.isda.org/credit/revisedcrules.html>. A CDDC will be convened upon referral of a question to ISDA by an eligible market participant, subject to the agreement of a specified number of the voting members of the relevant CDDC. ISDA will convene the CDDC for the region to which the referred question relates, as determined in accordance with the Rules. Noteholders will not have any rights to submit questions for resolution by a CDDC solely by virtue of being an investor in the Notes, and none of the Issuer, the Trustee, the Swap Counterparty nor any entity connected with any of them will have an obligation to submit a question on behalf of any Noteholders.

In resolving that a Credit Event has occurred, a CDDC must act by a super-majority of 80 per cent. of voting members. Certain other determinations, for example, as to the initial list of eligible obligations for purposes of an Auction (see below), may be made by a majority of more than 50 per cent. of voting members. Where either a CDDC is required to resolve a particular matter by way of a super-majority, but having voted on such matter is unable to do so, or where a CDDC so resolves by a majority, questions may be submitted to an external review process which will be convened to review the question and potentially overturn the decision of the CDDC. In order for the external review panel to overturn the decision of a CDDC, (i) two out of three of the members of the panel must vote in the affirmative if the original vote of the CDDC did not exceed 60 per cent., or (ii) all three members of the panel must vote in the affirmative if the original vote of the CDDC was between 61 per cent. and 79 per cent. The external review panel will be chosen from a pool that is made of industry experts nominated by ISDA members. The members of each external review panel will be chosen with the unanimous approval of the applicable CDDC or by ISDA.

A CDDC may decline to resolve a particular question. Questions referred to the CDDC and the results of binding votes will be published on <http://www2.isda.org/>. None of the Issuer, the Trustee, the Swap Counterparty nor any entity connected with any of them will be obliged to inform the Noteholders that a CDDC has been or is likely to be convened.

### **CDDC membership**

Each CDDC is composed of fifteen voting members and three non-voting consultative members. Ten of the voting members are dealer institutions, with eight serving across all regions and two potentially varying by region. The other five voting members are non-dealer institutions that serve across all regions. The three non-voting consultative members consist of one dealer institution and one non-dealer institution that serve across all regions and one dealer institution that could potentially vary by region. Noteholders will have no role in the composition of the CDDC.

As at the date of this Series Prospectus, the Swap Counterparty and certain of its affiliates are members of one or more CDDCs. In reaching decisions, neither the Swap Counterparty nor any other member of the CDDC will take account of the interests of the Noteholders and for such purpose the Swap Counterparty may ignore any conflict of interest arising from the Swap Counterparty's rights and obligations under, or in respect of, the Swap Agreement relating to the Notes. Noteholders will not have any recourse against ISDA or the members of any CDDC in relation to resolutions passed or not passed by any such CDDC.

### **Changes to the terms of market standard credit default swaps**

From time to time the terms of market standard credit default swap transactions may be subject to modification. Where such modifications are intended to affect existing transactions (in addition to transactions entered into after the date on which the relevant modification is announced), such modifications have previously been implemented by way of a protocol published by ISDA. Market participants may elect to adhere to such a protocol in order to confirm that they wish transactions to which they are a party to be subject to such modification or, they may agree such other amendments amongst themselves.

If the Issuer and the Swap Counterparty wished to amend the CDS Transaction relating to the Swap Transaction and the Notes, the Issuer is likely to seek consent from the Noteholders.

As at the date of this Series Prospectus, ISDA has established a working group to agree changes to the Credit Derivatives Definitions which are expected to result in the 2014 ISDA Credit Derivatives Definitions being adopted by the credit derivatives market in September 2014. The 2014 ISDA Credit Derivatives Definitions will introduce several new terms, including a new credit event expected to be included that will be triggered by a government bail-in of a financial reference entity. The Swap Counterparty and its affiliates are represented in such working group and will engage in such process without regard to the interests of the Noteholders.

### **Calculation Agent Determinations and Discretions**

Noteholders should note that the Calculation Agent (under both the Notes and the Swap Agreement, respectively) is responsible for making certain determinations and has the right to exercise certain discretions with respect to the Notes and the Swap Transaction.

### *Determinations*

For example, the Calculation Agent is responsible for:

- (i) determining whether an Auction would apply for the purposes of the Credit Event (see further “*How is the Credit Event Loss Amount determined if Auction Settlement applies?*” in the “Frequently Asked Questions” section above);
- (ii) where there are multiple Auctions held concurrently, determining the Auction which will apply to the Notes (see further “*How is the Credit Event Loss Amount determined if Auction Settlement applies?*” in the “Frequently Asked Questions” section above);
- (iii) where the Credit Event Loss Amount is not determined by an Auction, determining the Credit Event Loss Amount on the basis of bid quotations from third party dealers (in which context the Calculation Agent will be entitled to select the cheapest eligible obligation for valuation – see further “*How is the Credit Event Loss Amount determined if Auction Settlement does not apply?*” in the “Frequently Asked Questions” section above);
- (iv) notwithstanding publication by ISDA of a resolution of a CDDC, determining successor Reference Entities for the purposes of the Swap Transaction (see further “*Reference Entities and Succession Events*” below);
- (v) determining the Valuation Obligations for the purpose of the Swap Transaction and the Notes (see further “*Valuation Obligations*” below); and
- (vi) determining whether, under the terms of the Swap Transaction and the Notes, the obligations of the parties would be suspended pending a resolution of a CDDC.

### *Discretions*

The Calculation Agent has the right to:

- (i) elect whether to deliver a notice and supporting information to trigger an early redemption of the Notes following the occurrence of a Credit Event (whether or not a CDDC considered the same) (see further “*When can a Credit Event Determination Date occur and what are the consequences for the Notes if a Credit Event Determination Date occurs?*” in the “Frequently Asked Questions” section above);
- (ii) where the Credit Event Loss Amount is not determined by an Auction, (i) select a date for the valuation of the Valuation Obligations and (ii) select third party dealers from which to obtain bid quotations for the purposes of such valuation (see further “*Fallback settlement*” below); and
- (iii) select the date on which certain valuations are undertaken to determine the Early Cash Redemption Amount payable, which will be a date falling no later than five Business Days after the date on which the Auction Final Price or value of the Valuation Obligations is determined.

Noteholders should note that any determination and/or calculation made by the Calculation Agent shall, in the absence of manifest error, be final and binding on the Issuer and the Noteholders.

Noteholders should note that a resolution of the CDDC will be binding for the purposes of the Notes so long as that resolution would be effective for the purposes of the Hypothetical Transaction, as determined by the Calculation Agent.

### **Reference Entities and Succession Events**

Noteholders are exposed, through the Conditions of the Notes, to the credit risk of the Reference Entity and the Collateral CDS Reference Entity. The creditworthiness of a Reference Entity or a Collateral CDS Reference Entity may change over time. If the creditworthiness of a Reference Entity or a Collateral CDS

Reference Entity declines, then the market value of the Notes is likely to decline, reflecting an increase in the perceived likelihood that a Credit Event may occur in relation to that Reference Entity or Collateral CDS Reference Entity.

The identity of a Reference Entity or a Collateral CDS Reference Entity, and hence the credit risk associated with the Notes, may change as a result of corporate events relating to that Reference Entity or Collateral CDS Reference Entity, for example a merger, demerger, or transfer of assets or liabilities or, in the case of a sovereign Reference Entity, events such as unification or dissolution or annexation (referred to in the Credit Derivatives Definitions as a “**Succession Event**”). If ISDA publicly announces that a CDDC has resolved that a different entity or entities has or have become successor(s) to the original entity, then the identity of the original Reference Entity or Collateral CDS Reference Entity will be treated as having been amended accordingly for the purposes of the Notes. The credit risk associated with a successor entity may be different from and could be greater than the credit risk associated with the original Reference Entity or original Collateral CDS Reference Entity.

The Credit Derivatives Definitions set out detailed rules for the determination of successor entities a Succession Event. For entities which are not sovereigns (as is the case for the Notes), this will involve a determination, on the basis of available information, as to the liability which has been assumed by any potential successor in relation to the outstanding bonds and loans of the relevant Reference Entity or Collateral CDS Reference Entity. It is possible that, based on such a determination, a single successor will be identified, or there may be multiple successors. The original Reference Entity or Collateral CDS Reference Entity may itself continue to be a Reference Entity/Collateral CDS Reference Entity, as applicable, together with other successor Reference Entities or Collateral CDS Reference Entities. If multiple successor Reference Entities/Collateral CDs Reference Entities, as applicable, are identified, then the Swap Transaction will be amended by the Calculation Agent so as to be treated as having been split into multiple new transactions, each such transaction referencing one of the relevant successors and each such new transaction having a Reference Entity Notional Amount equal to the Reference Entity Notional Amount of the original entity divided by the number of successors. Accordingly, if an entity has more than one successor entity as a result of such corporate event, then the Noteholders will be exposed to the creditworthiness of multiple Reference Entities or Collateral CDS Entities.

In determining successors, a CDDC will disregard a Succession Event that occurred more than 90 days prior to the date of the relevant request to convene the CDDC. The Calculation Agent is not obliged to make any such request to a CDDC on behalf of the Noteholders, and Noteholders will have no ability to make such a request solely by virtue of being a Noteholder. Absent publication by ISDA of a resolution of a CDDC, the Calculation Agent may make, but will not be obliged to make, a determination as to successor Reference Entities/Collateral CDS Reference Entities, as applicable for the purposes of the Swap Agreement and, consequently, the Notes.

### **Valuation Obligations**

The Calculation Agent may determine the “**Valuation Obligations**” for the purposes of the Notes and Swap Transaction if Auction settlement does not apply. The specific Valuation Obligations may affect the credit risk represented by an investment in the Notes and will directly impact what is payable to Noteholders following the occurrence of a Credit Event. Such Valuation Obligations will be any obligation of a Reference Entity which is described by the “Valuation Obligation Category” and having the “Valuation Obligation Characteristics” specified in the Confirmation.

### **Conditions to Settlement and Notice Delivery Period**

A Credit Event Determination Date will occur if there is a public announcement by ISDA that a CDDC has resolved that a Credit Event has occurred and the Calculation Agent determines that it would relate to

the Hypothetical Transaction. . In such circumstances, the Credit Event in question must have occurred no earlier than the date (referred to as the “**Credit Event Backstop Date**”) 60 days before the date on which the relevant request was made to convene the CDDC (referred to as the “**Credit Event Resolution Request Date**”) and the Credit Event Resolutions Request Date must have fallen within a specified period (referred to as the “**Notice Delivery Period**”).

The Credit Event Backstop Date may be prior to the Issue Date and the Collateral Event Observation Start Date (which is the Trade Date for the purpose of the CDS Transaction). Therefore, a Credit Event may have occurred prior to the “Issue Date” or the Collateral Event Observation Start Date specified with respect to the Notes and the Swap Transaction. Noteholders should conduct their own review of any recent developments with respect to a Reference Entity by consulting publicly available information. If a request to convene a CDDC has been delivered prior to the Trade Date to determine whether a Credit Event has occurred with respect to a Reference Entity, details of such request may be found free of charge on the ISDA website at <http://dc.isda.org/>. Even if a CDDC has not been convened to determine such matter as of the Issue Date, a CDDC may still be convened after the Issue Date in respect of an event which occurs up to 60 calendar days before the date of a request to convene such CDDC.

The Notice Delivery Period in relation to the Hypothetical Transaction is the period during which a Credit Event may be triggered with respect to the relevant Reference Entity. The Notice Delivery Period will commence on the “**Trade Date**” of the Swap Transaction (as specified in the Confirmation and coinciding with the Collateral Event Observation Start Date) and will expire on the date that is 14 calendar days after the Scheduled Termination Date of the Swap Transaction.

Whether or not a request has been made to the CDDC to determine whether a Credit Event has occurred, the Calculation Agent may trigger the early redemption of the Notes by delivering a notice of a Credit Event, together with supporting information derived from specified sources (that is, public news or information sources, the Reference Entity itself, court or other public filings or paying agents, trustees or other intermediaries appointed in respect of Obligations) as required under the Conditions of the Notes.

For further information on the consequences for the Notes of the occurrence of a Credit Event Determination Date, see *When can a “Credit Event Determination Date occur and what are the consequences for the Notes if a Credit Event Determination Date occurs?”* in the “Frequently Asked Questions” section above.

## **Credit Events and related terms**

Settlement of a credit derivative, including the Swap Transaction and the Notes, is contingent on the occurrence of a Credit Event. The Credit Events which are applicable for the purposes of a particular Reference Entity may vary from Reference Entity to Reference Entity. The selection of Credit Events as applicable or not applicable will materially affect the credit risk to which Noteholders are exposed.

The Credit Derivatives Definitions provide for a number of Credit Events, with the following applying to the Swap Transaction and the Notes:

### **Bankruptcy**

“Bankruptcy” includes where a Reference Entity:

- (i) is dissolved (other than where this is as a result of the Reference Entity merging or otherwise combining with another entity);
- (ii) becomes insolvent or is unable to pay its debts as they become due or admits its inability to do so;
- (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;



- (iv) institutes, or has instituted against it, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition results in a judgment of insolvency or bankruptcy or is not dismissed within 30 calendar days of such institution;
- (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vi) seeks or becomes subject to the appointment of an administrator or equivalent official; or
- (vii) has a secured party take possession of all or substantially all of its assets, or such assets are subject to attachment by a creditor.

### **Failure to Pay**

A "Failure to Pay" will occur where the Reference Entity fails to make, when and where due and after the expiration of any applicable time period (a "**Grace Period**") during which such failure may be cured by the Reference Entity (and after the satisfaction of any conditions precedent to such Grace Period), any payments in an aggregate amount of not less than a specified amount under one or more Obligations (as defined below) in accordance with the terms of such Obligations at the time of such failure. The Grace Period, if any, will be as set out in the terms of the Obligation; if no such Grace Period is specified, a minimum Grace Period will be assumed to apply.

In such case the redemption of the Notes will also be extended beyond their Scheduled Maturity Date until the "Extended Maturity Date" of the Notes, which, if no Credit Event Determination Date ultimately occurs, will be a date falling five Business Days after the date on which it is no longer possible for the conditions to settlement to be satisfied. In such case the redemption of the Notes may be subject to material delay. After the Scheduled Maturity Date interest will accrue at the rate for overnight deposits in EUR (based on the EONIA Rate determined by the Calculation Agent), without margin or spread. Such rate is likely to be lower than the rate which applied to the Notes prior to the Scheduled Maturity Date.

### **Restructuring**

"Restructuring" is, generally speaking, a process whereby a company or a sovereign entity facing cash flow problems or which is otherwise in financial distress, renegotiates its debts. A "Restructuring" for the purposes of the Credit Derivative Definitions will occur if:

- (i) any of the following events occurs in relation to a particular obligation of a Reference Entity:
  - (A) a reduction in the rate or amount of interest payable;
  - (B) a reduction in the amount of principal payable;
  - (C) a postponement or other deferral of a date or dates for payment;
  - (D) a change in the ranking in priority of payment of such obligation resulting in the such obligation becoming subordinated in its right to receive payment to one or more other obligations; or
  - (E) a redenomination of an obligation (other than to certain permitted currencies, and excluding a redenomination into Euro where the relevant currency jurisdiction joins the Eurozone); and
- (ii) such event occurs in a form which is applicable to all of the holders of that obligation and where such event is not expressly provided for under the original terms of that obligation; and

- (iii) any such event results from a deterioration in the creditworthiness or financial condition of the relevant Reference Entity.

Unless “Multiple Holder Obligation” is specified as not applicable in relation to a particular Reference Entity in the Confirmation, a Restructuring will have occurred only if the event in question relates to an Obligation held by more than three non-affiliated holders and, where, for Obligations other than bonds, the consent of at least two-thirds of the holders of the relevant Obligation is required.

Limitations may apply as to the eligible obligations which may be taken into account for credit derivatives auction or, where applicable, delivered in settlement of a credit default swap.

#### *Restructuring Maturity Limitation and Fully Transferable Obligations (“Mod R”)*

If “Mod R” applies in accordance with the Confirmation, then in order to be taken into account for settlement an obligation must be a “Fully Transferable Obligation” that is, capable of being assigned or novated without consent. It must also be possible to transfer the obligation to a bank or financial institution or other entity which regularly makes, purchases or invests in loans or other financial assets. The maturity of such obligation must fall within specified limits.

#### *Modified Restructuring Maturity Limitation and Conditionally Transferable Obligations (“Mod Mod R”)*

If “Mod Mod R” applies in accordance with the Confirmation, then in order to be taken into account for settlement an obligation must be a “Conditionally Transferable Obligation” that is, capable of being assigned or novated with consent, provided that such consent must not be unreasonably withheld. Again, the maturity of such obligation must fall within specified limits.

### **Obligations**

The occurrence of a Failure to Pay or Restructuring Credit Event will be determined by reference to eligible obligations of the Reference Entity, referred to as “**Obligations**”, which may be loans, bonds or other obligations issued directly by the Reference Entity or obligations in respect of which the Reference Entity acts as guarantor. Obligations are defined by reference to the “Obligation Category” and “Obligation Characteristics” (if any) specified in the Confirmation for the Swap Transaction.

### **Obligation Categories**

The Obligation Category for the Swap Transaction and, consequently, the Notes, is Borrowed Money.

“Borrowed Money” includes bonds and loans (except for an undrawn revolving credit facility) and deposits, but excludes repos where a security is repurchased at a higher price, the difference being equivalent to a finance charge. It also includes deposits and disbursements under letters of credit.

### **Obligation Characteristics**

No Obligation Characteristics are specified for the Swap Transaction and, consequently, the Notes.

### **Auction Settlement**

When a Credit Event occurs in respect of a Reference Entity that is referenced in a significant number of credit derivative transactions, a CDDC may resolve that an Auction should be held to facilitate settlement of credit default swap transactions referencing such Reference Entity at the same time and at a fixed settlement price. The price determined through an Auction is referred to as an “**Auction Final Price**”. Where an Auction is held for a Reference Entity and the Calculation Agent determines that the “Deliverable Obligations” (see below) would be substantially the same as the provisions in the Swap

Transaction for determining Valuation Obligations, the related Auction Final Price may be used to determine the Credit Event Settlement Amount that will be paid to Noteholders.

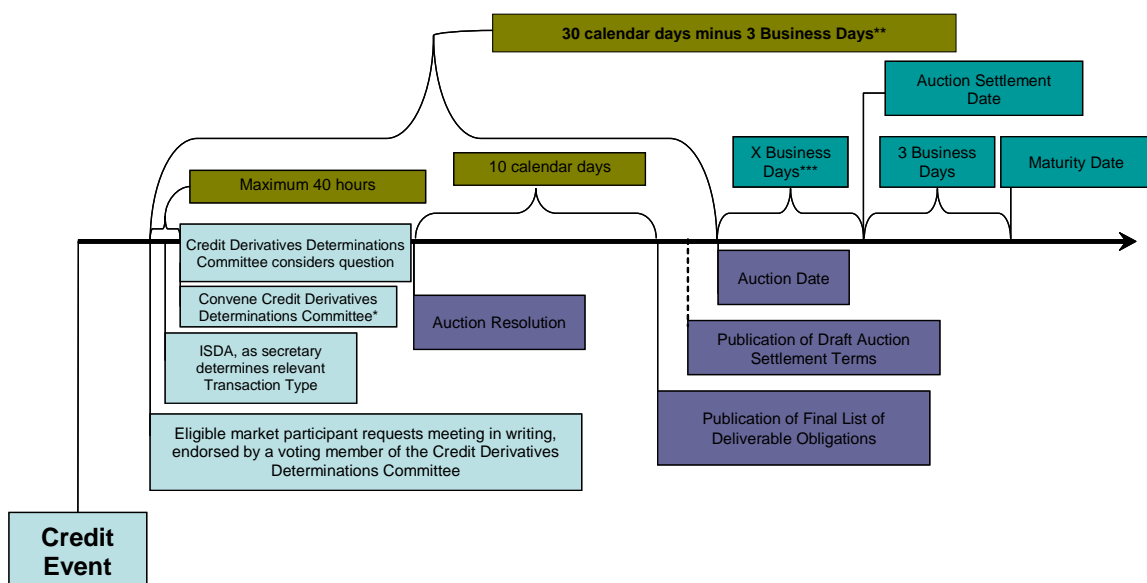
During the Auction process credit derivatives dealers participating in the Auction submit prices at which they would buy and sell the eligible obligations of the relevant Reference Entity, together with requests to buy or sell such obligations received from their customers.

As of the date hereof, the Swap Counterparty (and certain of its affiliates) is a leading dealer in the credit derivatives market. There is a high probability that the Swap Counterparty or its affiliates will act as a participating bidder in any Auction held with respect to a Reference Entity. In such capacity, the Swap Counterparty or its affiliates may take certain actions which may influence the Auction Final Price including, amongst other things, providing rates of conversion to determine the Auction currency rate and submitting bids and offers on behalf of itself or its customers. In deciding whether to take any such action (or whether to act as a participating bidder in any Auction), the Swap Counterparty or its affiliates will not be required to, and will not, consider the interests of the Noteholders. A Noteholder has no right, solely by virtue of being an investor in the Notes, to submit a bid or offer in an Auction.

If an Auction is held in respect of a Reference Entity it is expected that the relevant Auction will occur three business days immediately before the 30th calendar day after which the relevant CDDC received the request to determine whether a Credit Event has occurred with respect to such Reference Entity. However, the CDDC may decide that an Auction in respect of a Reference Entity should take place quicker than normal, for example, to ensure that quicker than normal settlement of relevant obligations occurs before any proposed bond exchange. Alternatively, the Auction process may be substantially delayed, for example because the CDDC determines that there is insufficient information available to it to establish auction terms. In such case, the payment of the Early Cash Redemption Amount to the Noteholders may be substantially delayed.

The expected timeline is illustrated in the diagram below which is indicative only and may be expanded or compressed by resolution of a specified majority of the relevant CDDC.

**Expected Auction timeline for credit default swaps**



## Deliverable Obligations

An Auction will be conducted in relation to eligible obligations of the relevant Reference Entity, referred to as **"Deliverable Obligations"**. Deliverable Obligations will be identified by the CDDC. Members of the relevant CDDC may propose obligations which they consider to be eligible for inclusion in an initial list to be published. Subsequently, market participants may propose additional obligations for inclusion in such list, or challenge the eligibility of obligations already on such list, prior to publication of a final list of such Deliverable Obligations. Noteholders will not have the ability to propose obligations for inclusion in the list of Deliverable Obligations, or to challenge the eligibility of Deliverable Obligations which are included on such list.

Where the Calculation Agent determines that an Auction will apply to the Notes, the Deliverable Obligations will be defined by reference to what could constitute a Valuation Obligation under the Swap Transaction. The "Deliverable Obligation Category" will track the "Valuation Obligation Category" and the "Deliverable Obligation Characteristics" will track the "Valuation Obligation Characteristics" applicable to the Swap Transaction.

As at the Issue Date, the Valuation Obligation Category (to which the Deliverable Obligation Category corresponds) is "Bond or Loan". Other possible Deliverable Obligation Categories that may apply in relation to a Reference Entity under the Credit Derivatives Definitions (only one of which may apply at any time) are "Payment", "Borrowed Money", "Reference Obligations Only", "Bond" or "Loan".

As at the Issue Date, the Valuation Obligation Characteristics (to which the Deliverable Obligation Characteristics correspond) are "Not Subordinated", "Specified Currency", "Not Contingent", "Assignable Loan", "Consent Required Loan", "Transferable", "Maximum Maturity" (30 years), and "Not Bearer". Other possible Deliverable Obligation Characteristics that may apply in relation a Reference Entity under the Credit Derivatives Definitions (one or more of which may apply at any time) are "Not Sovereign Lender", "Not Domestic Currency", "Not Domestic Issuance", "Not Domestic Law", "Listed", "Direct Loan Participation" and "Accelerated or Matured". Certain of such characteristics will be applicable only to Obligations which are bonds ("Listed", "Not Bearer"), which are not loans ("Transferable") or which are loans ("Assignable Loan, Consent Required Loan", "Direct Loan Participation"). In the case of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" the relevant Deliverable Obligation is required to satisfy one only of such characteristics.

**"Accelerated or Matured"** means an Obligation which on or prior to the date on which it is to be delivered in an Auction it is due to mature and due to be repaid, or as a result of downgrade/bankruptcy is due to be repaid as a result of an acceleration clause.

**"Assignable Loan"** means a Loan is capable of being assigned or novated to a different bank or financial institution as lender without the consent of the Reference Entity or guarantor, if any, of such Loan or any agent for the Loan.

**"Bond"** includes any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security but does not include any other type of Borrowed Money.

**"Bond or Loan"** means any Obligation which is either a Bond or a Loan.

**"Consent Required Loan"** means a Loan that may be assigned or novated only with the consent of the relevant Reference Entity or guarantor, if any of such Loan or any agent for the Loan.

**"Direct Loan Participation"** means a Loan with a participation agreement whereby the buyer is capable of creating, or procuring the creation of, a contractual right in favour of the seller that provides the seller with recourse to the participation seller for a specified share in any payments due under the relevant loan which are received by the participation seller.

**“Listed”** means an obligations which is quoted, listed or ordinarily purchased and sold on an exchange.

**“Loan”** includes any term loan agreement, revolving loan agreement or other similar credit agreement but does not include any other type of “Borrowed Money” obligation.

**“Maximum Maturity”** means that the Obligation must have a maximum maturity which is no longer than the period specified in the Confirmation, or the Settlement Matrix.

**“Not Bearer”** means that an obligation must not be in the form of a bearer instrument unless it is held and traded within Euroclear, Clearstream or another internationally recognised clearing system. A bearer instrument is an instrument that is payable on demand to the holder of the instrument, i.e. the entity or person physically possessing the instrument is deemed to be the owner and ownership is passed by physical delivery of the instrument.

**“Not Contingent”** means an obligation which on or prior to the date on which it is to be delivered in an Auction has terms such that its outstanding principal balance, or the amount that is due and payable whether by reason of acceleration, maturity, termination or otherwise, is not capable of being reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment).

**“Not Domestic Currency”** means any obligation that is payable in any currency other than the domestic currency as specified in the Confirmation. If the currency is not specified, the domestic currency shall be that of the Reference Entity if it is a sovereign, or that of the country in which the Reference Entity is organised if it is not a sovereign.

**“Not Domestic Issuance”** means any obligation except any obligation that was, at the time it was issued or incurred, intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) satisfies this characteristic.

**“Not Domestic Law”** means any obligation that is not governed by the laws of the relevant Reference Entity, if such Reference Entity is a Sovereign, or the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign.

**“Not Sovereign Lender”** means any obligation that is not primarily owed to a sovereign or supra-national organisation.

**“Not Subordinated”** means that the obligation which can trigger a credit event must rank equal or higher in the Reference Entity’s capital structure than the most senior Valuation Obligation of the Reference Entity in terms of priority of payment. If no Valuation Obligation is specified, then “Not Subordinated” refers to any of the Reference Entity’s senior “Borrowed Money” obligations.

**“Specified Currency”** means an obligation that is payable in the currency or currencies specified in the Confirmation or, if no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom, the United States of America and the Euro and any successor currency to any such currencies.

**“Transferable”** means an Obligation that is transferable to institutional investors without any contractual, statutory or regulatory restrictions.

Deliverable Obligations may be indirect obligations of the relevant Reference Entity by way of an eligible guarantee. If the Confirmation in respect of the Swap Transaction specifies that “All Guarantees” applies to a particular Reference Entity, then an eligible guarantee will be any irrevocable guarantee of the Reference Entity of all amounts due to be paid by the relevant underlying obligor, subject to exceptions e.g. where the arrangement is structured as surety bond or letter of credit, or where the terms of the arrangement provide for the reduction or discharge or assignment of the obligations of the guarantor.

If “All Guarantees” is not specified as applicable in the Confirmation in respect of the Swap Transaction, then eligible guarantees will only be those provided by a parent company in respect of a subsidiary (broadly speaking, a subsidiary is an where another company (the “parent company”) owns more than 50 per cent. of the shares or other interests with the power to elect the board of directors or any other similar body).

### **Auction Settlement following a Restructuring Credit Event**

In relation to certain categories of Reference Entity and a Restructuring Credit Event, limitations on the maturity of eligible obligations to be taken into account for the purposes of the related Auction(s) will apply.

Such limitations will apply to a Reference Entity if either “Restructuring Maturity Limitation and Fully Transferable Obligation” (often abbreviated to “Modified Restructuring” or “Mod R” as explained above) or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation (often referred to as “Modified Modified Restructuring” or “Mod Mod R” as explained above) is expressed to be applicable to that Reference Entity in accordance with the Confirmation.

In cases where settlement of a credit default swap is triggered by the buyer and Mod R (being market standard for credit default swaps referencing North American corporate reference entities to which Restructuring is applicable) or Mod Mod R (being market standard for European corporate entities) is applicable, any obligation which such buyer wishes to deliver to the seller must not only constitute a Deliverable Obligation but must also satisfy additional requirements as to transferability (for Mod R, being a Fully Transferable Obligation and for Mod Mod R being a Conditionally Transferable Obligation as explained under “Restructuring” above) and as to its final maturity date (as explained under “Restructuring” above).

Where Mod R or Mod Mod R applies, several concurrent but separate auctions may occur with respect to such Reference Entity, as determined by the relevant CDDC, with each such auction relating to credit default swaps with maturities falling within stipulated periods (so-called “maturity buckets”) following the occurrence of the effective date of the event giving rise to the relevant Restructuring Credit Event. In general, market practice is such that a total of eight separate maturity buckets might apply in respect of a Reference Entity with respect to which a Restructuring has occurred and in respect of which Mod R or Mod Mod R is applicable. The first seven such Maturity Buckets will each encompass a maturity period that ends, respectively, on the first of March 20, June 20, September 20 or December 20 to occur on or immediately following the date that is 2.5 years, 5 years, 7.5 years, 10 years, 12.5 years, 15 years or 20 years following the date of the Restructuring; and the eighth maturity bucket will encompass a maturity period ending after 20 years following the date of the Restructuring (each such ending date referred to as a “**Maturity Bucket End Date**”). Where settlement of a credit default swap is triggered by the buyer, as a general rule, credit default swaps will be assigned to the maturity bucket with the Maturity Bucket End Date that occurs on or immediately following the scheduled termination date of such credit default swap.

An Auction will only be held in relation to any particular maturity bucket if there is a sufficient volume of credit default swaps with maturities falling within that period. Failing that, no Auction will be held in relation to such bucket, and each party to a standard credit default swap transaction will have the ability to (but will not have to) give a notice requiring that the Auction Final Price be determined based on the Auction conducted in relation to an alternative maturity bucket.

Where the buyer of credit protection gives such a notice, the relevant Auction used to determine the Auction Final Price will be the Auction for which a more limited number of obligations of the relevant Reference Entity are eligible or, where there are a number of such Auctions, the Auction with the widest range of such obligations (that is, the Auction corresponding to the next-shortest dated maturity bucket,

which would tend to result in a higher Auction Final Price and hence a lower credit loss). Where the relevant notice is given by the credit protection seller, the relevant Auction will be the Auction with the widest range of eligible obligations (that is the Auction corresponding to the longest-dated maturity bucket, which would tend to result in a lower Auction Final Price and hence a greater loss). If both parties deliver such a notice, then the credit protection buyer's notice will prevail.

For the purposes of determining the Auction which is relevant to the Notes, the Calculation Agent will take into account the Auction, if any, which would be used for purposes of settlement of the Hypothetical Transaction. Noteholders will not have the ability to give notice of selection of an Auction in such circumstances.

### **Fallback settlement**

Whether or not a CDDC elects not to hold an Auction in relation to a particular Credit Event, the Calculation Agent may determine that cash settlement will apply. In such case, the Credit Event Loss Amount will be determined on the basis of the bid quotations sought by the Calculation Agent from third party dealers for the eligible obligations of the relevant Reference Entity selected by the Calculation Agent and satisfying certain specified obligation categories and obligation characteristics (such obligation is referred to as the Valuation Obligations).

In such circumstances, the Calculation Agent will select a date for valuation of certain eligible obligations which will be within 120 Business Days of the Credit Event Determination Date and, consequently, payment of the Early Cash Redemption Amount may be substantially delayed.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (i) Pass-Through Note Terms Product Supplement (pages 86 to 87 inclusive);
- (ii) Original Collateral (page 97); and
- (iii) Appendix – Form of Final Terms (page 111 to 118 inclusive).

The non-incorporated sections of the Base Prospectus are either not relevant for investors in the Notes or are covered elsewhere in this Series Prospectus. A copy of the Base Prospectus can be found at [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_1d1f6527-e6bd-46d5-9964-f78a64f9f32f.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_1d1f6527-e6bd-46d5-9964-f78a64f9f32f.PDF).

For the purpose of this Series Prospectus, references in the Base Prospectus to the applicable Issue Terms or Alternative Drawdown Document (including, for the avoidance of doubt, within the sections thereof incorporated by reference and forming part of this Series Prospectus) shall be to the provisions set out below under “Issue Terms”. In the event of any inconsistency between the Issue Terms and the Master Conditions or Base Prospectus, the Issue Terms will prevail.



## ISSUE TERMS

### PART A – CONTRACTUAL TERMS

The Notes will be subject to the Master Conditions and also to the provisions set out in these issue terms (the “**Issue Terms**” which include the relevant schedule(s) attached hereto). References in such Master Conditions to the Issue Terms or Alternative Drawdown Document shall be to the provisions set out in these Issue Terms. In the case of a discrepancy or conflict with such Master Conditions, the following Issue Terms shall prevail.

#### SERIES DETAILS

1	Issuer:	Demeter Investments B.V.
2	Series Number:	2014-1
3	Specified Currency:	Euro (“ <b>EUR</b> ”)
4	Aggregate Nominal Amount of Notes:	EUR 10,000,000 (the “ <b>Initial Principal Amount</b> ”)
5	Issue Price:	100 per cent. of the Aggregate Nominal Amount of the Notes
6	(i) Specified Denominations:	EUR 100,000
	(ii) Calculation Amount	EUR 100,000
7	(i) Issue Date:	19 February 2014
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	20 March 2019 (such date the “ <b>Scheduled Maturity Date</b> ”), subject to the provisions in Condition 8 ( <i>Redemption and Purchase</i> ) and the provisions set out in paragraphs 3 and 6 of Schedule 1 to these Issue Terms
9	Interest Basis:	Fixed Rate, subject to the provisions set out in paragraph 13 below and Schedule 1 to these Issue Terms
10	Redemption/Payment Basis:	Redemption at par, subject to the provisions set out in Schedule 1 to these Issue Terms and section 4 of the Confirmation
11	Date Board approval for issuance of Notes obtained:	17 February 2014
12	Method of distribution:	Non-syndicated

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13	Fixed Rate Note Provisions:	Applicable
		<b>For the avoidance of doubt, if a Credit Event Determination Date, Collateral Event, Collateral Exhaustion Event or Collateral CDS Credit Event occurs, interest shall be deemed to have ceased to accrue or been reduced (in respect of a Credit Event Determination Date following a Restructuring Credit Event for</b>

**which the Exercised Percentage is less than the Remaining Exercisable Percentage) from and including the immediately preceding Interest Payment Date (or if no such preceding Interest Payment Date) the Issue Date.**

	(i) Rate of Interest:	4.00 per cent. per annum
	(ii) Interest Payment Date(s):	20 March in each year commencing on (and including) 20 March 2015 and ending on (and including) 20 March 2019.
	(iii) Fixed Coupon Amount(s):	Not Applicable
	(iv) Broken Amount(s):	Not Applicable
	(v) Day Count Fraction:	30/360
14	Floating Rate Note Provisions:	Not Applicable
15	Zero Coupon Note Provisions:	Not Applicable
16	Default Interest:	As per Master Condition 7(d)

#### **MORTGAGED PROPERTY**

17	Mortgaged Property:																					
	(i) Original Collateral:	<p>The Original Collateral shall comprise EUR 10,000,000 in principal amount of an issue of J.P. Morgan Bank Dublin plc variable rate notes due 28 February 2018 identified below:</p> <table> <tr> <td>Original Collateral Obligor:</td> <td>J.P. Morgan Bank Dublin plc (originally issued by Bear Stearns Global Asset Holdings, Ltd.)</td> </tr> <tr> <td>Nature of business of the Original Collateral Obligor:</td> <td>Financial Institution</td> </tr> <tr> <td>Asset:</td> <td></td> </tr> <tr> <td>ISIN:</td> <td>XS0348297994</td> </tr> <tr> <td>Bloomberg Ticker:</td> <td>EJ7121639</td> </tr> <tr> <td>Coupon:</td> <td>Variable Rate</td> </tr> <tr> <td>Maturity:</td> <td>28 February 2018</td> </tr> <tr> <td>Currency:</td> <td>EUR</td> </tr> <tr> <td>Market on which admitted to trading:</td> <td>Regulated market of the London Stock Exchange</td> </tr> <tr> <td>Governing law:</td> <td>English law</td> </tr> </table> <p>The Issuer shall purchase the Original Collateral from Credit Suisse Securities (Europe) Limited on the Issue Date pursuant to a securities sale agreement entered into between the parties on the Issue Date.</p>	Original Collateral Obligor:	J.P. Morgan Bank Dublin plc (originally issued by Bear Stearns Global Asset Holdings, Ltd.)	Nature of business of the Original Collateral Obligor:	Financial Institution	Asset:		ISIN:	XS0348297994	Bloomberg Ticker:	EJ7121639	Coupon:	Variable Rate	Maturity:	28 February 2018	Currency:	EUR	Market on which admitted to trading:	Regulated market of the London Stock Exchange	Governing law:	English law
Original Collateral Obligor:	J.P. Morgan Bank Dublin plc (originally issued by Bear Stearns Global Asset Holdings, Ltd.)																					
Nature of business of the Original Collateral Obligor:	Financial Institution																					
Asset:																						
ISIN:	XS0348297994																					
Bloomberg Ticker:	EJ7121639																					
Coupon:	Variable Rate																					
Maturity:	28 February 2018																					
Currency:	EUR																					
Market on which admitted to trading:	Regulated market of the London Stock Exchange																					
Governing law:	English law																					

		The principal amount of Original Collateral held by the Issuer will be reduced from time to time where Liquidation of Original Collateral is effected pursuant to the provisions set out in paragraph 3 of Schedule 1 to these Issue Terms.
(ii)	Swap Agreement:	Applicable. The form of the Confirmation evidencing the Swap Transaction is set out in Schedule 3 to these Issue Terms.
(iii)	Swap Counterparty:	Credit Suisse International
(iv)	Credit Support Annex:	Applicable
(v)	Original Collateral Substitution:	Not Applicable

#### PROVISIONS RELATING TO REDEMPTION

18	Final Redemption Amount of each Note:	The Final Redemption Amount in respect of each Note will be that Note's <i>pro rata</i> share of the sum of (i) the Aggregate Outstanding Principal Amount of the Notes and (ii) the Swap Counterparty CSA Interest Amount (if any), subject to the provisions set out in Schedule 1 to these Issue Terms and section 4 of the Confirmation.
19	Redemption by Instalments:	Not Applicable
20	Early Cash Redemption Amount:	<p>(1) Where the Notes are redeemed early pursuant to any of Condition 8(d) (<i>Redemption for Taxation Reasons</i>), Condition 8(f) (<i>Redemption for Termination of Swap Agreement</i>) (save where the Swap Termination Event has occurred as a result of an Event of Default under the Swap Agreement in respect of either the Issuer or the Swap Counterparty), Condition 8(h) (<i>Redemption following an Illegality Event</i>), Condition 8(j) (<i>Redemption following the occurrence of an Event of Default</i>) or the Additional Redemption Event specified in paragraph 2(A) of Schedule 1 to these Issue Terms (<i>Redemption following a Collateral Event</i>) (save where a Collateral CDS Credit Event Determination Date has occurred), the Early Cash Redemption Amount shall be an amount per Note equal to that Note's <i>pro rata</i> share of the Post-Event Amount;</p> <p>(2) where the Notes are redeemed early pursuant to the Additional Redemption Event specified in paragraph 2(A) of Schedule 1 to these Issue Terms (<i>Redemption following a Collateral Event</i>) where a Collateral CDS Credit Event</p>

Determination Date has occurred, the Early Cash Redemption Amount shall be an amount per Note equal to that Note's pro rata share of the Post-Collateral CDS Credit Event Amount;

- (3) where the Notes are redeemed early pursuant to the Additional Redemption Event specified in paragraph 2(B) of Schedule 1 to these Issue Terms (*Redemption following a Credit Event*), the Early Cash Redemption Amount shall be an amount per Note equal to that Note's pro rata share of (A) except where a Collateral Exhaustion Event has occurred, the Post-Credit Event Amount; or (B) where a Collateral Exhaustion Event has occurred, the Post-Collateral Exhaustion Event Amount; and
- (4) where the Notes are redeemed early pursuant to Condition 8(g) (*Redemption for a Counterparty Bankruptcy Credit Event*) or Condition 8(f) (*Redemption for Termination of Swap Agreement*) (where the Swap Termination Event has occurred as a result of an Event of Default under the Swap Agreement in respect of either the Issuer or the Swap Counterparty), the Early Cash Redemption Amount shall be determined in accordance with sub-paragraph (i) of that definition contained in Master Condition 1(a).

Where:

**"Post-Collateral CDS Credit Event Amount"**

means, with respect to any Valuation Date, an amount denominated in EUR calculated by the Calculation Agent equal to the greater of:

- (i) zero; and
- (ii) (a) (I) where a Collateral CDS Credit Event Determination Date has occurred in respect of the Collateral CDS Reference Entity on or prior to the redemption of the Original Collateral on its scheduled maturity in accordance with its terms, the Value of the Original Collateral, or (II) where a Collateral CDS Credit Event Determination Date has occurred in respect of the Collateral CDS Reference Entity following the

- redemption of the Original Collateral on its scheduled maturity in accordance with its terms, the Aggregate Outstanding Principal Amount of the Notes multiplied by the CDS Auction Final Price or the CDS Value of the Valuation Obligations, as applicable (each as defined in the Additional Redemption Event set out in paragraph 2(A) to Schedule 1 to these Issue Terms (*Redemption following a Collateral Event*); plus
- (b) the CDS Gain (if any); minus
  - (c) the CDS Loss (if any); plus
  - (d) the Swap Counterparty CSA Interest Amount (if any);

**“Post-Collateral Exhaustion Event Amount”** means, with respect to any Valuation Date, an amount denominated in EUR calculated by the Calculation Agent equal to the greater of:

- (i) zero; and
- (ii) (a) the Value of the Original Collateral; plus
  - (b) the Collateral Exhaustion Swap Gain (if any); minus
  - (c) the Collateral Exhaustion Swap Loss (if any); minus
  - (d) the Credit Event Loss Amount; plus
  - (e) the Swap Counterparty CSA Interest Amount (if any);

**“Post-Credit Event Amount”** means, with respect to any Valuation Date an amount denominated in EUR calculated by the Calculation Agent equal to the greater of:

- (i) zero; and
- (ii) (a) the Value of the Original Collateral, except where a Collateral CDS Credit Event Determination Date has occurred following the redemption of the Original Collateral on its scheduled maturity in accordance with its terms, in which case an amount equal to the Aggregate Outstanding Principal Amount of the Notes multiplied by the CDS Auction Final Price or the CDS Value of the Valuation Obligations, as

- applicable (each as defined in the additional redemption event set out in paragraph 2(A) to Schedule 1 to these Issue Terms (Redemption following a Collateral Event); plus
- (b) solely where a Collateral CDS Credit Event Determination Date has not occurred, the Affected Swap Gain (if any); minus
  - (c) solely where a Collateral CDS Credit Event Determination Date has not occurred, the Affected Swap Loss (if any), minus
  - (d) the Credit Event Loss Amount (if any); plus
  - (e) the Swap Counterparty CSA Interest Amount (if any); and

**“Post-Event Amount”** means, with respect to any Valuation Date, an amount denominated in EUR calculated by the Calculation Agent equal to the greater of:

- (i) zero; and
- (ii) (a) the Value of the Original Collateral; plus
  - (b) the Swap Gain (if any); minus
  - (c) the Swap Loss (if any); plus
  - (d) the Swap Counterparty CSA Interest Amount (if any).

For which purposes:

**“Affected Swap Gain”** means (i) where the Affected Swap Value would be payable to the Issuer, the absolute value of the Affected Swap Value, or (ii) otherwise, zero;

**“Affected Swap Loss”** means (i) where the Affected Swap Value would be payable to the Swap Counterparty, the absolute value of the Affected Swap Value, or (ii) otherwise, zero;

**“Affected Swap Value”** means, for the purposes of the Credit Event Valuation Date or CDS Cash Settlement Valuation Date, an amount determined by the Calculation Agent in EUR equal to the Early Termination Amount (as defined in the Swap Agreement) of the Swap Agreement (but excluding any Unpaid Amounts relating to the Credit Support Balance of the Issuer under the Credit Support Annex) that

would be payable by the Issuer to the Swap Counterparty or by the Swap Counterparty to the Issuer, under the Swap Agreement upon a termination of the Swap Agreement (excluding the CDS Transaction) on the Credit Event Valuation Date or CDS Cash Settlement Valuation Date, as applicable. Such Early Termination Amount shall be determined on the basis that:

- (a) the Swap Counterparty is not the Affected Party;
- (b) the Base Currency is EUR;
- (c) the Swap Counterparty's claim to any Early Termination Amount payable by the Issuer shall be limited to the prevailing Value of the Original Collateral;
- (d) the Calculation Agent is the Determining Party and Section 6(e)(ii)(1) of the Swap Agreement applies but without reference to Section 6(e)(ii)(3) thereof; and
- (e) the Swap Agreement is deemed for this purpose to exclude the CDS Transaction;

**"CDS Gain"** means (i) where the CDS Value would be payable to the Issuer, the absolute value of the CDS Value, or (ii) otherwise, zero;

**"CDS Loss"** means (i) where the CDS Value would be payable to the Swap Counterparty, the absolute value of the CDS Value, or (ii) otherwise, zero;

**"CDS Value"** means, with respect to the Valuation Date, an amount determined by the Calculation Agent in EUR equal to the Early Termination Amount (as defined in the Swap Agreement) of the Swap Agreement (but excluding any Unpaid Amounts relating to the Credit Support Balance of the Issuer under the Credit Support Annex) that would be payable by the Issuer to the Swap Counterparty or by the Swap Counterparty to the Issuer under the Swap Agreement upon a termination, on the Valuation Date, of the CDS Transaction. Such Early Termination Amount shall be determined on the basis that:

- (i) the Swap Counterparty is not the Affected Party;
- (ii) the Base Currency is EUR;

- (iii) the Swap Counterparty's claim to any Early Termination Amount payable by the Issuer shall be limited to the prevailing Value of the Original Collateral;
- (iv) the Calculation Agent is the Determining Party and Section 6(e)(ii)(1) of the Swap Agreement applies but without reference to Section 6(e)(ii)(3) thereof; and
- (v) the Swap Agreement is deemed for this purpose to comprise solely the CDS Transaction;

**"Collateral Exhaustion Swap Gain"** means (i) where the Collateral Exhaustion Swap Value would be payable to the Issuer, the absolute value of the Collateral Exhaustion Swap Value, or (ii) otherwise, zero;

**"Collateral Exhaustion Swap Loss"** means (i) where the Collateral Exhaustion Swap Value would be payable to the Swap Counterparty, the absolute value of the Collateral Exhaustion Swap Value, or (ii) otherwise, zero;

**"Collateral Exhaustion Swap Value"** means, for the purposes of the Credit Event Valuation Date or CDS Cash Settlement Valuation Date, an amount determined by the Calculation Agent in EUR equal to the Early Termination Amount (as defined in the Swap Agreement) of the Swap Agreement (but excluding any Unpaid Amounts relating to the Credit Support Balance of the Issuer under the Credit Support Annex) that would be payable by the Issuer to the Swap Counterparty or by the Swap Counterparty to the Issuer, under the Swap Agreement upon a termination of the Swap Agreement (including the remaining portion of the CDS Transaction for which an Exercised Percentage has not been specified as a result of a Relevant Restructuring) on the Credit Event Valuation Date or CDS Cash Settlement Valuation Date, as applicable. Such Early Termination Amount shall be determined on the basis that:

- (a) the Swap Counterparty is not the Affected Party;
- (b) the Base Currency is EUR;
- (c) the Swap Counterparty's claim to any Early Termination Amount payable by the Issuer shall be limited to the prevailing Value of the Original Collateral;



- (d) the Calculation Agent is the Determining Party and Section 6(e)(ii)(1) of the Swap Agreement applies but without reference to Section 6(e)(ii)(3) thereof; and
- (e) the Swap Agreement is deemed for this purpose to include the remaining portion of the CDS Transaction for which an Exercised Percentage has not been specified as a result of a Relevant Restructuring;

**“Credit Event Loss Amount”** means, with respect to a Credit Event Valuation Date or CDS Cash Settlement Valuation Date, as applicable, an amount determined by the Calculation Agent equal to the greater of (i) zero and (ii) the product of (a) the Relevant Principal Amount, and (b) 100 per cent. minus either (x) the Auction Final Price or (y) if Cash Settlement applies, the Value of the Valuation Obligations, as applicable. For the avoidance of doubt, the Credit Event Loss Amount may be adjusted where, pursuant to Section 2.2(a) of the Credit Derivatives Definitions and Section 5.2 of the Confirmation, one or more Successors are identified in relation to the Reference Entity;

**“Relevant Principal Amount”** means, for the purposes of a Credit Event Valuation Date or CDS Cash Settlement Date, as applicable, that results:

- (i) otherwise than from a Relevant Restructuring where the Exercised Percentage is less than the Remaining Exercisable Percentage, the Aggregate Outstanding Principal Amount; and
- (ii) from a Relevant Restructuring where the Exercised Percentage is less than the Remaining Exercisable Percentage, the product of such Exercised Percentage and the Initial Principal Amount;

**“Swap Counterparty CSA Interest Amount”** means the amount (if any) of the Interest Amount (as defined in the Credit Support Annex) that the Swap Counterparty is obliged to transfer to the Issuer as a result of the Notes falling due for redemption;

**“Swap Gain”** means (i) where the Swap Value would be payable to the Issuer, the absolute value of the Swap Value, or (ii) otherwise, zero;

**“Swap Loss”** means (i) where the Swap Value would be payable to the Swap Counterparty, the absolute value of the Swap Value, or (ii) otherwise, zero;

**“Swap Value”** means, with respect to the Valuation Date, an amount determined by the Calculation Agent in EUR equal to the Early Termination Amount (as defined in the Swap Agreement) of the Swap Agreement (but excluding any Unpaid Amounts relating to the Credit Support Balance of the Issuer under the Credit Support Annex) that would be payable by the Issuer to the Swap Counterparty or by the Swap Counterparty to the Issuer, under the Swap Agreement upon a termination, on the Valuation Date, of the Swap Agreement (including, for the avoidance of doubt, the CDS Transaction). Such Early Termination Amount shall be determined on the basis that:

- (i) the Swap Counterparty is not the Affected Party;
- (ii) the Base Currency is EUR;
- (iii) the Swap Counterparty’s claim to any Early Termination Amount payable by the Issuer shall be limited to the prevailing Value of the Original Collateral;
- (iv) the occurrence of a Collateral Event where a Collateral CDS Credit Event Determination has also occurred on or prior to the Collateral Event Valuation Date shall lead to the termination of the Swap Agreement with no amount payable on such termination by either party except with respect to the CDS Transaction;
- (v) (v) the Calculation Agent is the Determining Party and Section 6(e)(ii)(1) of the Swap Agreement applies but without reference to Section 6(e)(ii)(3) thereof; and
- (vi) the portion of the Party A Payment Amounts relating to the Interest Amounts payable under the Notes shall be valued taking into account that upon an occurrence of a Credit Event Determination Date such portion of the cashflows would cease to accrue from and including the Interest Payment Date immediately preceding such Credit Event Determination Date (or, if no such

preceding Interest Payment Date, the Interest Commencement Date); and

**“Value of the Original Collateral”** means, with respect to any Valuation Date, (i) prior to scheduled maturity of the Original Collateral in accordance with its terms and conditions, the Value of the Original Collateral determined in accordance with paragraph 7 of Schedule 1 to these Issue Terms (*Determination of Value*) (together with the amount of any redemption proceeds received by the Issuer in respect thereof), for which purpose the Calculation Agent shall request each of five dealers in the relevant market to provide its all-in, firm executable bid price (for the purpose of the Value of the Original Collateral, a **“Quotation”**) in EUR to purchase the Original Collateral on the relevant Valuation Date and (ii) on or following the date on which the Original Collateral is redeemed at scheduled maturity in accordance with its terms, the redemption proceeds (the **“Original Collateral Proceeds”**).

21	Early Redemption Settlement Method:	Cash Settlement
22	Additional Redemption Event:	Applicable. See paragraph 2 ( <i>Additional Redemption Events: Early Redemption following a Collateral Event or a Credit Event</i> ) of Schedule 1 of these Issue Terms.

#### PRODUCT SUPPLEMENTS AND ADDITIONAL CONDITIONS

23	Applicable Product Supplement:	Not Applicable. The additional provisions contained in Schedules 1 and 2 to these Issue Terms amend the Master Conditions
----	--------------------------------	---

#### PROVISIONS RELATING TO DISPOSAL AGENT

24	Disposal Agent:	Credit Suisse International
25	Liquidation:	As per Master Conditions, subject to the additional provisions contained in Schedule 1 to these Issue Terms
26	Disposal Agent Fee:	No

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

27	Form of Notes:	Bearer Notes: Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note
28	Applicable TEFRA exemption:	TEFRA C
29	New Global Note:	No
30	Financial Centre(s):	London and TARGET Settlement Day

31	Reference Business Day:	London and TARGET Settlement Days
32	Agents:	
	(i) Calculation Agent:	Credit Suisse International One Cabot Square London E14 4QJ
	(ii) Custodian:	The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL
	(iii) Disposal Agent:	Credit Suisse International One Cabot Square London E14 4QJ
	(iv) Issuing and Paying Agent:	The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL

#### **DISTRIBUTION**

33	(i) If syndicated, names of Managers:	Not Applicable
	(ii) Stabilising Manager(s) (if any):	Not Applicable
34	If non-syndicated, name of Dealer:	Credit Suisse International

## PART B – OTHER INFORMATION

<b>1</b>	<b>LISTING</b>	
	Listing and admission to trading:	Application has been made for the Notes to be admitted to the Official List of the Irish Stock Exchange and for the Notes to be admitted to trading on the Main Securities Market.
<b>2</b>	<b>INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUER/OFFER:</b>	
	Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.	
<b>3</b>	<b>REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES:</b>	
	(i) Estimated net proceeds:	EUR 10,000,000
	(ii) Estimated total expenses:	EUR 2,791.20
<b>4</b>	<b>RATINGS</b>	
	Ratings:	The Notes to be issued have not been rated.
<b>5</b>	<b>OPERATIONAL INFORMATION</b>	
	ISIN Code:	XS1027954822
	Common Code:	102795482
	Swiss Security Number:	23576377
	WKN Number:	Not Applicable
	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> and the relevant identification number(s):	Not Applicable
	Delivery:	Delivery free of payment

## SCHEDULE 1 TO THE ISSUE TERMS – AMENDMENTS TO MASTER CONDITIONS

### 1 Non-application of Master Conditions 8(c) (*Redemption upon Original Collateral Default*) and 8(e) (*Redemption for Original Collateral Call*) and amendment of Master Conditions 15(a) (*Application of Available Proceeds of Liquidation*) and 15(b) (*Application of Available Proceeds of Enforcement of Security*)

- (I) The provisions of Master Condition 8(c) (*Redemption upon Original Collateral Default*) and Master Condition 8(e) (*Redemption for Original Collateral Call*) shall not apply to the Notes and references to such Master Conditions throughout the remaining Conditions shall be ignored.
- (II) The provisions of Master Condition 15(a) (*Application of Available Proceeds of Liquidation*) shall, for the purpose of the Notes, be replaced with the following:

**“Application of Available Proceeds of Liquidation:** The Issuer shall, on each Issuer Application Date, apply the Available Proceeds as they stand on each such date as follows:

- (i) first, where immediately prior to the associated termination of the Swap Agreement, the Swap Counterparty’s Credit Support Balance (if any, in its capacity as Transferor under the Credit Support Annex) was greater than zero, an amount (as determined by the party responsible for determining such amounts under the Swap Agreement and such amount being a **“CSB Return Amount”**) equal to the lesser of (A) the Available Proceeds (B) the value of the Swap Counterparty’s Credit Support Balance that was used in determining the Early Termination Amount payable under the Swap Agreement and (C) the value of the amounts owing to the Swap Counterparty under the Swap Agreement, if any, which shall be deemed to be zero if no such amounts are owing (the excess of the value defined in (C) above the value defined in (B), if any, the **“Remaining Swap Counterparty Claim Amount”**) shall be paid to the Swap Counterparty;
- (ii) secondly, in payment or satisfaction of any taxes owing by the Issuer;
- (iii) thirdly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Trustee under the Trust Deed (including any taxes required to be paid, legal fees and the Trustee’s remuneration);
- (iv) fourthly, *pari passu*, in payment of (I) any amounts owing to the Custodian for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement relating to sums receivable on or in respect of the relevant Mortgaged Property, (II) any amounts owing to the Issuing and Paying Agent for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement to any person in discharge of a Secured Payment Obligation and (III) any fees, costs, charges, expenses and liabilities then due and payable to the Agents under the Agency Agreement;
- (v) fifthly, in payment or satisfaction of any Disposal Agent Fees;
- (vi) sixthly, *pari passu* in payment of any amounts owing to the Swap Counterparty under the Swap Agreement (which, to the extent that a CSB Return Amount has been paid to the Swap Counterparty, shall be limited to the Remaining Swap Counterparty Claim Amount), provided that where:
  - (1) the Swap Agreement has not been subject to a designation or occurrence of an Early Termination Date; and

- (2) in addition to amounts owing to the Swap Counterparty under the Swap Agreement there are also amounts that are owed by the Swap Counterparty under the Swap Agreement and which remain unpaid or there are obligations that were required to be settled by delivery from the Swap Counterparty to the Issuer and which have not been so settled,

there shall be no payment to the Swap Counterparty under this limb and no payment to any person ranking junior to the Swap Counterparty under this Master Condition 15(a) until such time as an Early Termination Date has been designated or occurred and the Termination Payment determined;

- (vii) seventhly, *pari passu* in payment of (I) any Early Redemption Amount then due and payable, (II) any Final Redemption Amount then due and payable and/or (III) any interest or Instalment Amount that became due and payable on the Maturity Date and that remains due and payable, as applicable, and, in each case, any interest accrued thereon (which, for the avoidance of doubt, shall include Default Interest) to the holders of Notes; and

- (viii) eighthly, in payment rateably of the Residual Amount to the holders of Notes,

save that no such application shall be made at any time following a Enforcement Notice having been effectively delivered by the Trustee following the occurrence of an Enforcement Event.

Notwithstanding the above, if, upon a Counterparty Bankruptcy Event, the Swap Counterparty or its agents or representatives has indicated that it disagrees with any calculations or determinations made in respect of the Swap Agreement or the Issuer has reasonable grounds for anticipating that there will be such a disagreement (and, for this purpose, the mere fact that a Counterparty Bankruptcy Event has occurred or that the Swap Counterparty is subject to an insolvency or analogous event shall not, of itself, constitute reasonable grounds), the Issuer may prior to any payment made under this Master Condition 15(a): (i) require to be indemnified and/or secured and/or pre-funded to its satisfaction in respect of any payment that might be required to be made to the Swap Counterparty should the relevant determination or determinations be found or agreed to be incorrect, and/or (ii) make such retention as seems reasonable to it in order to provide for any payments that might be required to be made by or on behalf of the Issuer should the relevant calculations or determinations be found or agreed to be incorrect.

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

If, following the Initial Issuer Application Date, the Issuer receives any sum from the Mortgaged Property, the Issuer shall send a notice to the Trustee, the Issuing and Paying Agent, the Disposal Agent (where there is one) and the Swap Counterparty of the same as soon as is reasonably practicable upon receiving any such sum.”

- (III) The provisions of Master Condition 15(b) (Application of Available Proceeds of Enforcement of Security) shall, for the purpose of the Notes, be replaced with the following:

**“Application of Available Proceeds of Enforcement of Security:** Subject to and in accordance with the terms of the Security Documents, with effect from the date on which any valid Enforcement Notice is effectively delivered by the Trustee following the occurrence of an Enforcement Event, the Trustee will hold the Available Proceeds received by it under the Trust Deed on trust to apply them as they stand on each Trustee Application Date as follows:

- (i) first, where immediately prior to the associated termination of the Swap Agreement, the Swap Counterparty’s Credit Support Balance (if any, in its capacity as Transferor under the Credit Support Annex) was greater than zero, an amount (as determined by the Swap

Counterparty or the party responsible for determining such amounts under the Swap Agreement and such amount being a “**CSB Return Amount**”) equal to the lesser of (A) the Available Proceeds (B) the value of the Swap Counterparty’s Credit Support Balance that was used in determining the Early Termination Amount payable under the Swap Agreement and (C) the value of the amounts owing to the Swap Counterparty under the Swap Agreement, if any, which shall be deemed to be zero if no such amounts are owing (the excess of the value defined in (C) above the value defined in (B), if any, the “**Remaining Swap Counterparty Claim Amount**”) shall be paid to the Swap Counterparty:

- (ii) secondly, in payment or satisfaction of any taxes owing by the Issuer;
- (iii) thirdly, in payment or satisfaction of any fees, costs, charges, expenses and liabilities of the Trustee or any receiver in preparing and executing the trusts under the Trust Deed (including any taxes required to be paid, legal fees, the cost of realising any Security and the Trustee’s remuneration);
- (iv) fourthly, *pari passu*, in payment of (I) any amounts owing to the Custodian for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement relating to sums receivable on or in respect of the relevant Collateral, (II) any amounts owing to the Issuing and Paying Agent for reimbursement in respect of payments properly made by it in accordance with the terms of the Agency Agreement to any person in discharge of a Secured Payment Obligation and (III) any fees, costs, charges, expenses and liabilities then due and payable to the Agents under the Agency Agreement;
- (v) fifthly, in payment or satisfaction of any Disposal Agent Fees;
- (vi) sixthly, *pari passu* in payment of any amounts owing to the Swap Counterparty under the Swap Agreement (which, to the extent that a CSB Return Amount has been paid to the Swap Counterparty, shall be limited to the Remaining Swap Counterparty Claim Amount), provided that where:
  - (1) the Swap Agreement has not been subject to a designation or occurrence of an Early Termination Date; and
  - (2) in addition to amounts owing to the Swap Counterparty under the Swap Agreement there are also amounts that are owed by the Swap Counterparty under the Swap Agreement and which remain unpaid or there are obligations that were required to be settled by delivery from the Swap Counterparty to the Issuer and which have not been so settled,

there shall be no payment to the Swap Counterparty under this limb and no payment to any person ranking junior to the Swap Counterparty under this Master Condition 15(b) until such time as an Early Termination Date has been designated or occurred and the Termination Payment determined;

- (vii) seventhly, *pari passu* in payment of (I) any Early Redemption Amount then due and payable, (II) any Final Redemption Amount then due and payable and/or (III) any interest or Instalment Amount that became due and payable on the Maturity Date and that remains due and payable, as applicable, and, in each case, any interest accrued thereon (which, for the avoidance of doubt, shall include Default Interest) to the holders of Notes; and
- (viii) eighthly, in payment rateably of the Residual Amount to the holders of Notes.

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



If the amount of moneys available to the Trustee for payment in respect of the Notes under this Master Condition 15(b) at any time following delivery by the Trustee of an Enforcement Notice in accordance with the Conditions, other than where the Mortgaged Property has been exhausted, amount to less than 10 per cent. of the nominal amount of the Notes then outstanding, the Trustee shall not be obliged to make any payments under this Master Condition 15(b) and may, at its discretion, invest such moneys. The Trustee may retain such investments and accumulate the resulting income until the investments and the accumulations, together with any other funds for the time being under the Trustee's control and available for such payment, amount to at least 10 per cent. of the nominal amount of the Notes then outstanding and then such investments, accumulations and funds (after deduction of, or provision for, any applicable taxes) shall be applied as specified in this Master Condition 15(b)."

## 2 Additional Redemption Events: Early Redemption following a Collateral Event or a Credit Event

The following Additional Redemption Events shall apply to the Notes for the purposes of Master Condition 8(i) (*Redemption following an Additional Redemption Event*):

### "(A) Redemption following a Collateral Event

Provided that no Early Redemption Trigger Date or Early Redemption Date has occurred pursuant to any other Condition, if the Calculation Agent determines that (I) a Collateral Event has occurred with respect to any Original Collateral or (II) a Collateral CDS Credit Event Determination Date has occurred with respect to the Hypothetical Collateral CDS following the redemption of the Original Collateral on its scheduled maturity in accordance with its terms (but prior to the Scheduled Maturity Date of the Notes) and gives notice of such determination (including a description in reasonable detail of the facts relevant to such determination) to the Issuer (copied to the Issuing and Paying Agent, the Trustee and the Swap Counterparty) pursuant to the Swap Agreement (the date of such determination being the "**Collateral Event Determination Date**"), then:

- (i) except as specified in paragraph (A)(v) below, no payments of principal or interest shall be made from (and including) the Collateral Event Determination Date (and, for the avoidance of doubt, interest shall be deemed to have ceased to accrue from and including the immediately preceding Interest Payment Date or, if no such immediately preceding Interest Payment Date, the Interest Commencement Date);
- (ii) within 5 Business Days following the Collateral Event Determination Date the Issuer (or the Issuing and Paying Agent on its behalf) will give an Early Redemption Notice to the Noteholders of the determination of the Collateral Event or, as applicable, the Collateral CDS Credit Event Determination Date (the date of such notice to the Noteholders being the "**Early Redemption Trigger Date**"), including a description in reasonable detail of the facts relevant to such determination, by forwarding with such Early Redemption Notice a copy of the notice delivered by the Calculation Agent with respect to the Collateral Event Determination Date or the information provided therein;
- (iii) in respect of a Collateral Event, the Value of the Original Collateral and the CDS Value or the Swap Value (as applicable) shall be determined on a Business Day falling within 5 Business Days of the Early Redemption Trigger Date (the date on which all such values are determined, the "**Collateral Event Valuation Date**"), provided that if the Calculation Agent determines that a Collateral CDS Credit Event Determination Date has occurred with respect to the Hypothetical Collateral CDS on or prior to the redemption of the Original Collateral on its scheduled maturity in accordance with its terms (a "**Collateral CDS Credit**

**Event Determination**”), then the determination of the Early Cash Redemption Amount shall reflect such determination; and

- (iv) if the Calculation Agent determines that a Collateral CDS Credit Event Determination Date has occurred with respect to the Hypothetical Collateral CDS following the redemption of the Original Collateral on its scheduled maturity in accordance with its terms (but prior to the Scheduled Maturity Date of the Notes), in respect of a Collateral CDS Credit Event Determination Date that has occurred following the redemption of the Original Collateral, the Calculation Agent shall determine the Auction Final Price or the Value of the Valuation Obligations, as applicable, with respect to the Collateral CDS Reference Entity (the “**CDS Auction Final Price**” and the “**CDS Value of the Valuation Obligations**”, respectively) by applying the provisions of Additional Redemption Event (B) (*Redemption following a Credit Event*), but where all references therein (and in related definitions) to:

- (I) “Reference Entity” are to “Collateral CDS Reference Entity”;
- (II) “Credit Event” are to “Collateral CDS Credit Event”;
- (III) “CDS Transaction” are to “Hypothetical Collateral CDS Transaction”;
- (IV) “Auction Final Price” are to “CDS Auction Final Price”; and
- (V) “Value of Valuation Obligations” are to “CDS Value of Valuation Obligations”,

save that notwithstanding any Collateral CDS Credit Event Determination Date having occurred with respect to the Collateral CDS Reference Entity, if the Calculation Agent determines that a Credit Event Determination Date has occurred with respect to any Reference Entity, then Additional Redemption Event (B) (*Redemption following a Credit Event*) shall thereafter apply to the redemption of the Notes as if the previous Early Redemption Trigger Date had not occurred; and

- (v) each Note will be redeemed on the Cash Settlement Date by payment to each Noteholder of its Early Cash Redemption Amount, irrespective of whether the relevant Collateral Event (if applicable) is continuing.

**(B) Redemption following a Credit Event**

Provided that no Early Redemption Date has occurred pursuant to any other Condition, if the Calculation Agent determines that a Credit Event Determination Date has occurred with respect to any Reference Entity then in circumstances where a Restructuring Liquidation will not be applicable for the relevant Credit Event pursuant to paragraph 3 of Schedule 1 to the Issue Terms (*Relevant Restructuring*), but subject as provided below:

- (i) except as specified in paragraph (B)(ii)(c) below, no payments of principal or interest shall be made from (and including) the Credit Event Determination Date (and, for the avoidance of doubt, interest shall be deemed to have ceased to accrue from and including the immediately preceding Interest Payment Date or, if no such immediately preceding Interest Payment Date, the Interest Commencement Date); and
- (ii) Auction Settlement shall apply where a Credit Event Determination Date has occurred pursuant to paragraph (ii) of the definition of Credit Event Determination Date (as a result of a DC Credit Event Announcement), for which purpose “**Auction Settlement**” means that the following shall occur:
  - (a) within 5 Business Days of a DC Credit Event Announcement, the Calculation Agent will give notice to the Issuer (copied to the Issuing and Paying Agent, the Swap Counterparty and the Trustee) and the Issuer (or the Issuing and Paying Agent on its

behalf) will give an Early Redemption Notice to the Noteholders that a Credit Event Determination Date has occurred as a result of a DC Credit Event Announcement (the date of such notice to the Noteholders being the “**Early Redemption Trigger Date**”), provided that if the relevant Credit Event is a Relevant Restructuring, such Early Redemption Notice shall only be given if the Swap Counterparty has elected in accordance with the Swap Agreement to trigger such Credit Event in an Exercised Percentage;

- (b) if an Early Redemption Trigger Date occurs, the Value of the Original Collateral, the Affected Swap Value (or, as applicable, the Collateral Exhaustion Swap Value) and the Credit Event Loss Amount will be determined within 5 Business Days of the Auction Final Price Determination Date (the date upon which all such values are determined being the “**Credit Event Valuation Date**”); and
- (c) each Note will be redeemed on the Cash Settlement Date by payment to each Noteholder of the Early Cash Redemption Amount, irrespective of whether the relevant Credit Event is continuing.

Notwithstanding the foregoing, Cash Settlement shall apply instead of Auction Settlement if the Calculation Agent determines in its sole and absolute discretion that any of the following circumstances has occurred:

- (a) an Auction Cancellation Date;
- (b) a No Auction Announcement Date;
- (c) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine whether or not an event constitutes a Credit Event;
- (d) a Credit Event Determination Date has occurred pursuant to paragraph (i) of the definition of Credit Event Determination Date (as a result of the delivery of a Credit Event Notice by the Calculation Agent to the Issuer),

for which purpose “**Cash Settlement**” means that the following shall occur:

- (iii) within 5 Business Days of the Calculation Agent's determination that one or more circumstances giving rise to Cash Settlement has occurred, the Calculation Agent will give notice to the Issuer (copied to the Issuing and Paying Agent, the Swap Counterparty and the Trustee) and the Issuer (or the Issuing and Paying Agent on its behalf) will give notice to the Noteholders that a Credit Event Determination Date has occurred (the date of such notice to the Noteholders being the “**Early Redemption Trigger Date**”), provided that if the relevant Credit Event is a Relevant Restructuring, such Early Redemption Notice shall only be given if the Swap Counterparty has elected in accordance with the Swap Agreement to trigger such Credit Event in an Exercised Percentage;
- (iv) if an Early Redemption Trigger Date occurs, on or prior to the Valuation Obligation Valuation Date (as defined below), the Calculation Agent will give notice to the Noteholders (copied to the Trustee) identifying the Valuation Obligations (as defined in Section 5.5 of the Confirmation) of the Reference Entity which the Calculation Agent reasonably expects will be used to calculate the Value of the Valuation Obligations;
- (v) the Value of the Valuation Obligations will be determined by the Calculation Agent within 120 Business Days of the Credit Event Determination Date (the date of such determination being the “**Valuation Obligation Valuation Date**”) and the Value of the Original Collateral, the Affected Swap Value (or, as applicable, the Collateral Exhaustion Swap Value) and the

Credit Event Loss Amount will be determined within 5 Business Days of the Valuation Obligation Valuation Date (the date upon which all such values are determined being the “**CDS Cash Settlement Valuation Date**”); and

- (vi) each Note will be redeemed on the Cash Settlement Date by payment to each Noteholder of the Early Cash Redemption Amount, irrespective of whether the relevant Credit Event is continuing.

Notwithstanding any Early Redemption Trigger Date having occurred pursuant to any other Condition, if prior to the Early Redemption Date or Cash Settlement Date (as the case may be) resulting therefrom the Calculation Agent determines that a Credit Event Determination Date has occurred with respect to any Reference Entity, then this Additional Redemption Event (B) (*Redemption following a Credit Event*) shall thereafter apply to the redemption of the Notes as if the previous Early Redemption Trigger Date(s) had not occurred. For the avoidance of doubt, in such scenario, the Post-Credit Event Amount or Termination Payment shall be determined taking into account the Credit Event with respect to any Reference Entity.

Resolutions of the relevant Credit Derivatives Determinations Committee that are, in the sole discretion of the Calculation Agent, relevant to the Notes or which would be applicable to any Hypothetical Transaction shall be binding on the Issuer and the Noteholders, regardless of any other determination that may be made by the Calculation Agent. Such resolutions may, *inter alia*, have the effect under the Notes that, without any further act or determination on the part of the Issuer or the Calculation Agent:

- (i) a Credit Event is deemed to have occurred;
- (ii) one or more Successors to any Reference Entity are determined; and
- (iii) if a Credit Event Determination Date occurs and an Auction is held, the Credit Event Loss Amount is determined by reference to the Auction Final Price.

No Credit Event Determination Date (as a result of a DC Credit Event Announcement) will occur, and any Credit Event Determination Date (as a result of a DC Credit Event Announcement) previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, ISDA publicly announces prior to the relevant Auction Final Price Determination Date or the Credit Event Valuation Date, as applicable, that the relevant Credit Derivatives Determinations Committee has Resolved that an event does not constitute a Credit Event with respect to the Reference Entity or Obligation thereof.”

### **3 Relevant Restructuring**

Where a Credit Event Determination Date occurs as a result of a Relevant Restructuring and the Swap Counterparty has elected under the Swap Transaction an exercised percentage (an “**Exercised Percentage**”) that it wishes to apply in respect of the Relevant Restructuring (which shall be no greater than the Remaining Exercisable Percentage and deemed to be the Remaining Exercisable Percentage if a greater percentage is elected), then this paragraph 3 of Schedule 1 to the Issue Terms will determine whether a Restructuring Liquidation is applicable to that Relevant Restructuring.

For this purpose, an Exercised Percentage must, when multiplied by the Initial Principal Amount, be equal to (i) EUR 1,000,000 or an integral multiple thereof or (ii) the Aggregate Outstanding Principal Amount.

- (i) If the Exercised Percentage equals (or is deemed to equal) the Remaining Exercisable Percentage, then a Restructuring Liquidation will not be applicable to the Credit Event and the

provisions of the Additional Redemption Event set out in paragraph 2(B) (*Redemption following a Credit Event*) of this Schedule 1 to the Issue Terms shall apply instead.

- (ii) If the Exercised Percentage is less than the Remaining Exercisable Percentage, then the Calculation Agent shall determine the “**Original Collateral Affected Portion**” in respect of such Relevant Restructuring and Exercised Percentage to be equal to the product of (a) the initial principal amount of Original Collateral purchased by the Issuer on the Issue Date and (b) the relevant Exercised Percentage, with the result being rounded up to the nearest tradable unit of the Original Collateral, if required.
- (iii) Where all of the Original Collateral has redeemed at its scheduled maturity such that there is none standing to the credit of the Custody Account or posted to the Swap Counterparty under the Credit Support Annex, then:
  - (a) a Restructuring Liquidation will not occur;
  - (b) the Aggregate Outstanding Principal Amount shall be deemed to have been reduced as a result of the Exercised Percentage with effect from and including the immediately preceding Interest Payment Date the Issue Date; and
  - (c) the Floating Rate Payer Calculation Amount in respect of the CDS Transaction element of the Swap Transaction shall be reduced to reflect the Exercised Percentage.
- (iv) Where the Original Collateral Affected Portion is greater than or equal to the aggregate nominal amount of the remaining Original Collateral standing to the credit of the Custody Account plus any Original Collateral then forming part of the Issuer’s Credit Support Balance under the Credit Support Annex, determined as at the Credit Event Determination Date (the “**Available Original Collateral**”), then:
  - (a) Restructuring Liquidation will not be applicable to the Credit Event;
  - (b) a “**Collateral Exhaustion Event**” shall have occurred; and
  - (c) the provisions of the Additional Redemption Event set out in paragraph 2(B) (*Redemption following a Credit Event*) of this Schedule 1 to the Issue Terms shall apply instead.
- (v) Where the Original Collateral Affected Portion is less than the nominal amount of the Available Original Collateral, then:
  - (a) a Restructuring Liquidation will be applicable to the Credit Event and a “Restructuring Distribution Amount” (as defined below) may be payable in respect of each Note;
  - (b) the Aggregate Outstanding Principal Amount shall be deemed to have been reduced as a result of the Exercised Percentage with effect from and including the immediately preceding Interest Payment Date; and
  - (c) the Floating Rate Payer Calculation Amount in respect of the CDS Transaction element of the Swap Transaction shall be reduced to reflect the Exercised Percentage.
- (vi) Auction Settlement shall apply where a Credit Event Determination Date has occurred pursuant to paragraph (ii) of the definition of Credit Event Determination Date (as a result of a DC Credit Event Announcement), for which purpose “**Auction Settlement**” means that the following shall occur:
  - (a) the Restructuring Affected Swap Value and the Restructuring Credit Event Loss Amount will be determined within 5 Business Days of the Auction Final Price Determination Date (the date upon which both such values are determined being the “**Credit Event Valuation Date**”);

- (b) the Disposal Agent shall effect a liquidation of the Original Collateral Affected Portion (a “**Restructuring Liquidation**”) as soon as possible following the Credit Event Valuation Date as if a Liquidation Commencement Notice had been given under the Conditions in accordance with the process set out in Master Condition 13(b) where:
- (I) in accordance with the terms of the Trust Deed and Master Condition 5(d) (*Disposal Agent’s right following Liquidation Event*), the Security shall be released without further action on the part of the Trustee to the extent necessary for the Disposal Agent to effect the Liquidation of the relevant Original Collateral Affected Portion;
  - (II) the Disposal Agent shall liquidate the Original Collateral Affected Portion (the realised proceeds of such liquidation, the “**Restructuring Realised Proceeds**”);
  - (III) the Calculation Agent shall thereafter determine the value of the following within 3 Business Days of the Restructuring Realised Proceeds being determined (the “**Base Liquidated Amount**”):
    - (A) the Restructuring Credit Event Loss Amount; plus
    - (B) the Restructuring Affected Swap Loss (if any); minus
    - (C) the Restructuring Affected Swap Gain (if any); minus
    - (D) the Restructuring Realised Proceeds,and notify the Issuer, Trustee, Issuing and Paying Agent, Disposal Agent and Swap Counterparty of the Base Liquidated Amount;
  - (IV) if the Base Liquidated Amount is a positive value or zero, then the Disposal Agent shall pay the Restructuring Realised Proceeds to the Swap Counterparty on behalf of the Issuer in satisfaction of the corresponding Party B Additional Payment Amount under the Swap Transaction (and, for the avoidance of doubt, no Restructuring Distribution Amount shall be payable on the Notes and no further amounts shall be due to the Swap Counterparty in respect of such Relevant Restructuring and the Exercised Amount);
  - (V) if the Base Liquidated Amount is a negative value, then:
    - (A) the Issuer (or the Issuing and Paying Agent on its behalf where it has been so instructed and provided with an appropriate notice by the Issuer) shall give notice to the Noteholders as soon as reasonably practicable of the “Restructuring Distribution Amount” that shall be payable on each Note on the 5th Business Day following the date on which the Restructuring Realised Proceeds are determined equal to such Note’s *pro rata* share of the absolute value of such Base Liquidated Amount;
    - (B) the Disposal Agent shall pay directly to the Issuing and Paying Agent on behalf of the Issuer the lesser of (a) the absolute value of the Base Liquidated Amount and (b) the Restructuring Realised Proceeds; and
    - (C) the Disposal Agent shall pay to the Swap Counterparty on behalf of the Issuer in satisfaction of the corresponding Party B Additional Payment Amount under the Swap Transaction an amount equal to the greater of (a) zero and (b) the Restructuring Realised Proceeds minus the absolute value of the Base Liquidated Amount (and, for the avoidance of doubt, no further amounts shall be due to the Swap Counterparty in respect of such Exercised Amount); and

- (VI) in accordance with the Master Conditions, the Original Collateral (and, therefore, Collateral) shall be reduced by the nominal amount of the Original Collateral Affected Portion so Liquidated with effect from the date of Liquidation.
- (vii) Notwithstanding the foregoing, Cash Settlement shall apply instead of Auction Settlement if the Calculation Agent determines in its sole and absolute discretion that any of the following circumstances has occurred:
- (A) an Auction Cancellation Date;
  - (B) a No Auction Announcement Date;
  - (C) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine whether or not an event constitutes a Credit Event;
  - (D) a Credit Event Determination Date has occurred pursuant to paragraph (i) of the definition of Credit Event Determination Date (as a result of the delivery of a Credit Event Notice by the Calculation Agent to the Issuer),

for which purpose “**Cash Settlement**” means that the following shall occur:

- (a) on or prior to the Valuation Obligation Valuation Date (as defined below), the Calculation Agent will give notice to the Noteholders (copied to the Trustee) identifying the Valuation Obligations (as defined in Section 5.5 of the Confirmation) of the Reference Entity which the Calculation Agent reasonably expects will be used to calculate the Value of the Valuation Obligations;
- (b) the Value of the Valuation Obligations will be determined by the Calculation Agent within 120 Business Days of the relevant Credit Event Determination Date (the date of such determination being the “**Valuation Obligation Valuation Date**”);
- (c) the Restructuring Affected Swap Value and the Restructuring Credit Event Loss Amount will be determined within 5 Business Days of the Valuation Obligation Determination Date (the date upon which both are determined being the “**CDS Cash Settlement Valuation Date**”);
- (d) the Disposal Agent shall effect a liquidation of the Original Collateral Affected Portion (a “**Restructuring Liquidation**”) as soon as possible following the CDS Settlement Date as if a Liquidation Commencement Notice had been given under the Conditions in accordance with the process set out in Master Condition 13(b) where:
  - (I) in accordance with the terms of the Trust Deed and Master Condition 5(d) (*Disposal Agent’s right following Liquidation Event*), the Security shall be released without further action on the part of the Trustee to the extent necessary for the Disposal Agent to effect the Liquidation of the relevant Original Collateral Affected Portion;
  - (II) the Disposal Agent shall liquidate an amount equal to the Original Collateral Affected Portion (the realised proceeds of such liquidation, the “**Restructuring Realised Proceeds**”);
  - (III) the Calculation Agent shall thereafter determine the value of the following within 3 Business Days of the Restructuring Realised Proceeds being determined (the “**Base Liquidated Amount**”):
    - (A) the Restructuring Credit Event Loss Amount; plus
    - (B) the Restructuring Affected Swap Loss (if any); minus

- (C) the Restructuring Affected Swap Gain (if any); minus
- (D) the Restructuring Realised Proceeds,

and notify the Issuer, Trustee, Issuing and Paying Agent, Disposal Agent and Swap Counterparty of the Base Liquidated Amount;

- (IV) if the Base Liquidated Amount is a positive value or zero, then the Disposal Agent shall pay the Restructuring Realised Proceeds to the Swap Counterparty on behalf of the Issuer in satisfaction of the corresponding Party B Additional Payment Amount under the Swap Transaction (and, for the avoidance of doubt, no Restructuring Distribution Amount shall be payable on the Notes and no further amounts shall be due to the Swap Counterparty in respect of such Relevant Restructuring and the Exercised Amount);
  - (V) if the Base Liquidated Amount is a negative value, then:
    - (A) the Issuer (or the Issuing and Paying Agent on its behalf where it has been so instructed and provided with an appropriate notice by the Issuer) shall give notice to the Noteholders as soon as reasonably practicable of the "Restructuring Distribution Amount" that shall be payable on each Note on the 5th Business Day following the date on which the Restructuring Realised Proceeds are determined equal to such Note's pro rata share of the absolute value of such Base Liquidated Amount;
    - (B) the Disposal Agent shall pay directly to the Issuing and Paying Agent on behalf of the Issuer the lesser of (a) the absolute value of the Base Liquidated Amount and (b) the Restructuring Realised Proceeds; and
    - (C) the Disposal Agent shall pay to the Swap Counterparty on behalf of the Issuer in satisfaction of the corresponding Party B Additional Payment Amount under the Swap Transaction an amount equal to the greater of (a) zero and (b) the Restructuring Realised Proceeds minus the absolute value of the Base Liquidated Amount (and, for the avoidance of doubt, no further amounts shall be due to the Swap Counterparty in respect of such Exercised Amount); and
  - (VI) in accordance with the Master Conditions, the Original Collateral (and, therefore, Collateral) shall be reduced by the nominal amount of the Original Collateral Affected Portion so Liquidated with effect from the date of Liquidation.
- (viii) If some (but not all) of the Notes are redeemed, purchased and cancelled, then the Calculation Agent will make such amendments to the Conditions as are necessary to ensure that the Notes have, on a pro rata basis, the same economic characteristics reflecting any Restructuring Liquidation.
- (ix) If the Swap Counterparty has notified the Issuer within 3 Business Days of the initial Credit Event Notification Date of an Exercised Percentage that is less than 100 per cent., then the Swap Counterparty may subsequently specify one or more further Exercised Percentages in respect of such Restructuring (in each case not exceeding the Remaining Exercisable Percentage) by giving notice to the Issuer (copied to the Issuing and Paying Agent and the Calculation Agent) at any time prior to the Maturity Date. In such circumstances, the Swap Counterparty's notice shall be deemed to have been a Credit Event Notice that has triggered a Credit Event Determination Date on the date of delivery, for which purpose Cash Settlement will apply in accordance with the provisions in this paragraph 3(ii) above. The Restructuring Affected Swap Value and the



Restructuring Credit Loss Amount shall be determined separately in respect of each such Exercised Percentage.

(x) For the purpose of this paragraph 3, the following terms have the following meanings:

**“Restructuring Affected Swap Gain”** means (i) where the Restructuring Affected Swap Value would be payable to the Issuer, the absolute value of the Restructuring Affected Swap Value, or (ii) otherwise, zero;

**“Restructuring Affected Swap Loss”** means (i) where the Restructuring Affected Swap Value would be payable to the Swap Counterparty, the absolute value of the Restructuring Affected Swap Value, or (ii) otherwise, zero;

**“Restructuring Affected Swap Value”** means, for the purposes of the Credit Event Valuation Date or CDS Cash Settlement Date, as applicable, an amount determined by the Calculation Agent in EUR equal to the Early Termination Amount (as defined in the Swap Agreement) of the Swap Agreement (but excluding any Unpaid Amounts relating to the Credit Support Balance of the Issuer under the Credit Support Annex) that would be payable by the Issuer to the Swap Counterparty or by the Swap Counterparty to the Issuer under the Swap Agreement (excluding the CDS Transaction) upon a termination of the Swap Agreement on the Credit Event Valuation Date or CDS Cash Settlement Date, as applicable. Such Early Termination Amount shall be determined on the basis that:

- (a) the Swap Counterparty is not the Affected Party;
- (b) the Base Currency is EUR;
- (c) the Swap Transaction relates to a notional amount of Notes equal to the product of the Initial Principal Amount and the relevant Exercised Percentage and of a principal amount of Original Collateral equal to the principal amount of the Original Collateral Affected Portion;
- (d) the Swap Counterparty’s claim to any Early Termination Amount payable by the Issuer shall be limited to the prevailing market value of the proportion of the Mortgaged Property at that time that corresponds to the Original Collateral Affected Portion;
- (e) the Calculation Agent is the Determining Party and Section 6(e)(ii)(1) of the Swap Agreement applies but without reference to Section 6(e)(ii)(3) thereof; and
- (f) the Swap Agreement is deemed for this purpose to exclude the CDS Transaction.

**“Restructuring Credit Event Loss Amount”** means, with respect to a Credit Event Valuation Date or CDS Cash Settlement Valuation Date, as applicable, an amount determined by the Calculation Agent equal to the greater of (i) zero and (ii) the product of (a) the Aggregate Principal Amount, (b) the relevant Exercised Percentage and (c) 100 per cent. minus either (x) the Auction Final Price or (y) if Cash Settlement applies, the Value of the Valuation Obligations, as applicable. For the avoidance of doubt, the Restructuring Credit Event Loss Amount may be adjusted where, pursuant to Section 2.2(a) of the Credit Derivatives Definitions and Section 5.2 of the Confirmation, one or more Successors are identified in relation to the Reference Entity;

**“Remaining Exercisable Percentage”** means, with respect to a Restructuring Credit Event, 100 per cent. minus the sum of all Exercised Percentages previously elected by the Swap Counterparty; and

**“Original Collateral Affected Portion”** means an amount of Original Collateral having a nominal amount equal to the product of (i) the Initial Principal Amount and (ii) the relevant Exercised Percentage.

#### 4 Alternative Early Redemption

Notwithstanding Conditions 8(d) (Redemption for Taxation Reasons), 8(f) (*Redemption for Termination of Swap Agreement*), 8(h) (*Redemption following an Illegality Event*), or 8(j) (*Redemption following the occurrence of an Event of Default*) (each, a “**Programme Event**” and together, the “**Programme Events**”), any of the Additional Redemption Events specified in paragraph 2 of this Schedule 1 above or Condition 1(a) (*Definitions*), but subject always to paragraph 5 (*Liquidation Fallback*) of this Schedule 1 below, the occurrence of an Early Redemption Trigger Date in respect of any of the Programme Events or the Additional Redemption Events shall not constitute a Liquidation Event for the purposes of Condition 13 (*Liquidation*) and the following shall apply to the redemption of the Notes:

- (i) if an Early Redemption Trigger Date occurs in respect of any of the Programme Events:
  - (A) the Value of the Original Collateral and the Swap Value shall be determined:
    - (I) in the case of a Programme Event which occurs pursuant to Conditions 8(d) (*Redemption for Taxation Reasons*), 8(f) (*Redemption for Termination of Swap Agreement*) and 8(h) (*Redemption following an Illegality Event*), as soon as reasonably practicable following the determination by the Issuer or the Calculation Agent acting on its behalf that the relevant Programme Event has occurred; or
    - (II) in the case of a Programme Event which occurs pursuant to Condition 8(j) (*Redemption following the occurrence of an Event of Default*), on a Business Day falling within 10 Business Days of the Early Redemption Trigger Date,(in each case, the “**Programme Event Valuation Date**”); and
  - (B) each Note will be redeemed on the Cash Settlement Date by payment to each Noteholder of the Early Cash Redemption Amount, irrespective of whether the relevant Programme Event is continuing; and
- (ii) if an Early Redemption Trigger Date occurs in respect of an Additional Redemption Event, the provisions of paragraph 2 of this Schedule 1 above shall apply.

#### 5 Liquidation Fallback

If:

- (i) an Early Redemption Trigger Date occurs in respect of Condition 8(g) (*Redemption for a Counterparty Bankruptcy Credit Event*); or
- (ii) an Early Redemption Trigger Date has occurred pursuant to any other Condition but, prior to the delivery by the Issuer of any Original Collateral to the Swap Counterparty in connection therewith, the Issuer is directed by an Extraordinary Resolution that a Counterparty Bankruptcy Credit Event has occurred; or
- (iii) an Early Redemption Trigger Date occurs in respect of Condition 8(f) (*Redemption for Termination of Swap Agreement*) where the Swap Termination Event has occurred as a result of an Event of Default under the Swap Agreement in respect of either the Issuer or the Swap Counterparty,

then the provisions of Condition 8(g) (*Redemption for a Counterparty Bankruptcy Credit Event*) or Condition 8(f) (*Redemption for Termination of Swap Agreement*), as the case may be, and Condition 13 (*Liquidation*) will take precedence and thereafter govern the redemption of the Notes (in the case of (ii) above, as if the previous Early Redemption Trigger Date had not occurred).

## 6 Suspension of Payments

If the Calculation Agent determines that facts exist which may (assuming the expiration of any applicable grace period) amount to a Credit Event, a Collateral Event, a Collateral Exhaustion Event or give rise to a Collateral CDS Credit Event Determination Date, prior to determining the actual occurrence of a Credit Event, Collateral Event, a Collateral Exhaustion Event or Collateral CDS Credit Event Determination Date, no payment of principal or interest shall be made by the Issuer in respect of the Notes during the Suspension Period (as defined in the Swap Agreement). If, at any time during the Suspension Period, the Calculation Agent determines that a Collateral Event or a Collateral Exhaustion Event has occurred or has given a Credit Event Notice or a DC Credit Event Announcement has occurred, then the provisions of Additional Redemption Event (A) (*Redemption following a Collateral Event*), Additional Redemption Event (B) (*Redemption following a Collateral Exhaustion Event*), or Additional Redemption Event (C) (*Redemption following a Credit Event*), as applicable, shall apply. If, on the final Business Day of the Suspension Period, no such determination has been made, then the balance of the principal or interest that would otherwise have been payable in respect of the Notes shall be due on the second Business Day after such final Business Day of the Suspension Period. Noteholders or Couponholders shall not be entitled to a further payment as a consequence of the fact that such payment of such principal or interest is postponed pursuant to this paragraph 6.

Notwithstanding the foregoing, if the Calculation Agent determines that the circumstances giving rise to such potential Credit Event, Collateral Event, Collateral Exhaustion Event or Collateral CDS Credit Event have been remedied (if possible) or no longer exist prior to the end of the applicable grace period such that no related Collateral Event, Collateral Exhaustion Event, Collateral CDS Credit Event Determination Date or Credit Event Determination Date have occurred, then the Issuer shall make any payments that would otherwise have been payable in respect of the Notes on the second Business Day following the date on which the Calculation Agent makes such determination. In determining whether a payment failure has (or may have) occurred, the Calculation Agent may rely on evidence of non-receipt of funds.

## 7 Maturity Date Extension

If at any time prior to the Scheduled Maturity Date:

- (i) the Calculation Agent reasonably believes that the Termination Date under the Swap Agreement would fall after the Scheduled Maturity Date, then the Maturity Date and/or the payment of interest and principal (if applicable) under the Notes will be postponed and will be paid on the date (the "**Extended Maturity Date**") falling five Business Days after the Termination Date of the Swap Agreement;
- (ii) the Termination Date of the Swap Agreement follows the occurrence of a Credit Event Determination Date, then the Notes will be redeemed in accordance with Additional Redemption Event (B) (*Redemption following a Credit Event*) and the Extended Maturity Date shall be deemed to fall on the later to occur of (a) the Termination Date of the Swap Agreement and (b) the Cash Settlement Date; and
- (iii) where a Restructuring Liquidation has occurred and the Auction Final Price, Value of the Valuation Obligations or Restructuring Distribution Amount have not yet been determined, then the Extended Maturity Date shall be deemed to fall on the day that the relevant Restructuring Distribution Amount (if any) would be payable on the Notes following a Restructuring Liquidation,

provided that if more than one of the events set out in paragraphs (i)-(iii) above occur, the Extended Maturity Date shall be the latest of the relevant dates.

The Calculation Agent shall notify the Issuing and Paying Agent of any such postponement and the Issuing and Paying Agent (having been instructed by the Issuer) will give notice to the Noteholders of such extension, which shall include details of the Extended Maturity Date.

In the event of an extension of the Maturity Date in accordance with paragraph, the Final Redemption Amount in respect of each Note shall only be payable on the Maturity Date (as postponed). Interest shall accrue on the unpaid Final Redemption Amount at the EONIA Rate determined in respect of each TARGET Settlement Day by the Calculation Agent from (and including) the Scheduled Maturity Date up to (but excluding) the Maturity Date (as postponed) and be payable on the Maturity Date (as postponed).

## **8 Determination of Value**

Where the Value of the Valuation Obligations or Value of the Original Collateral (each, a “**Value**”) is required to be determined by the Calculation Agent in respect of a Valuation Date by reference to applicable Quotations:

- (I) if four or more Quotations are obtained, the Calculation Agent shall disregard the highest and lowest quotations and the Value shall be the arithmetic mean of the remaining Quotations provided that (a) if more than one Quotation has the same highest or lowest value, then one of such Quotations shall be disregarded unless (b) all Quotations have the same value, in which case two of such Quotations shall be disregarded;
- (II) if three Quotations are obtained, the Calculation Agent shall disregard the highest and lowest Quotations and the Value shall be the remaining Quotation, provided that (a) if two Quotations have the same highest or lowest value, then one of such Quotations shall be disregarded and (b) if three Quotations have the same value, then two of such Quotations shall be disregarded; and
- (III) if two or fewer Quotations are obtained, the Value shall be determined by the Calculation Agent acting in a commercially reasonable manner.

## **9 Original Collateral**

For the purposes of this Series of Notes only, “Original Collateral” shall be construed to include any Original Collateral that is transferred by the Issuer to the Swap Counterparty pursuant to the Credit Support Annex.

## SCHEDULE 2 TO THE ISSUE TERMS – ADDITIONAL DEFINITIONS

The following words and expressions shall be deemed to be inserted in Master Condition 1(a) (Definitions) in the correct alphabetical order:

**“Aggregate Outstanding Principal Amount”** means, with respect to any day, an amount equal to the product of:

- (i) the Initial Principal Amount of the Notes; and
- (ii) the Remaining Exercisable Percentage on such day,

**“Auction”** has the meaning given to it in the relevant Credit Derivatives Auction Settlement Terms;

**“Auction Cancellation Date”** means the date on which an Auction is deemed to be cancelled pursuant to the Credit Derivatives Auction Settlement Terms with respect to the Reference Entity;

**“Auction Final Price”** means the price, expressed as a percentage, determined to be the Auction Final Price with respect to the Reference Entity pursuant to the relevant Credit Derivatives Auction Settlement Terms;

**“Auction Final Price Determination Date”** means the day, if any, on which the Auction Final Price is determined pursuant to the Credit Derivatives Auction Settlement Terms with respect to the Reference Entity;

**“Cash Settlement Date”** means, in relation to any Collateral Event, Credit Event or Programme Event, the day falling 5 Business Days after the Collateral Event Valuation Date, the CDS Cash Settlement Valuation Date, the Credit Event Valuation Date or the Programme Event Valuation Date, as applicable;

**“CDS Cash Settlement Valuation Date”** has the meaning given to such term in the Additional Redemption Event specified in paragraph 2(B) of Schedule 1 to these Issue Terms;

**“CDS Transaction”** means the credit derivative element of the Swap Agreement evidenced by the Confirmation and entered into between the Issuer as (as **“Seller”**) and the Swap Counterparty (as **“Buyer”**) pursuant to which:

- (i) Seller sells credit protection to Buyer in respect of the Reference Entity and Buyer pays fixed amounts equal to the Interest Amounts Payable on each relevant Interest Payment Date under the Notes; and
- (ii) the initial notional amount equals the Initial Principal Amount of the Notes;

**“Collateral CDS Credit Event”** means:

- (i) on or prior to the redemption of the Original Collateral at scheduled maturity in accordance with its terms, the Calculation Agent determines that:
  - (a) a Collateral Event has occurred in relation to the Original Collateral; and
  - (b) a Collateral Credit Event has occurred in respect of the Collateral CDS Reference Entity in respect of the Hypothetical Collateral CDS Transaction; and
- (ii) following the redemption of the Original Collateral at scheduled maturity in accordance with its terms, the Calculation Agent determines that a Collateral Credit Event has occurred in respect of the Collateral CDS Reference Entity in respect of the Hypothetical Collateral CDS Transaction.

**“Collateral CDS Credit Event Determination Date”** means either (i) the date on which the Calculation Agent determines that a Collateral CDS Credit Event has occurred; or (ii) where a DC Credit Event Announcement has occurred, the relevant Credit Event Resolution Request Date;

**“Collateral CDS Credit Event Determination”** has the meaning given to such term in paragraph 2(A)(iii) (*Redemption following a Collateral Event*) of Schedule 1 to the Issue Terms;

**“Collateral Credit Event”** means either of Bankruptcy or Failure to Pay;

**“Collateral Event”** means:

- (i) the occurrence of an Original Collateral Call; or
- (ii) the occurrence of an Original Collateral Default;

**“Collateral Event Observation Start Date”** means 27 January 2014;

**“Collateral Event Valuation Date”** has the meaning given to such term in the Additional Redemption Event specified in paragraph 2(A) of Schedule 1 to these Issue Terms;

**“Collateral Exhaustion Event”** has the meaning given to such term in paragraph 3(iv)(b) (*Relevant Restructuring*) of Schedule 1 to these Issue Terms;

**“Confirmation”** means the confirmation, in the form dated 19 February 2014 evidencing the Swap Transaction between the Issuer and the Swap Counterparty in relation to the Notes;

**“Credit Derivatives Auction Settlement Terms”** means the Credit Derivatives Auction Settlement Terms published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”), in accordance with the Rules, with respect to any Reference Entity (which may be amended in accordance with the Rules from time to time) for which the Calculation Agent has determined, in its sole discretion, that the provisions for establishing what obligations may constitute Deliverable Obligations are substantially the same as the provisions in the Swap Agreement for establishing what obligations may constitute Valuation Obligations (and if the Calculation Agent determines that such provisions are substantially the same then the Credit Derivatives Auction Settlement Terms shall be deemed to be applicable for the purpose of Auction Settlement hereunder);

**“Credit Derivatives Definitions”** has the meaning given to it in the Swap Agreement and to the extent necessary for the purposes of interpreting the Credit Derivatives Definitions “Trade Date” (as used in and by such definitions) means the Collateral Event Observation Start Date;

**“Credit Derivatives Determinations Committees”** means the committees from time to time established by ISDA for the purposes of reaching certain resolutions with respect to credit derivative transactions (which would include the Hypothetical Transaction) as more fully described in the applicable Credit Derivatives Determinations Committee Rules set out as an annex to the 2009 ISDA Credit Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions, as amended from time to time in accordance with the terms thereof (the “**Rules**”);

**“Credit Event”** has the meaning given to it in the Swap Agreement;

**“Credit Event Determination Date”** means, subject as provided in the Additional Redemption Event specified in paragraph 2(B) of Schedule 1 to these Issue Terms (Redemption following a Credit Event), either:

- (i) the date on which a Credit Event Notice is given by the Calculation Agent to the Issuer (and copied to the Issuing and Paying Agent, the Trustee and the Swap Counterparty); or
- (ii) if a DC Credit Event Announcement has occurred, the date of such DC Credit Event Announcement;

**“Credit Event Notice”** means a notice of the occurrence of a Credit Event (irrespective of whether it is continuing), describing the Credit Event and giving Publicly Available Information in respect of such Credit Event, given by the Calculation Agent to the Issuer (and copied to the Issuing and Paying Agent,

the Trustee and the Swap Counterparty) at the election of the Calculation Agent and in its sole and absolute discretion at any time prior to the Maturity Date;

**“Credit Event Resolution Request Date”** means the date, as publicly announced by ISDA, to be the date that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which a notice delivered to ISDA requesting that a Credit Derivatives Determinations Committee be convened to determine whether or not a Credit Event has occurred (and, if so, the date of the occurrence of such event) with respect to the Reference Entity was effective and the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information with respect to such resolutions. Such a notice may, but need not, be delivered to ISDA by the Issuer or the Swap Counterparty or any of its affiliates;

**“Credit Event Valuation Date”** has the meaning given to such term in paragraph 2(B) of Schedule 1 to these Issue Terms;

**“DC Credit Event Announcement”** means a public announcement by ISDA which the Calculation Agent determines in its sole and absolute discretion would be a DC Credit Event Announcement (as defined in the Credit Derivatives Definitions) for the purposes of (i) any Reference Entity and the Hypothetical Transaction or (ii) the Collateral CDS Reference Entity and the Hypothetical Collateral CDS Transaction;

**“EONIA Rate”** means in respect of any TARGET Settlement Day a reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on the Reuters Screen EONIA page (or any successor screen page or information source) in respect of that day, or any successor rate in respect thereof;

**“Hypothetical Collateral CDS Transaction”** means a hypothetical credit derivative transaction between the Issuer (as **“Buyer”**) and a hypothetical Noteholder (as **“Seller”**) which incorporates the Credit Derivatives Definitions, such transaction having the terms set out below:

- (i) Reference Entity: JPMorgan Chase & Co., provided that if a Succession Event occurs and a Successor or Successors are determined, each Successor shall be a Reference Entity (the **“Collateral CDS Reference Entity”**);
- (ii) Obligation Category: Borrowed Money; and
- (iii) Reference Obligation: US46625HCE80.

The Hypothetical Collateral CDS Transaction is used only for the purposes of (a) determining whether a Collateral CDS Credit Event Determination has occurred; and (b) determining whether resolutions of a Credit Derivatives Determinations Committee will be binding on the Noteholders:

**“Hypothetical Transaction”** means a hypothetical credit derivative transaction between the Issuer (as **“Buyer”**) and a hypothetical Noteholder (as **“Seller”**) which incorporates the Credit Derivatives Definitions and which is otherwise on such terms as may be determined by the Calculation Agent to provide to Buyer substantially similar rights and remedies with respect to the Reference Entity as are provided under the Notes. The Hypothetical Transaction is used only for the purposes of determining whether resolutions of a Credit Derivatives Determinations Committee (including as to the holding of Auctions) will be binding on the Noteholders;

**“No Auction Announcement Date”** means the date on which ISDA first publicly announces that (i) no Credit Derivatives Auction Settlement Terms will be published with respect to the Reference Entity and the relevant Credit Event, (ii) Credit Derivatives Auction Settlement Terms will be published with respect to the Reference Entity and the relevant Credit Event, but they shall not be deemed applicable for the purpose of Auction Settlement hereunder (as determined in accordance with the definition of Credit Derivatives Auction Settlement Terms), or (iii) the relevant Credit Derivatives Determinations Committee

has Resolved that no Auction will be held with respect to the Reference Entity and the relevant Credit Event following a prior public announcement by ISDA to the contrary;

“**Original Collateral Obligor**” means each issuer of the Original Collateral from time to time;

“**Programme Event Valuation Date**” has the meaning given to such term in paragraph 3 of Schedule 1 to these Issue Terms;

“**Publicly Available Information**” has the meaning given to it in the Swap Agreement as a result of its incorporating the Credit Derivatives Definitions (and, as used in such definition, Buyer and Seller shall have the meanings given to them in the Swap Agreement and references therein to Credit Derivative Transaction shall be construed as references to the Swap Agreement);

“**Reference Entity**” means Caixa Geral de Depositos S.A., subject to the provisions set out in Section 5.2 of the Confirmation;

“**Relevant Restructuring**” has the meaning given to it in the Swap Transaction;

“**Resolve**” has the meaning given to it in the Rules, and “Resolved” and “Resolves” shall be construed accordingly;

“**Restructuring Liquidation**” has the meaning given to such term in paragraph 3 of Schedule 1 to these Issue Terms (*Relevant Restructuring*)

“**Rules**” has the meaning given to it in the definition of Credit Derivatives Determinations Committees;

“**Swap Agreement**” means the Master Agreement together with the Confirmation;

“**Suspension Period**” has the meaning given to it in Section 5.1 of the Confirmation;

“**Valuation Date**” means any of the CDS Cash Settlement Valuation Date, the Credit Event Valuation Date, the Collateral Event Valuation Date or the Programme Event Valuation Date, as applicable;

“**Valuation Obligation Valuation Date**” has the meaning given to such term in the Additional Redemption Event specified in paragraph 2 of Schedule 1 to these Issue Terms; and

“**Value of the Valuation Obligations**” means, if Cash Settlement applies, the value of the Valuation Obligations (as determined in accordance with the definition of Valuation Obligations in Section 5.5 of the Confirmation) consequent upon a Credit Event Determination Date, determined in accordance with paragraph 7 of Schedule 1 to these Issue Terms (*Determination of Value*), for which purpose, the Calculation Agent shall request each of five dealers in the relevant market to provide its all-in bid price expressed as a percentage of par (for the purpose of the value of the Valuation Obligations, a “**Quotation**”) in EUR to purchase the Reference Amount (as defined in the Swap Agreement) of the Valuation Obligations on any date up to and including the Cash Settlement Date Notwithstanding the foregoing, if Cash Settlement applies, but on or prior to the Valuation Obligation Valuation Date the Calculation Agent determines that an Auction has taken place in respect of the Reference Entity and an Auction Final Price has been determined pursuant to such Auction, then the Calculation Agent may in its sole discretion determine that the Value of any of the Valuation Obligations shall be such Auction Final Price.



### SCHEDULE 3 TO THE ISSUE TERMS – FORM OF CONFIRMATION OF SWAP TRANSACTION

Demeter Investments B.V.  
(having its corporate seat (“*zete!*”) in Amsterdam, the Netherlands)  
Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

19 February 2014

Dear Sirs

#### **Confirmation of swap transaction relating to Demeter Investments B.V.’s Series 2014-1 EUR 10,000,000 Credit-linked Notes due 2019**

The purpose of this letter agreement (this “**Confirmation**”) is to confirm the terms and conditions of the swap transaction entered into between Party A and Party B (each as defined below) on the Trade Date specified below (the “**Transaction**”). This Confirmation constitutes a “**Confirmation**” as referred to in the Agreement specified below.

- 1 Words and expressions used, but not otherwise defined herein, shall have the same meaning ascribed to them in the Terms and Conditions of Demeter Investments B.V.’s Series 2014-1 EUR 10,000,000 Credit-linked Notes due 2019 (the “**Notes**”).

The definitions and provisions contained in the 2006 ISDA Definitions (the “**2006 Definitions**”) and the 2003 ISDA Credit Derivatives Definitions as supplemented by the May 2003 Supplement to such Definitions and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the such Definitions published on 14 July 2009 (as so supplemented, the “**Credit Derivatives Definitions**”), each as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”), are incorporated into this Confirmation. In the event of any inconsistency between those definitions, the 2006 Definitions will govern and in any case in the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms a part of, and is subject to, the 2002 ISDA Master Agreement and Schedule dated as of 19 February 2014 as amended and supplemented from time to time (the “**Agreement**”) between Party A and Party B. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

In this Confirmation, “**Party A**” means Credit Suisse International and “**Party B**” means Demeter Investments B.V. To the extent necessary for the purpose of interpreting the Credit Derivatives Definitions as used herein, Party A shall be the “Buyer” and Party B shall be the “Seller”.

References in Part 5(o) of the Schedule to the Agreement to “Confirmation” shall be construed as a reference to this Confirmation only and, for the avoidance of doubt, shall not include the Credit Support Annex.

2 The terms of the particular Transaction to which this Confirmation relates are as follows:

- Trade Date : 27 January 2014. For the avoidance of doubt, the date of execution of the OTC derivative contract evidenced by this Confirmation for the purposes of Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (“EMIR”) is the Effective Date and, consequently, any obligations relating to the timely confirmation of derivatives contracts arising under Article 11 of EMIR will arise from the Effective Date.
- Effective Date : 19 February 2014
- Termination Date : (i) 20 March 2019, subject to the provisions of paragraph 5.1 and paragraph 6 below; or  
(ii) where the Transaction is to terminate upon the transfer to Party A of, amongst other things, the Original Collateral or the Original Collateral Proceeds in accordance with paragraphs 3 or 4, the date on which such transfer is made.
- Reference Entity : Caixa Geral de Depositos S.A., as outlined in Annex 1, subject to the provisions set out in paragraph 5.2 below.
- Original Collateral : EUR 10,000,000 nominal amount of variable rate notes due 28 February 2018 issued by J.P. Morgan Bank Dublin plc (originally issued by Bear Stearns Global Asset Holdings, Ltd.) (ISIN XS0348297994).
- Party A Payment Amounts : Subject to adjustment in accordance with the provisions set out in paragraph 4 below, Party A shall pay to Party B an amount equal to the aggregate of each Interest Amount payable in EUR by Party B in respect of the Notes on the Interest Payment Date in respect of the Notes and, unless the Notes have fallen due for redemption in full prior to the Maturity Date, an amount equal to the Final Redemption Amount payable by Party B in respect of the Notes on the Maturity Date of the Notes.
- Party B Payment Amounts : Subject to adjustment in accordance with the provisions set out in paragraph 4 below, Party B shall pay to Party A an amount equal to the Available Amount (as defined in paragraph 5.5 below) payable in respect of the Original Collateral (including any Original Collateral that was transferred by Party B to Party A pursuant to the Credit Support Annex that comprises part of Party B’s Credit Support Balance but excluding any Original Collateral that is the subject of a Restructuring Liquidation with effect from the date of Liquidation) on the relevant Original Collateral Payment Date in the currency in which the Available Amount is due to be paid. Party B Payment Amounts shall be paid one Business Day following each Original Collateral Payment Date falling in the period from and including the Effective Date to and including the Termination Date.
- Additional Party A Payment Amount : Subject to adjustment in accordance with the provisions set out in paragraph 4 below, Party A shall pay to Party B an amount equal to the Restructuring Affected Swap Gain (if any) on the Business Day immediately preceding the date on which any Restructuring Distribution

	Amount is payable on the Notes.
Additional Party B Payment Amount	: Subject to adjustment in accordance with the provisions set out in paragraph 4 below, Party B shall pay to Party A an amount equal to the greater of (a) zero and (b) the Restructuring Realised Proceeds minus the absolute value of the Base Liquidated Amount (in each case as determined pursuant to the Conditions). Party B Additional Payment Amounts shall be paid one Business Day following the date on which Base Liquidated Amount is determined for any Restructuring Liquidation.
Original Collateral Payment Dates	: Each day on which a payment in respect of interest and/or principal is due to be made in respect of the Original Collateral.
Business Days	: London and TARGET.
Calculation Agent	: Party A, whose determinations and calculations will be binding in the absence of manifest error.

Section 1.14 of the Credit Derivatives Definitions shall apply with respect to the CDS Transaction set out in paragraph 4 below, but the Calculation Agent shall have no obligation to consult with the parties, notwithstanding the provisions of such Section 1.14. Section 4.14 of the 2006 Definitions shall apply with respect to the responsibilities of the Calculation Agent other than with respect to the CDS Transaction set out in paragraph 4 below but the Calculation Agent shall have no obligation to consult with the parties notwithstanding the provisions of such Section 4.14.

In the event of any inconsistency between Section 1.14 of the Credit Derivatives Definitions or Section 4.14 of the 2006 Definitions and the provisions of this Confirmation, the provisions of this Confirmation shall prevail.

### 3 Early Redemption of the Notes

- 3.1 If the Notes fall due for redemption pursuant to Condition 8(d) (*Redemption for Taxation Reasons*), Condition 8(f) (*Redemption for Termination of Swap Agreement*) (save where the Swap Termination Event has occurred as a result of an Event of Default under the Swap Agreement in respect of either Party A or Party B), Condition 8(h) (*Redemption following an Illegality Event*) or Condition 8(j) (*Redemption following the occurrence of an Event of Default*) (i) two Business Days prior to the Cash Settlement Date for such redemption, Party B shall deliver to Party A the Original Collateral and any cash relating thereto (including any Original Collateral Proceeds) in relation to the Notes; and (ii) on the Cash Settlement Date for such redemption, Party A shall pay the relevant Early Cash Redemption Amount to Party B, following which this Transaction shall terminate and no further amount shall be payable by either party to the other whether pursuant to paragraph 5 below or otherwise.
- 3.2 The parties agree that upon a termination of this Transaction in accordance with paragraph 3.1, no Return Amount shall thereafter be due from Party A pursuant to the Credit Support Annex and any portion of the Original Collateral or Original Collateral Proceeds, as applicable, that has been previously transferred to Party A under the Credit Support Annex shall be deemed to have been delivered by Party B, but without prejudice to any other amount that may be due to be paid or delivered by one party to the other pursuant to the Credit Support Annex.

#### 4 Credit Event, Collateral Event and Collateral CDS Credit Event and Collateral Exhaustion Event Provisions

4.1 This Transaction includes a credit derivative pursuant to which Party B sells credit protection to Party A in respect of the Credit Events listed below on the Reference Entity (the “**CDS Transaction**”) and in connection with which the parties agree that:

- (a) Party A’s obligation to pay the Fixed Amounts in respect of the CDS Transaction are included in the calculation of the Party A Payment Amounts (which refer to the Terms and Conditions of the Notes);
- (b) if an Event Determination Date occurs in respect of any Reference Entity, any Floating Amount due from Party B to Party A under the CDS Transaction is taken into account in calculating the final Party A Payment Amount (which refers to the Terms and Conditions of the Notes); and
- (c) if a Relevant Restructuring occurs and the Original Collateral Affected Portion (as defined in the Terms and Conditions of the Notes) is less than the nominal amount of the available Original Collateral, then the Floating Rate Pater Calculation Amount in respect of the CDS Transaction shall be reduced to reflect the Exercised Percentage.

4.2 For the purposes of this Transaction and the Notes, the following elections in respect of the Credit Derivatives Definitions apply, together with the following additional definitions:

Credit Events : The following Credit Event(s) shall apply to this Transaction with respect to any Reference Entity:

- (a) Bankruptcy
- (b) Failure to Pay  
Payment Requirement: USD 1,000,000
- (c) Restructuring  
Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Applicable  
Multiple Holder Obligation: Applicable  
Default Requirement: USD 10,000,000 or its equivalent in the relevant currency

Collateral Events : “**Collateral Event**” means:

- (a) the occurrence of an Original Collateral Default; or
- (b) the occurrence of an Original Collateral Call.

For the purposes of the foregoing, an event may constitute a Collateral Event even if it occurred prior to the Issue Date of the Notes, provided that it occurred on or after the Collateral Event Observation Start Date.

Collateral CDS Credit Event : “**Collateral CDS Credit Event**” means:

- (i) on or prior to the redemption of the Original Collateral at scheduled maturity in accordance with its terms, the Calculation Agent determines that:
  - (a) a Collateral Event has occurred in relation to the Original Collateral; and

- (b) a Collateral Credit Event has occurred in respect of the Collateral CDS Reference Entity in respect of the Hypothetical Collateral CDS Transaction; and
    - (ii) following the redemption of the Original Collateral at scheduled maturity in accordance with its terms, the Calculation Agent determines that a Collateral Credit Event has occurred in respect of the Collateral CDS Reference Entity in respect of the Hypothetical Collateral CDS Transaction.
- 4.3 For the purpose of determining an Auction Final Price only, the Credit Derivatives Auction Settlement Terms shall only be applicable to the Transaction and the Notes if the obligations which may constitute Deliverable Obligations thereunder satisfy the Not Subordinated Deliverable Obligation Characteristic.
- 4.4 If (i) the Calculation Agent determines that a Collateral Event, a Collateral CDS Credit Event or a Collateral Exhaustion Event has occurred (acting in its sole discretion); or (ii) a Credit Event Determination Date has occurred with respect to any Reference Entity; or (iii) the Notes are to be redeemed early pursuant to any of Condition 8(d) (*Redemption for Taxation Reasons*), Condition 8(f) (*Redemption for Termination of Swap Agreement*) (save where the Swap Termination Event has occurred as a result of an Event of Default under the Swap Agreement in respect of either Party A or Party B), Condition 8(h) (*Redemption following an Illegality Event*) or Condition 8(j) (*Redemption following the occurrence of an Event of Default*) then, subject as provided below:
  - (a) no further Party A Payment Amounts or Party B Payment Amounts shall be payable by either Party A or Party B as from (i) the Collateral Event Determination Date or (ii) the Credit Event Determination Date; (iii) the Collateral Exhaustion Event Date or (iv) the date on which the Issuer became aware of the occurrence of the relevant Programme Event, as applicable; and
  - (b) notwithstanding anything to the contrary in the Credit Derivative Definitions, settlement shall take place as contemplated under (i) the corresponding Additional Redemption Event specified in paragraph 2 of Schedule 1 to the Issue Terms (*Redemption following a Credit Event*), (*Redemption following a Collateral Event*) or (*Redemption following a Collateral Exhaustion Event*), as applicable; or (ii) the provisions set out in paragraph 3 of Schedule 1 to the Issue Terms (*Alternative Early Redemption*) and, two Business Days prior to the Cash Settlement Date, Party B shall deliver to Party A the Original Collateral or the Original Collateral Proceeds, as applicable, and any cash arising therefrom in connection with the Notes and, on the Cash Settlement Date, Party A shall pay to Party B the Early Cash Redemption Amount, following which this Transaction shall terminate and no further amount shall be payable by either party to the other, whether pursuant to paragraph 5 below or otherwise.
- 4.5 The parties agree that upon termination of this Transaction in accordance with this paragraph 4, no Return Amount shall thereafter be due from Party A pursuant to the Credit Support Annex and any portion of the Original Collateral that has been previously transferred to Party A under the Credit Support Annex shall be deemed to have been delivered by Party B, but without prejudice to any other amount that may be due to be paid or delivered by one party to the other pursuant to the Credit Support Annex.

## 5 Other Provisions

### 5.1 Suspension of Payments

If the Calculation Agent determines that facts exist which may (assuming the expiration of any applicable grace period) amount to a Credit Event, a Collateral Event or a Collateral CDS Credit Event prior to determining the actual occurrence of a Collateral Event, Collateral CDS Credit Event or Credit Event Determination Date:

- (a) no payment shall be made under this Transaction for the period (the “**Suspension Period**”)
  - (i) in the case of a Collateral Event, a Collateral Exhaustion Event or a Collateral CDS Credit Event, of ten Business Days following such determination; or (ii) in the case of a Credit Event Determination Date, from the date of the Calculation Agent’s determination that it has occurred to the later of (x) three Business Days following the last day of the Grace Period and (y) the date on which ISDA publicly announces that the relevant Credit Derivatives Determination Committee has resolved that either (I) a Potential Failure to Pay has not occurred; (II) a Potential Failure to Pay has occurred but such event occurred after the Scheduled Termination Date; or (III) the relevant Credit Derivatives Determinations Committee shall not determine whether a Credit Event has occurred (each determined by reference to Greenwich Mean Time); and
- (b) if the Termination Date would fall within the Suspension Period, it shall be postponed.

At any time during the Suspension Period, the Calculation Agent may determine that a Collateral Event, a Collateral CDS Event or a Collateral Exhaustion Event has occurred or the Calculation Agent may give a Credit Event Notice to Party B or a Credit Event Resolution Request Date may occur. If, on the final Business Day of the Suspension Period, no such determination has been made, then two Business Days thereafter (x) shall be the Termination Date where it was postponed in accordance with paragraph 5.1(b) above and (y) Party A shall pay the balance of the scheduled payment that was otherwise due by it under this Transaction.

Notwithstanding the foregoing, if the Calculation Agent determines that the circumstances giving rise to such potential Credit Event, Collateral Event or Collateral CDS Credit Event have been remedied (if possible) or no longer exist prior to the end of the applicable grace period such that no related Collateral Event, Collateral CDS Credit Event or Credit Event Determination Date have occurred, then Party A and Party B shall make any payments that would otherwise have been payable under this Transaction on the second Business Day following the date on which the Calculation Agent makes such determination. In determining whether a payment failure has (or may have) occurred, Party A may rely on evidence of non-receipt of funds.

### 5.2 Credit Derivatives Definitions

- (a) Where, pursuant to Section 2.2(a) of the Credit Derivatives Definitions, one or more Successors have been identified in relation to any Reference Entity, each such Successor will be a Reference Entity (a “**Successor Reference Entity**”) for the purposes of this Transaction (and, for the avoidance of doubt, the original Reference Entity shall cease to be a Reference Entity except where it is a Successor Reference Entity).
- (b) Section 2.30 of the Credit Derivatives Definitions shall apply to this Confirmation for the purpose of determining Substitute Reference Obligations, provided that the Calculation Agent shall have no obligation to consult with the parties, notwithstanding the provisions of such Section 2.30.
- (c) If any matter to be determined by the Calculation Agent hereunder has also been determined by the relevant Credit Derivatives Determinations Committee then the Calculation Agent may, in its sole discretion, make its determination or change any

determination previously made by it so as to be consistent with the relevant determination of such Credit Derivatives Determinations Committee.

- (d) Notwithstanding Section 2.2(k) of the Credit Derivatives Definitions, for the purposes of the Transaction “Succession Event Notice” means a notice from the Calculation Agent to the Issuer and the Swap Counterparty that describes a Succession Event that occurred on or after the Succession Event Backstop Date and contains a description in reasonable detail of the facts relevant to such determination of (i) whether a Succession Event has occurred and (ii) if relevant, the identity of any Successor(s).
- (e) If a Credit Event Determination Date occurs as a result of a Relevant Restructuring, then Party A may elect to trigger such Credit Event by notifying Party B (copied to the Calculation Agent and the Issuing and Paying Agent under the Notes) of the Exercised Percentage it wishes to apply.

Where Party A has first notified Party B of an Exercised Percentage that is less than 100%, Party A may subsequently specify one or more further Exercised Percentages in respect of such Restructuring (in each case not exceeding the Remaining Exercisable Percentage) by giving notice to Party B (copied to the Calculation Agent and the Issuing and Paying Agent under the Notes) at any time prior to the Termination Date. In such circumstances, Party A’s notice shall be deemed to have been a Credit Event Notice that has triggered a Credit Event Determination Date on the date of delivery in accordance with the Notes. The Restructuring Affected Swap Value and the Restructuring Credit Event Loss Amount shall be determined separately in respect of each such Exercised Percentage.

### **5.3 Additional Termination Event**

- (a) Item (i) of Part 1(n) of the Schedule shall be deleted in its entirety.
- (b) Item (ii) of Part 1(n) of the Schedule shall be deleted in its entirety and replaced with the following:
  - “(i) The occurrence of an Early Redemption Trigger Date (as defined in the Conditions of the relevant Series of Notes to which this Agreement relates) in respect of Condition 8(g) (*Redemption for a Counterparty Bankruptcy Credit Event*) under the relevant Series of Notes.
  - (ii) An Early Redemption Trigger Date has occurred pursuant to any other Condition but, prior to the delivery by Party B of any Original Collateral to Party A in connection therewith, Party B is directed by an Extraordinary Resolution that a Counterparty Bankruptcy Credit Event has occurred.”

### **5.4 Notice of Collateral Events, Collateral CDS Credit Events, Collateral Exhaustion Event and Credit Events**

If the Calculation Agent determines that a Collateral Event or a Collateral CDS Credit Event has occurred, it will notify Party A, Party B, the Issuing and Paying Agent and the Trustee of this in accordance with the provisions of the Issue Terms of the Notes.

If the Calculation Agent delivers a Credit Event Notice in relation to the Reference Entity to the Issuer, it will send copies of such notice to the Swap Counterparty, Issuing and Paying Agent and Trustee.

## 5.5 Definitions

The following terms are defined below:

**“Available Amount”** means, in respect of any Original Collateral, the amount in respect of interest and/or principal scheduled to be paid (and in the currency in which it is scheduled to be paid) as at the Collateral Event Observation Start Date (and, for the avoidance of doubt, any such amount scheduled to be paid shall not be net of any Deductions).

**“Deductions”** means an amount, determined by the Calculation Agent in its opinion, equal to the aggregate of (a) any amount withheld or deducted or required to be withheld or deducted from any amount in respect of interest and principal otherwise payable to Party B under the Original Collateral in respect of any taxes, fees, levies, duties, charges or assessments to the extent that the Original Collateral Obligor does not pay such additional amounts as would result in the receipt by Party B of such amounts (after it has discharged any such amount imposed, levied or assessed against it) as would have been received by Party B under the Original Collateral had no such withholding or deduction been imposed and (b) fees of any nature, in each case imposed, levied or assessed by or on behalf of any government, territory or taxing authority having jurisdiction over the Original Collateral Obligor or any governmental subdivision thereof on Party B relating to the Original Collateral and (c) any fees, taxes or duties imposed on Party B relating to the transfer of the Original Collateral and (d) any funding costs incurred by Party B in respect of (a), (b) and (c).

**“Obligation”** shall have the meaning given to it in the Credit Derivatives Definitions, in relation to which the following shall apply:

Obligation Category:	Borrowed Money
Obligation Characteristics:	None
All Guarantees:	Applicable.

**“Reference Amount”** means, at any time, and in respect of the nominal amount of the Valuation Obligations, an amount equal to the then outstanding nominal amount of the Notes, or, where a partial redemption of the Notes occurs following a Relevant Restructuring, an amount equal to the Initial Principal Amount of the Notes multiplied by the Exercised Percentage (as defined in the Terms and Conditions of the Notes).

**“Reference Obligation”** means, in respect of a Reference Entity, the obligation identified by ISIN PTCHF5OE0014.

**“Relevant Restructuring”** means a Restructuring Credit Event in respect of which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified to be applicable herein.

**“Valuation Obligation”** means, if Cash Settlement applies, (i) the Reference Obligation and/or (ii) any obligations of a Reference Entity which is described by the Valuation Obligation Category and having the Valuation Obligation Characteristics specified herein.

**“Valuation Obligation Category”** means Bond or Loan.

**“Valuation Obligation Characteristics”** are as follows:

- Assignable Loan;
- Consent Required Loan;
- Transferable;
- Maximum Maturity: 30 years;



Not Bearer;  
Specified Currency;  
Not Contingent; and  
Not Subordinated.

- 5.6 If this Transaction is terminated early pursuant to Section 6(b) of the Agreement, the Notes will become due for redemption pursuant to Condition 8(h) (*Redemption for Termination of Swap Agreement*) and the provisions of paragraph 3 above shall apply. Accordingly, notwithstanding the designation of any day as the Early Termination Date, this Transaction shall terminate in accordance with such paragraph 3 above and no payments and deliveries shall be due other than those set out in such paragraph 3 above.
- 5.7 Party A hereby agrees to perform all the functions required of it, and Party B hereby agrees that Party A shall be entitled to exercise all rights expressed to be exercisable by Party A, under the terms of the Notes, including (but without limitation) making the calculations and determinations that it is required or entitled to make under the terms of the Notes and delivering the notices that it is required or entitled to deliver under the terms of the Notes. Party B agrees that all such calculations, determinations and deliveries of notices that are effected by Party A shall be conclusive for all purposes.
- 5.8 Party A and Party B hereby acknowledge and agree that the parties will be obliged to perform their obligations under the Transaction and irrespective of the existence or amount of their exposure to any Reference Entity or Collateral CDS Reference Entity and neither party shall be required to suffer any loss, liability or other detriment or to provide evidence of any loss, liability or detriment at any time in order to receive any amount which is expressed to be payable or deliverable to it under this Confirmation.
- 5.9 The Transaction is not intended to constitute, and neither party is treating it as, a contract of annuity, suretyship, insurance, guarantee or indemnity, and neither Party A nor Party B will assert any defence to payment or performance based on the allegation that the Transaction is a contract of annuity, suretyship, insurance, guarantee or indemnity.

## **6 Deferral of Termination Date**

If on or before the Scheduled Termination Date, the Calculation Agent determines that after the Scheduled Termination Date a Credit Event Determination Date may occur (assuming the Notes remained outstanding) in respect of a Credit Event taking place on or prior to the Scheduled Termination Date, then the Termination Date will be deferred to the later of:

- (a) the date falling 14 calendar days after the Scheduled Termination Date;
- (b) the date falling 1 calendar day following the latest date on which an Event Determination Date could be determined to have occurred in respect of the CDS Transaction under the Credit Derivatives Definitions, as determined by the Calculation Agent; and
- (c) where the Scheduled Termination Date has been postponed in accordance with paragraph 5.1(a) above, the date that is two Business Days following the final Business Day of the Suspension Period.

## 7 Account Details

### ***Payments to Party A***

The account with: Citibank, London (SWIFT: CITIGB2L)  
Account No: 10403229  
IBAN: GB40CIT1185008104032  
For the account of: Credit Suisse International, London (SWIFT: CSFPGB2L)

### ***Payments to Party B***

The account with: Deutsche Bank, Frankfurt (SWIFT: DEUTDEFF)  
Account No: 9221292 00  
For the account of: The Bank of New York Mellon, Brussels (SWIFT: IRVTBEBB)  
Attention of: Corporate Trust, Demeter Inv. Series 2014-1, ISIN XS1027954822

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Yours sincerely

**CREDIT SUISSE INTERNATIONAL**

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

Name:

Title:

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

Name:

Title:

Confirmed as of the date first written above.

**DEMETER INVESTMENTS B.V.**

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

Name:

Title:

## DESCRIPTION OF THE REFERENCE ENTITY

To the extent that the information contained in this section has been reproduced from information published by the Reference Entity, it has been accurately reproduced from such information. So far as the Issuer is aware and is able to ascertain from information published by the Reference Entity, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Reference Entity:	Caixa Geral de Depositos S.A. (" <b>Caixa</b> ")
Registered address:	Av. João XXI, 63 1000-300 Lisboa Portugal
Country of incorporation:	Portugal
Description of business/principal activities:	Caixa offers, amongst other things, banking, insurance, investment banking, brokerage, venture capital, property asset management and special credit services. Caixa also has equity investment in companies operating in non financial sectors of the Portuguese economy. Caixa has offices all around the world, including Europe, USA, South America and Africa.
Listing:	The Reference Entity has issued securities which are listed on various stock exchanges, including the regulated market of the NYSE EURONEXT-Lisbon

## **SUBSCRIPTION AND SALE**

Prospective purchasers of Notes should read the corresponding section of the Base Prospectus set out in pages 106 to 108 of the Base Prospectus.

## **SWITZERLAND**

PRIVATE PLACEMENT: The Notes may not be sold or offered or any offering materials relating thereto distributed to the public within the meaning of article 652a/ article 1156 of the Swiss Code of Obligations (“**CO**”). This Series Prospectus is personal to each offeree and may only be used by those persons to whom it has been handed out.

## GENERAL INFORMATION

- (1) The issue of the Notes was authorised pursuant to a resolution passed by the Board of Directors of the Issuer on 17 February 2014.
- (2) The Base Prospectus will be published on the website of the Central Bank of Ireland (<http://www.centralbank.ie/Pages/home.aspx>).
- (3) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under Common Code 102795482. The International Securities Identification Number for the Notes is XS1027954822.
- (4) The Issuer does not intend to provide post-issuance information regarding, where applicable, performance of the Original Collateral.
- (5) Any websites included in the Base Prospectus are for information purposes only and do not form part of the Base Prospectus.
- (6) The appointed Irish listing agent in respect of the Notes is Maples and Calder.
- (7) Websites referred to in this document do not form part of the Series Prospectus.
- (8) The Issuer is not involved in any governmental, legal or arbitration proceedings that may have, or have since its incorporation, a significant effect on its financial position or profitability nor is the Issuer aware that any such proceedings are pending or threatened.
- (9) There has been no material adverse change in the financial position or prospects of the Issuer since 9 July 2007, which was the date of its incorporation.
- (10) For the life of the Series Prospectus, the Memorandum and Articles of Association of the Issuer will be available for inspection at the registered office of the Issuer and at the Specified Office of the Issuing and Paying Agent in printed form.

**REGISTERED OFFICE OF THE ISSUER**

**DEMETER INVESTMENTS B.V.**

Prins Bernhardplein 200  
1097 JB Amsterdam  
The Netherlands

**TRUSTEE**

**The Bank of New York Mellon**

One Canada Square  
London E14 5AL

**ISSUING AND PAYING AGENT  
AND CUSTODIAN**

**The Bank of New York Mellon**

One Canada Square  
London E14 5AL

**SWAP COUNTERPARTY, CALCULATION AGENT  
AND DISPOSAL AGENT**

**Credit Suisse International**

One Cabot Square  
London E14 4QJ

**LEGAL ADVISERS**

*To the Arranger as to Dutch law*

**Linklaters LLP**

World Trade Centre Amsterdam  
Tower H, 22nd Floor  
Zuidplein 180  
1077 XV Amsterdam  
The Netherlands

*To the Arranger as to English law*

**Linklaters LLP**

One Silk Street  
London EC2Y 8HQ

**LISTING AGENT**

**Maples and Calder**

75 St Stephen's Green  
Dublin 2  
Ireland