

**PROSPECTUS dated 30 December 2014**

**ARGENTUM CAPITAL S.A.**

*(a public limited liability company (société anonyme) incorporated under the laws of Luxembourg, having its registered office at 51 Avenue J.-F. Kennedy, L-1855 Luxembourg and registered with the RCS under number B.182.715) (the “Company”)*

**acting in respect of Compartment GAP+ 2138 – 2139 February 2015**

**Issue of**

**Series 2014-78**

**Class A up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2021 (the “Class A Notes”)**

**Class B up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2021 (the “Class B Notes”)**

This Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under the Prospectus Directive 2003/71/EC (as amended by Directive 2010/73/EU) (the “**Prospectus Directive**”). The Central Bank only approves this 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 plc (the “**Irish Stock Exchange**”) for the Class A Notes and the Class B Notes (together, the “**Notes**”) to be admitted to the Official List of the Irish Stock Exchange (“**Official List**”) and trading on its regulated market. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. Application has also been made for the Notes to be admitted to trading and listed on the regulated market of the NASDAQ OMX Stockholm AB (the “**Stockholm Stock Exchange**”).

This document constitutes a Prospectus for the purposes of the Prospectus Directive.

This Prospectus is available on the Irish Stock Exchange's website ([www.ise.ie](http://www.ise.ie)).

The Company is subject to the Luxembourg act dated 22 March 2004 on securitisation, as amended (the “**Securitisation Act 2004**”). Under the Securitisation Act 2004, the Company, as a regulated entity within the meaning of the Securitisation Act 2004, is entitled to issue securities to the public on an ongoing basis.

The Company acting in respect of Compartment GAP+ 2138 – 2139 February 2015 (the “**Compartment**”) created by the board of directors of the Company (in such capacity, the “**Issuer**”) will issue the Notes relating to such Compartment. The Issuer's liabilities in respect of such Notes will be allocated to the Compartment and will be segregated from the Company's other assets and liabilities and from the assets and liabilities allocated to any other compartments created by the Company. The Mortgaged Property is in principle exclusively available to satisfy the rights of the holders of the Notes and the rights of the other creditors whose claims have arisen as a result of the creation, the operation or the liquidation of the Compartment, as contemplated by the articles of association of the Company (the “**Articles**”).

Claims of the Noteholders will be limited in recourse to the Mortgaged Property for the Notes which includes, among other things, the rights of the Issuer under (a) the Credit Default Swap Transactions and (b) the Equity Swap Transactions, in each case, comprised in the Swap Agreement, with the claims in respect of each Class of Notes ranking *pari passu* with one another (see “*Risk Factors - Contracting on a limited recourse basis*” and “*Risk Factors - Risks relating to the Notes - Limited recourse obligations*” on pages 20 and 25 of the Base Prospectus dated 22 December 2014, together with “*Risk Factors*”, “*Transaction Description*” and “*Questions and Answers*” of this Prospectus).

Noteholders, by subscribing for the Notes, expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and in particular, the provisions on limited recourse, no petition, subordination and priority of payments and deliveries.

The Class A Notes and the Class B Notes are credit-linked and equity-linked. Whilst all Notes are subject to the same credit-linked exposure, the Class A Notes are linked to the Equity Swap Transaction referencing the performance of Equity Basket 1, and the Class B Notes are linked to the Equity Swap Transaction referencing the performance of Equity Basket 2. Certain risks relating to the Notes and an explanation as to the nature of such credit-linkage and equity-linkage are set out below, in particular in the sections of this Prospectus entitled “*Risk Factors*”, “*Transaction Description*” and “*Questions and Answers*”.

Any person (an “**Investor**”) intending to acquire or acquiring any securities from any person (an “**Offeror**”) should be aware that, in the context of an offer of securities to the public as defined under the Prospectus Directive, the Issuer may be responsible to the Investor for this Prospectus only if the Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the Investor should check with the Offeror whether anyone is responsible for this Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each European Economic Area Member State in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Prospectus and/or who is responsible for its contents it should take legal advice.

Each Class of Notes will be issued in registered form and will be represented by a Global Certificate as specified in the Issue Terms of the Notes set out on page 94.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities laws of any state or other jurisdiction of the United States, and the Issuer is not and will not be registered under the United States Investment Company Act of 1940, as amended. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, any U.S. persons (as defined in Regulation S under the Securities Act) at any time.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This Prospectus contains references to credit ratings granted by Standard & Poor’s Credit Market Services Europe Limited (“**S&P**”), Fitch Ratings Limited (“**Fitch**”) and Moody’s Investors Service Ltd (“**Moody’s**”). Each of S&P, Fitch and Moody’s are established in the European Community and are registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. A rating is not a recommendation to buy, sell or hold a security and may be subject to revision or withdrawal at any time by the assigning rating agency. There can be no assurance that the assigning rating agency will continue to monitor its rating during the life of the Notes or that such rating may not be downgraded or withdrawn.

The language of this 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 applicable law.

Any websites referred to in this document do not form part of this Prospectus.

Prospective investors should be aware of the risks involved in investing in the Notes (see the section of this Prospectus entitled “*Risk Factors*”).

Dealer

**CREDIT SUISSE INTERNATIONAL**

The date of this Prospectus is 30 December 2014.

This Prospectus constitutes a Prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (as amended by Directive 2010/73/EU) (the “**Prospectus Directive**”).

This Prospectus has been prepared for the purpose of providing information with regard to the Issuer and the Notes. The Issuer (the “**Responsible Person**”) accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in the “Description of the Reference Entity” section of this Prospectus has been extracted from the offering circular of the Reference Entity (as defined below), save for the reference to the exchange(s) on which the Reference Entity has certain securities listed which has been extracted from the Bloomberg page for the Reference Entity. The Issuer confirms that this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition, the Issuer accepts responsibility, in each Member State for which it has given its consent referred to herein, for the content of this Prospectus in relation to any person (an “**Investor**”) to whom an offer of any Notes is made by any financial intermediary to whom it has given its consent to use this Prospectus (an “**Authorised Offeror**”), where the offer is made during the period for which that consent is given and where the offer is made in the Member State for which that consent was given and is in compliance with all other conditions attached to the giving of the consent, all as mentioned in this Prospectus. However, neither the Issuer nor the Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer.

The Issuer consents to the use of this Prospectus in connection with the offer of the Notes during the period commencing from, and including, 2 January 2015 to, and including, 12 February 2015 (the “**Offer Period**”) by each of the following financial intermediaries in the Member State(s), and subject to the conditions, set out against their names for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC):

| <u><b>Intermediary</b></u> | <u><b>Member State</b></u> | <u><b>Conditions</b></u> |
|----------------------------|----------------------------|--------------------------|
| Garantum Fondkommission AB | Kingdom of Sweden          | None                     |

The Issuer may give consent to additional financial intermediaries after the date of this Prospectus and, if it does so, it will publish the above information in relation to them at [www.argentumcapital.lu](http://www.argentumcapital.lu) at the relevant time during the Offer Period.

An offer of the Notes may be made, subject to the conditions set out above, during the Offer Period by any of the Issuer, the Dealer or any Authorised Offeror.

Other than as set out above, neither the Issuer nor the Dealer has authorised the making of any offer of the Notes by any person in any circumstances and such person is not permitted to use this Prospectus in connection with its offer of any Notes. Any such offers are not made on behalf of the Issuer or by the Dealer or any Authorised Offerors and none of the Issuer or the Dealer or any Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH**

**INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALER) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS PROSPECTUS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

Neither the Trustee nor the Dealer has or will have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is or will be made and no responsibility or liability is or will be accepted by the Trustee or the Dealer as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution.

No person is or has been authorised by the Issuer or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Dealer or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Dealer or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, each Reference Entity and each issuer of constituent share within the relevant Class Equity Basket. Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Dealer or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus, nor the offering, sale or delivery of Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealer and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the Dealer do not and will not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been or will be taken by the Issuer, the Trustee or the Dealer (save as specified in “*Subscription and Sale and Transfer Restrictions – Public Offer Selling Restriction under the Prospectus Directive*” below) which is intended to permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, Luxembourg, Ireland and the Kingdom of Sweden) and Switzerland (see the section

entitled “*Subscription and Sale*” on page 244 of the Base Prospectus and the section of this Prospectus entitled “*Subscription and Sale and Transfer Restrictions*” below).

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each a “**Relevant Member State**”) other than offers (the “**Permitted Public Offers**”) which are made on or prior to 12 February 2015 and which are contemplated in the Prospectus in the Kingdom of Sweden once the Prospectus has been approved by the Central Bank in Ireland and published and notified to the relevant competent authority in accordance with the Prospectus Directive as implemented in the Kingdom of Sweden will be made pursuant to an exemption under the Prospectus Directive as implemented in that Relevant Member State from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Prospectus other than the Permitted Public Offers may only do so in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive in each case, in relation to such offer. Neither the Issuer nor the Dealer have authorised nor do they authorise, the making of any offer (other than Permitted Public Offers) of Notes in circumstances in which an obligation arises for the Issuer or the Dealer to publish or supplement a prospectus for such offer.

*The Company has been established as a special purpose vehicle for the purpose of issuing asset backed securities having adopted the form of a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg. The Company’s activities are subject to the Securitisation Act 2004 and the Company is a regulated entity within the meaning of the Securitisation Act 2004. Copies of the Articles as at the date of this document have been lodged with the Luxembourg trade and companies register (Registre de commerce et des sociétés, Luxembourg) (“**RCS**”) and the Company is registered with the Luxembourg trade and companies register under number B.182.715.*

*The Articles are published in the Mémorial, Recueil des Sociétés et Associations (the “**Mémorial**”).*

*Under the Securitisation Act 2004, the Company, as a regulated entity within the meaning of the Securitisation Act 2004, is entitled to issue securities or its shares to the public on an ongoing basis.*

All references in this Prospectus to (i) “**euro**”, “**EUR**” and “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, (ii) “**SEK**” are to Swedish Krona being the lawful currency of the Kingdom of Sweden and (iii) “**United States Dollar**”, “**USD**” or “**\$**” are to United States Dollar being the lawful currency of the United States of America.

## TABLE OF CONTENTS

|   |            |
|---|------------|
| <b>SUMMARY .....</b>  | <b>7</b>   |
| <b>RISK FACTORS .....</b>   | <b>25</b>  |
| <b>TRANSACTION DESCRIPTION.....</b>   | <b>54</b>  |
| <b>QUESTIONS AND ANSWERS .....</b>  | <b>74</b>  |
| <b>DOCUMENTS INCORPORATED BY REFERENCE .....</b>  | <b>84</b>  |
| <b>ISSUE TERMS .....</b>  | <b>85</b>  |
| <b>SCHEDULE 1 TO THE ISSUE TERMS – ADDITIONAL DEFINITIONS.....</b>  | <b>103</b> |
| <b>SCHEDULE 2 TO THE ISSUE TERMS – AMENDMENTS TO MASTER CONDITIONS .....</b>  | <b>106</b> |
| <b>SCHEDULE 3 TO THE ISSUE TERMS – PROVISIONS RELATING TO EUROCLEAR SWEDEN.....</b>   | <b>110</b> |
| <b>DESCRIPTION OF THE COMPANY AND THE COMPARTMENT .....</b>   | <b>113</b> |
| <b>DESCRIPTION OF THE SWAP AGREEMENT.....</b>   | <b>115</b> |
| <b>DESCRIPTION OF THE CREDIT DEFAULT SWAPS AND THE CREDIT EVENT PROVISIONS<br/>RELATING TO THE CREDIT DEFAULT SWAP TRANSACTIONS AND THE NOTES .....</b> | <b>119</b> |
| <b>DESCRIPTION OF THE EQUITY SWAPS.....</b>   | <b>132</b> |
| <b>DESCRIPTION OF CREDIT SUISSE INTERNATIONAL .....</b>   | <b>139</b> |
| <b>DESCRIPTION OF THE REFERENCE ENTITY .....</b>  | <b>140</b> |
| <b>DESCRIPTION OF THE REFERENCE OBLIGATION.....</b>   | <b>141</b> |
| <b>LUXEMBOURG TAXATION .....</b>  | <b>142</b> |
| <b>SWEDISH TAXATION.....</b>  | <b>145</b> |
| <b>IRISH TAXATION .....</b>   | <b>146</b> |
| <b>SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS.....</b>   | <b>147</b> |

## SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for the Notes and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in this Summary because of the type of securities and issuers, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention of “Not Applicable”.

This Summary relates to the Class A up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2021 (the “**Class A Notes**”) and the Class B up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2021 (the “**Class B Notes**”, and together with the Class A Notes, the “**Notes**”).

*This Summary is qualified in its entirety by the remainder of this Prospectus.*

|   |   |                     |                   |
|---|---|---------------------|-------------------|
| <b>A.1 Introduction and Warnings</b>  | <b>This summary should be read as an introduction to this prospectus (the “Prospectus”). Any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</b> |                     |                   |
| <b>A.2 Consent to the use of the prospectus, the offer period and other conditions of use</b> | Argentum Capital S.A. (the “ <b>Company</b> ”), acting in respect of Compartment GAP+ 2138 – 2139 February 2015 (the “ <b>Issuer</b> ”) consents to the use of this Prospectus in connection with the offer of the Notes during the period commencing from, and including, 2 January 2015 to, and including, 12 February 2015 (the “ <b>Offer Period</b> ”) by each of the following financial intermediaries in the Member State(s), and subject to the conditions, set out against their names for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC):  |                     |                   |
|   |   |                     |                   |
|   | <b>Intermediary</b>   | <b>Member State</b> | <b>Conditions</b> |
|   | Garantum Fondkommission AB  | Kingdom of Sweden   | None              |

|  |   |
|--|---|
|  | <p>The Issuer may give consent to additional financial intermediaries after the date of this Prospectus and, if it does so, it will publish the above information in relation to them at <a href="http://www.argentumcapital.lu">www.argentumcapital.lu</a> at the relevant time during the Offer Period.</p> <p>An offer of the Notes may be made, subject to the conditions set out above, during the Offer Period by any of the Issuer, the Dealer or any Authorised Offeror.</p> <p>Other than as set out above, neither the Issuer nor the Dealer has authorised the making of any offer of the Notes by any person in any circumstances and such person is not permitted to use this Prospectus in connection with its offer of any Notes. Any such offers are not made on behalf of the Issuer or by the Dealer or any Authorised Offerors and none of the Issuer or the Dealer or any Authorised Offerors has any responsibility or liability for the actions of any person making such offers.</p> <p><b>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALER) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS PROSPECTUS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.</b></p> |
| <b>B.1 Legal and commercial name of the Issuer</b>   | Argentum Capital S.A., acting in respect of Compartment GAP+ 2138 – 2139 February 2015.   |
| <b>B.2 Domicile and legal form of the Issuer, legislation under which the Issuer operates and country of incorporation of Issuer</b> | The Company has been established as a special purpose vehicle for the purpose of issuing asset backed securities having adopted the form of a public limited liability company ( <i>société anonyme</i> ) incorporated under the laws of the Grand Duchy of Luxembourg.   |
| <b>B.16 Description of whether the Issuer is directly or indirectly owned or controlled and by whom and nature of such control</b>   | <p>The Company has 31,000 shares, all of which are fully paid and held by Stichting Argentum. Stichting Argentum is a foundation (stichting) incorporated under the laws of The Netherlands and is not owned or controlled by any person.</p> <p>Stichting Argentum has no beneficial interest in and derives no benefit from its holding of the issued shares. It will apply any income derived by it from the Company solely for charitable purposes.</p>   |



|  |  |
|--|--|
|  | <p>Stichting Argentum's Deed of Incorporation (which includes its articles of association) contains certain provisions ensuring Stichting Argentum does not abuse its position of control, including an express objects clause which stipulates that it exercises any and all rights attached to the shares of the Company in such a manner as to safeguard the interests of the Company and any and all persons concerned to the best of the foundation's ability, including in relation to any of the voting rights to the shares in the Company and to perform any and all acts that may be related, incidental or which may be conducive to safeguarding such interests.</p>   |
| <b>B.17 Issuer Ratings</b>   | Not applicable - neither the Issuer nor the Notes have been assigned a rating.   |
| <b>B.20 Statement as to whether the Issuer has been established for the purpose of issuing asset backed securities</b>                             | The Company has been established in Luxembourg as a special purpose vehicle for the purpose of issuing asset backed securities.  |
| <b>B.21 Company's principal business activities</b>  | <p>The Company's principal activities are to enter into, perform and serve as a vehicle issuing asset backed securities for, any securitisation transactions as permitted under the Securitisation Act 2004.</p> <p>Credit Suisse International is the Swap Counterparty under the Swap Agreement, whose performance will affect the performance of the Notes.</p> <p>Credit Suisse International is also the Disposal Agent, Calculation Agent, Valuation Agent, Dealer and Arranger; The Bank of New York Mellon, London Branch is the Issuing and Paying Agent; BNY Mellon Corporate Trustee Services Limited is the Trustee; The Bank of New York Mellon (Luxembourg) S.A. is the Custodian, Registrar and Transfer Agent; and Sanne Group (Luxembourg) S.A. is the Corporate Services Provider in respect of the Company (and together with Credit Suisse International, The Bank of New York Mellon, London Branch, BNY Mellon Corporate Trustee Services Limited and The Bank of New York Mellon (Luxembourg) S.A., each such entity is a "<b>Programme Party</b>").</p> <p>Each Programme Party's relationship with the Issuer is to act in its respective capacity described above.</p> <p>Skandinaviska Enskilda Banken AB (publ) is the <b>Swedish Agent</b>.</p> |
| <b>B.22 Statement that the Company has not commenced operations and no financial statements have been made up as at the date of the Prospectus</b> | Not applicable – the Issuer has commenced operations and has prepared financial statements.  |
| <b>B.23 Selected key historical financial information about the Company</b>  | Selected historical key financial information of the Issuer with respect to the year ended 31 December 2013 and the period from 1 January 2014 to 30 June 2014 (which has been extracted from the Issuer's audited financial statement and interim unaudited accounts which are both incorporated by reference into this Prospectus):  |

|   | As at<br>30 June 2014<br>(Unaudited)<br>€ | As at<br>31 December 2013<br>(Audited)<br>€ |
|---|---|---|
| <b>Fixed assets</b>   |   |   |
| Investments held<br>as fixed assets   | 465,818,990                               | -   |
| <b>Current assets</b>   |   |   |
| Other debtors<br>becoming due<br>and payable<br>within one year                     | 84,147                                    | 96,932                                      |
| Cash at banks and<br>in hand  | 30,848                                    | 30,913                                      |
| <b>TOTAL<br/>ASSETS</b>   | <b>465,933,985</b>                        | <b>127,845</b>                              |
| <b>Capital and<br/>reserves</b>   |   |   |
| Subscribed<br>capital   | 31,000                                    | 31,000                                      |
| Profit or loss<br>brought forward   | -   | -   |
| Result for the<br>financial period  | 2,935                                     | -   |
| <b>Provisions</b>   |   |   |
| Other provisions  | 922                                       | 9,200                                       |
| <b>Non<br/>subordinated<br/>debts</b>   |   |   |
| Non convertible<br>loans becoming<br>due and payable<br>after more than<br>one year | 465,818,990                               | -   |
| Trade creditors<br>becoming due<br>and payable after<br>more than one<br>year       | 79,603                                    | 87,110                                      |
| Tax debts   | 535                                       | 535   |

|  |  |
|--|--|
|  | <p><b>TOTAL</b></p> <p><b>LIABILITIES</b>                      <b>465,933,985</b>                      <b>127,845</b></p>  |
| <b>B.24 Description of any material adverse change since the date of the Company's last published audited financial statements</b> | There has been no material adverse change in the prospects of the Company since 31 December 2013, being the date of the Company's last audited financial statements.   |
| <b>B.25 Description of the underlying assets</b>   | <p>The assets securing the Notes comprise, among other things:</p> <p>(A) the rights of the Issuer under the equity swap transaction relating to the Class A Notes (the "<b>Class A Equity Swap Transaction</b>") referencing a basket of shares ("<b>Equity Basket 1</b>" and the "<b>Class Equity Basket</b>" in respect of the Class A Notes);</p> <p>(B) the rights of the Issuer under the equity swap transaction relating to the Class B Notes (the "<b>Class B Equity Swap Transaction</b>") referencing a basket of shares ("<b>Equity Basket 2</b>" and the "<b>Class Equity Basket</b>" in respect of the Class B Notes); and</p> <p>(C) the rights of the Issuer under the credit default swap transactions relating to each Class of Notes (the "<b>Credit Default Swap Transactions</b>").</p> <p>The Class A Equity Swap Transaction and the Class B Equity Swap Transaction (together, the "<b>Equity Swap Transactions</b>") and the Credit Default Swap Transactions are entered into with the Swap Counterparty pursuant to an ISDA Master Agreement and effective on the issue date of the Notes along with a credit support annex entered into by the same parties (the "<b>Credit Support Annex</b>") under such ISDA Master Agreement (such ISDA Master Agreement, together with Equity Swap Transactions, the Credit Default Swap Transactions and the Credit Support Annex, the "<b>Swap Agreement</b>").</p> <p>Under the Credit Support Annex, in respect of the Issuer's exposure to the Swap Counterparty under the Equity Swap Transactions and the Credit Default Swap Transactions, the Swap Counterparty will deliver to the Custodian certain securities meeting criteria set out in the Credit Support Annex (such securities, "<b>Eligible Securities</b>"). For so long as the Custodian (on behalf of the Issuer) is holding any Eligible Securities, they shall also comprise underlying assets for the Notes. However, the Issuer or the Trustee shall only be entitled to realise the value of such Eligible Securities in limited circumstances (being, in effect, where the Swap Counterparty is in default under the Swap Agreement or otherwise insolvent).</p> <p>Credit Suisse International, whose business is banking and financial services and which is incorporated in England and Wales, is the Swap Counterparty as at the Issue Date.</p> |
| <b>B.26 Parameters within which</b>  | Not applicable - neither the Issuer nor any third party will actively  |

|   |  |
|---|--|
| an actively managed pool of assets backing the issue is managed | manage a pool of assets backing the issue.   |
| <b>B.27 Statement regarding fungible issues</b>                 | The Issuer has agreed with each of the Dealer and the Distributor that it will not issue further Class A Notes or Class B Notes to be consolidated and form a single Class of Notes with such existing Class of Notes. However, the Company may from time to time issue new Notes on substantially similar terms as Series 2014-78.  |
| <b>B.28 Description of the structure of the transaction</b>     | <p>On 10 March 2015 (the “<b>Issue Date</b>”), the Dealer will in consideration for the Notes procure that the Swap Counterparty will enter into the Equity Swap Transactions and the Credit Default Swap Transactions with the Issuer. In respect of each Equity Swap Transaction, the Swap Counterparty will receive an amount equal to between 1% and 30% of the Issue Price of the relevant Class. In respect of each Credit Default Swap Transaction, the Swap Counterparty will receive an amount equal to between 70% and 99% of the Issue Price of the relevant Class.</p> <p><u>Principal</u></p> <p>The Issuer is expected to fund payments of principal on each Class of Notes out of (i) any final exchange amount receivable by the Issuer under the Credit Default Swap Transaction relating to such Class (being an amount equal to the then Outstanding Principal Amount of such Class <i>multiplied by</i> the Fee Calculation Factor (a variable percentage that corresponds to the redemption date of such Class which is 100% on the Issue Date and will be reduced to 94.08% on the scheduled maturity date (and further reduced thereafter)), (ii) any Credit Suisse Cash Settlement Amount (as described below) receivable by the Issuer under such Credit Default Swap Transaction, (iii) any additional exchange amount receivable by the Issuer under such Credit Default Swap Transaction (being an amount equal to the notional amount of the Reference Entity (the “<b>Reference Entity Notional Amount</b>”, as specified or determined in accordance with the terms of such Credit Default Swap Transaction) in respect of which the relevant portion of such Credit Default Swap remains unsettled as at the scheduled maturity date <i>multiplied by</i> the Fee Calculation Factor) and/or (iv) any Swap Counterparty Equity Final Exchange Amount (as described below) receivable by the Issuer under the Equity Swap Transaction relating to such Class. The scheduled maturity date of each Class of Notes is expected to be 5 April 2021, which in each case may be extended due to any postponement in the settlement of the Equity Swap Transaction relating to such Class.</p> <p>In respect of each Class of Notes, the aggregate of (i) the value associated with the effective annual reduction in the relevant notional amount under the Credit Default Swap Transaction and the Equity Swap Transaction relating to such through the application of the Fee Calculation Factor and (ii) the amount deducted in the calculation of any Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Equity Swap Transaction relating to such Class through the deduction of the Performance Fee, represent the commissions payable to Garantum</p> |

|  |  |
|--|--|
|  | <p>Fondkommission (the “<b>Distributor</b>”). The commissions are described in more detail in Element E.4 below.</p> <p>Notwithstanding the above, the Dealer and the Distributor have agreed that if any portion of the Notes is held by the Dealer and/or any of its affiliates, the amount required to be paid to the Distributor will be reduced by the proportion which such portion of Notes held by the Dealer and/or its affiliates bears to all of the outstanding Notes.</p> <p>The amounts receivable by the Issuer under each Credit Default Swap Transaction will be dependent on the performance of certain obligations of a specified entity (the “<b>Reference Entity</b>”, being The Bank of China Limited on the Issue Date). The Reference Entity is set out in the section of this Prospectus entitled “<i>Description of the Reference Entity</i>”. None of the Distributor, the Issuer, the Trustee, any Agent or the Swap Counterparty have any obligation to monitor whether any credit event has occurred or may occur in respect of the Reference Entity and/or any other developments in respect of the Reference Entity (either prior to the Issue Date or afterwards).</p> <p>If a credit event occurs under each Credit Default Swap Transaction in relation to the Reference Entity, subject to certain other requirements being met, in partial redemption of each Note the Swap Counterparty will be required to pay the Issuer a Credit Suisse Cash Settlement Amount, being equal to the product of (i) the Reference Entity Notional Amount of the Reference Entity (as adjusted), (ii) the applicable Fee Calculation Factor, (iii) a percentage determined under such Credit Default Swap Transaction which is intended to reflect the post-credit event value of certain debt obligations of the Reference Entity and (iv) a percentage reflecting the portion of the Issue Price paid to the Swap Counterparty under the Credit Default Swap Transaction relating to such Class on the Issue Date, as described at the start of this Element B.28.</p> <p>Any final exchange amount receivable by the Issuer under the Equity Swap Transaction relating to each Class of Notes will be dependent on the performance of a basket of shares. Any such amount will be equal to the final exchange amount payable by the Swap Counterparty to the Issuer on the settlement of such Equity Swap Transaction (the “<b>Swap Counterparty Equity Final Exchange Amount</b>”), which will be determined by the Calculation Agent by reference to a formula.</p> |
| <p><b>B.29 Description of the flow of funds and other material forms of credit enhancement and providers thereof</b></p> | <p>The Swap Counterparty is Credit Suisse International, a company incorporated in England and Wales, whose business is banking and financial services.</p> <p>In relation to each Class of Notes, the Dealer will procure that the Swap Counterparty enters into the Equity Swap Transaction and the Credit Default Swap Transaction relating to such Class on the Issue Date.</p> <p>In relation to each Class of Notes, the Swap Counterparty Equity</p>  |

|   |  |
|---|--|
|   | Final Exchange Amount (if any) receivable by the Issuer under the Equity Swap Transaction relating to such Class is applied, together with any payment receivable by the Issuer from the Swap Counterparty under the Credit Default Swap Transaction relating to such Class, to make payments on the Notes of such Class.  |
| <b>B.30 The name and description of the originators of the securitised assets</b> | Credit Suisse International, a company incorporated in England and Wales, whose business is banking and financial services.  |
| <b>C.1 Type and class of securities being offered</b>                             | <p>In respect of the Class A Notes:</p> <p>Up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2021</p> <p>ISIN: XS1150698618<br/>Common Code: 115069861</p> <p>In respect of the Class B Notes:</p> <p>Up to SEK 200,000,000 Secured Credit-Linked and Equity-Linked Notes due 2021</p> <p>ISIN: XS1150698535<br/>Common Code: 115069853</p>  |
| <b>C.2 Currency</b>   | The Notes will be denominated in Swedish Krona (“ <b>SEK</b> ”).   |
| <b>C.5 Description of restrictions on free transferability of the Notes</b>       | Not applicable - the Notes will be freely transferable.  |
| <b>C.8 Rights attaching to and ranking of Notes</b>                               | <p>The Notes will have rights relating to, among other matters:</p> <p><b>Status and Security</b></p> <p>The Notes of each Class will represent secured, limited recourse obligations of the Issuer, ranking <i>pari passu</i> amongst themselves. In addition, the Notes of each Class will rank <i>pari passu</i> with the Notes in respect of the other Class. Accordingly, following the enforcement of the Security (as described below), the claims of Noteholders of all Classes will be allocated to amounts received or recovered in respect of the Mortgaged Property (as described below) on a <i>pari passu</i> and <i>pro rata</i> basis, following the satisfaction of the higher-ranking claims of the other Secured Creditors in accordance with the priority of claims (as described below).</p> <p>The Issuer will grant to the Trustee to secure its obligations under the Notes and the Swap Agreement:</p> <p>(a) a first ranking pledge (“<i>gage de premier rang</i>”) over all of the Pledged Collateral (which is comprised of any Eligible Securities delivered to the Issuer by the Swap Counterparty from time to time and held by the Custodian (on behalf of the Issuer)) under Luxembourg law (the “<b>Luxembourg Pledge</b>”); and</p> |

|  |   |
|--|---|
|  | <p>(b) in addition, but subject, to the Luxembourg Pledge, the following security under English law:</p> <p>(i) an assignment by way of security of all the Issuer's rights, title and interest attaching or relating to the Collateral (which is comprised of any Eligible Securities delivered to the Issuer by the Swap Counterparty from time to time and held by the Custodian (on behalf of the Issuer)) and all property, sums or assets derived therefrom, including, without limitation, any right to delivery thereof or to an equivalent number or nominal value thereof which arises in connection with any such assets being held in a clearing system or through a financial intermediary;</p> <p>(ii) an assignment by way of security of the Issuer's rights, title and interest against the Custodian, to the extent that they relate to the Collateral (which is comprised of any Eligible Securities delivered to the Issuer by the Swap Counterparty from time to time and held by the Custodian (on behalf of the Issuer)) and/or the Notes;</p> <p>(iii) an assignment by way of security of the Issuer's rights, title and interest under the Agency Agreement, to the extent they relate to the Collateral (which is comprised of any Eligible Securities delivered to the Issuer by the Swap Counterparty from time to time and held by the Custodian (on behalf of the Issuer)) and/or the Notes;</p> <p>(iv) an assignment by way of security of the Issuer's rights, title and interest under the Swap Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in the Swap Agreement);</p> <p>(v) an assignment by way of security of the Issuer's rights, title and interest under the Agency Agreement, to the extent that they relate to any assets held by the Custodian in respect of the Notes;</p> <p>(vi) an assignment by way of security of the Issuer's rights against the Disposal Agent under the terms of the Agency Agreement (or any other agreement entered into between the Issuer and the Disposal Agent) to the extent that such rights relate to the Collateral (which is comprised of any Eligible Securities delivered to the Issuer by the Swap Counterparty from time to time and held by the Custodian (on behalf of the Issuer)) and/or the Notes;</p> <p>(vii) a first fixed charge over (A) all sums held by the Issuing and Paying Agent to meet payments due in respect of the Issuer's secured payment obligations and (B) any sums received by the Issuing and Paying Agent under the Swap Agreement; and</p> <p>(viii) a first fixed charge over all property, sums and assets held or received by the Disposal Agent relating to the Transaction Documents and the Collateral (which is</p> |
|--|---|

|  |   |
|--|---|
|  | <p>comprised of any Eligible Securities delivered to the Issuer by the Swap Counterparty from time to time and held by the Custodian (on behalf of the Issuer)),</p> <p>the foregoing being the “<b>Mortgaged Property</b>”.</p> <p>Investors should note that where any Collateral and/or any property, assets and sums derived therefrom are held by the Custodian in book-entry form, the security interests granted in respect of the same might, as a result of such book-entry holding, take the form only of a security interest over the Issuer’s rights against the Custodian in respect of such Collateral and/or property, sums and assets, as the case may be, rather than a charge over such Collateral and/or property, sums and assets derived therefrom themselves.</p> <p><b>Limited Recourse and Non-Petition</b></p> <p>All payments to be made by the Issuer under the Notes and the Swap Agreement will be made only from, and to the extent of, the sums received or recovered by or on behalf of the Issuer or the Trustee in respect of the Mortgaged Property in accordance with the order of priority outlined below. All deliveries and payments under the Notes and the Swap Agreement will only be made from and to the extent of the Mortgaged Property in accordance with such order of priority.</p> <p>If the net proceeds of the Notes and the net proceeds of the realisation of the Mortgaged Property are not sufficient to make all payments due in respect of the Notes and due to each other creditor relating to the Notes, no other assets of the Company will be available to meet such shortfall and the claims of the Noteholders and any other creditors relating to such Notes in respect of any such shortfall shall be extinguished.</p> <p>Any shortfall shall be borne by the Noteholders of both Classes (on a <i>pari passu</i> and <i>pro rata</i> basis) and such shortfall shall be so borne by the Noteholders, together with the Swap Counterparty (in respect of amounts owed to it) in the reverse of the order of priority outlined below.</p> <p>Furthermore, no party will be able to petition for the winding-up of the Company as a consequence of any such shortfall or launch proceedings against the Company.</p> <p><b>Priority of Claims</b></p> <p>Amounts received or recovered following any liquidation or enforcement of the security in respect of the Mortgaged Property shall be applied in the following order of priority: (i) amounts owing to the Swap Counterparty pursuant to the Credit Support Annex (which shall be equal to the lesser of (A) the Available Proceeds, (B) the value of the Swap Counterparty’s Credit Support Balance and (C) the value of the amounts owing to the Swap Counterparty under the Swap Agreement (which shall be deemed to be zero if no such amounts are owing), (ii) the Issuer’s share of the payment or satisfaction of all taxes owing by the Company, (iii) the</p> |
|--|---|



|  |  |
|--|--|
|  | <p>fees, costs, charges, expenses and liabilities due and payable to the Trustee including costs incurred in the enforcement of the Security (including any taxes to be paid, legal fees and remuneration), (iv) certain amounts owing to the Custodian, the Issuing and Paying Agent, Registrar, Transfer Agent and the other Agents in respect of reimbursement for sums paid by them in advance of receipt by them of the funds to make such payment and fees, costs, charges, expenses and liabilities, (v) fees of the Disposal Agent, (vi) any amounts owing to the Swap Counterparty under the Swap Agreement (not already satisfied in accordance with (i) above), (vii) the Issuer's share of fees of the Corporate Services Provider owing by the Company and (viii) amounts owing to the Noteholders on a <i>pari passu</i> and <i>pro rata</i> basis.</p> <p><b>Negative Pledge/Restrictions</b></p> <p>There is no negative pledge. However, so long as any Note remains outstanding, the Issuer will not, without the consent of the Trustee and the Swap Counterparty, engage in any business other than the issuance or entry into of bonds, notes or other securities or the entry into of loans or other agreements for the payment or repayment of borrowed money, subject to the provisions of the Securitisation Act 2004 and the articles of incorporation of the Company, and provided always that such obligations are secured on assets of the Issuer other than the Company's share capital and those assets securing any other obligations of the Issuer and that they are entered into on a limited recourse and non-petition basis. In addition, the Issuer will be subject to certain other restrictions including that it will not, without the consent of the Trustee and the Swap Counterparty, declare any dividends, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property, consolidate or merge with any other person, convey or transfer its properties or assets substantially as an entity to any person (other than as contemplated by the Conditions) or issue any further shares.</p> <p><b>Events of Default</b></p> <p>In respect of each Class of Notes, the conditions of the Notes (as amended for the purposes of the Notes) contain the following events of default (each an "<b>Event of Default</b>"): </p> <ul style="list-style-type: none"> <li>(i) default is made for more than 14 days in the payment of any Instalment Amount in respect of such Class of Notes or any of them, other than any Instalment Amount due and payable on the Maturity Date;</li> <li>(ii) the Issuer does not perform or comply with any one or more of its other obligations under such Class of Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee such default is capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been effectively given to the Issuer by the Trustee; or</li> <li>(iii) the occurrence of certain bankruptcy and insolvency</li> </ul> |
|--|--|

|   |   |
|---|---|
|   | <p>related events or proceedings.</p> <p><b>Meetings</b></p> <p>The conditions of the Notes will contain provisions for convening meetings of (i) Noteholders of a Class to consider the relevant matters solely affecting such Class and (ii) Noteholders of both Classes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p><b>Governing Law</b></p> <p>The Notes are governed by English law. Articles 86 to 97 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, are excluded and the Luxembourg Pledge shall be governed by Luxembourg law.</p> |
| <b>C.9 Interest and yield; name of representative of debt Noteholders</b>                     | <p><b>See C.8 above, plus:</b></p> <p><b>Interest</b></p> <p>None of the Notes bear interest.</p> <p><b>Redemption</b></p> <p>See Element B.28 for information regarding redemption.</p> <p><b>Noteholder Facilitator</b></p> <p>Garantum Fondkommission AB (or any successor entity thereto) is the Noteholder Facilitator. However, the Noteholder Facilitator has limited rights, limited to selecting replacement swap counterparties and agents upon the occurrence of a Replacement Event in respect of the Swap Agreement.</p> <p>Garantum Fondkommission AB also acts as Distributor.</p>   |
| <b>C.10 Explanation on how the interest amount is affected by the value of the underlying</b> | <p>Not applicable - the Notes do not bear interest.</p>   |
| <b>C.11 Listing and admission to trading of the Notes</b>                                     | <p><i>Listing and Admission to Trading</i></p> <p>Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange and to be admitted to the Official List of the Irish Stock Exchange on or about the Issue Date. Application has also been made for the Notes to be admitted to trading and listed on the regulated market of the NASDAQ OMX Stockholm AB.</p> <p><i>Distribution</i></p> <p>The Notes may be offered to the public in Sweden.</p>  |

|   |  |
|---|--|
| <b>C.12 Minimum Denomination</b>  | <p>The minimum denomination of each Class of Notes will be SEK 10,000.</p>   |
| <b>D.2 Key information on the key risks that are specific to the Issuer</b> | <p>There are certain factors that are material for the purpose of assessing the risks associated with the Issuer. In purchasing the Notes of a Class, investors assume the risks associated with such factors, which could materially adversely affect the Issuer and its ability to make payments due under each Class of Notes. These factors include the following:</p> <p><b>Securitisation Act 2004 and Compartments:</b> The Company is established as a société anonyme (public limited liability company) within the meaning of the Securitisation Act 2004, which means that claims against the Company by the Noteholders will be limited to the net proceeds of each Series of Notes and to the Collateral relating to such Series included in the relevant Compartment.</p> <p><b>The Issuer is a special purpose vehicle:</b> The Issuer has, and will have, no assets other than its issued and paid-up share capital, fees (as agreed) payable to it in connection with the issue of each Class of Notes or entry into other obligations from time to time and any Mortgaged Property and any other assets on which the Series of Notes or other obligations are secured.</p> <p><b>Contracting on limited recourse basis:</b> The rights of Noteholders to participate in the assets of the Issuer is limited to the net proceeds of each Class of Notes and to the Collateral relating to the Series of Notes.</p> <p><b>Allocation of Liabilities Among All Noteholders:</b> Any liability which is not a Series-specific liability (that is, it does not relate to any Compartment in respect of which any Series of Notes is issued), which is not otherwise funded, may be apportioned between the Series.</p> <p><b>Consequences of Winding-up Proceedings:</b> The Company is insolvency-remote, not insolvency-proof.</p> <p><b>Fees and Expenses:</b> Fees and expenses payable by the Issuer in respect of each Class of Notes (including fees payable to the Arranger and/or the Trustee) may rank senior to payments of principal of each Class of Notes.</p> <p><b>Possibility of U.S. withholding tax on payments:</b> The application of U.S. withholding tax to payments by the Issuer is not clear on the date of this Prospectus.</p> <p><b>Regulation of the Issuer by any regulatory authority:</b> The Issuer is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws or regulations of its jurisdiction of incorporation. However, any requirement to be licensed or authorised could have an adverse effect on the Issuer and on the Noteholders of each Class of Notes.</p> <p><b>Anti-money laundering:</b> The Issuer may be subject to anti-money</p> |

|  |   |
|--|---|
|  | laundrying legislation in its jurisdiction of incorporation.  |
| <b>D.3 Key information on the key risks that are specific to the debt securities</b> | <p>There are also certain factors which are material for the purpose of assessing the risks associated with each Class of Notes. These include the following:</p> <p><b>Limited recourse obligations:</b> Each Class of Notes are direct, secured, limited recourse obligations of the Issuer payable solely out of the Mortgaged Property over which security is given by the Issuer in favour of the Trustee on behalf of the Noteholders and other Secured Creditors.</p> <p><b>Security:</b> Each Class of Notes will have the benefit of English law-governed security interests (and, in certain circumstances, security interests governed by the laws of any other relevant jurisdiction) which are granted to the Trustee over the Collateral allocated to the Compartment.</p> <p><b>Meetings of Noteholders and modification:</b> The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally (or Noteholders of a Class to consider certain matters solely affecting such Class) and permit defined majorities or the Trustee to bind all Noteholders (or Noteholders of a Class).</p> <p><b>Trustee indemnity and remuneration:</b> The Trustee is not required to give notice to the Issuer of its determination that, in respect of a Class, an Event of Default has occurred or determine that an Enforcement Event has occurred or enforce the security unless directed by an Extraordinary Resolution passed by the Noteholders of the relevant Class.</p> <p><b>Priority of Claims:</b> Following a liquidation or on an enforcement of the security, the rights of the Noteholders to be paid amounts or delivered assets due under each Class of Notes will be subordinated.</p> <p><b>No gross-up:</b> The Noteholders of a Class will not be entitled to receive grossed-up amounts if any withholding tax or deduction for tax is imposed on payments in respect of such Class of Notes.</p> <p><b>Early Redemption:</b> The amount payable to Noteholders of a Class on an early redemption of such Class may be significantly lower than their initial investment and may even be zero as a result of an Early Redemption Event (for example following certain tax events in respect of the Issuer).</p> <p><b>Market Value of Notes:</b> The market value of each Class of Notes will be volatile.</p> <p><b>Offer Period:</b> The Issuer reserves the right to refrain from commencing the offer of the Notes prior to the commencement of the Offer Period or withdrawing the offer of each Class of Notes at any time during the Offer Period.</p> <p><b>Exposure to Credit Suisse International:</b> Credit Suisse International acts as the Swap Counterparty under the Swap</p> |

|  |   |
|--|---|
|  | <p>Agreement as well as Disposal Agent, Valuation Agent and Calculation Agent and, as such, Noteholders are exposed to the credit risk of Credit Suisse International in each of these capacities.</p> <p><b>Nature of the Notes:</b> Each Class of Notes are highly complex investments that involve a high level of risk. Prospective investors may lose their entire investment.</p> <p><b>Equity Linkage through the Equity Swap Transactions:</b> The return to an investor on the Scheduled Maturity Date will, in part, depend on the Equity Swap Transaction referencing the performance of the relevant Class Equity Basket and which may be affected by factors including:</p> <ul style="list-style-type: none"> <li>• the performance of the basket of shares referenced in the relevant Class Equity Basket; and</li> <li>• potential disruption events and/or adjustments in respect of the relevant Equity Swap Transaction.</li> </ul> <p><b>Credit Linkage through the Credit Default Swap Transactions:</b> Each Class of Notes is credit-linked as a result of the Credit Default Swap Transaction relating to such Class of Notes and may be affected by factors including:</p> <ul style="list-style-type: none"> <li>• credit risk in respect of the Reference Entity and the Reference Obligation;</li> <li>• variation of the Reference Entity as the result of the determination of one or more successor Reference Entities;</li> <li>• an extension of the Scheduled Maturity Date of each Class of Notes as a result of Unsettled Credit Events;</li> <li>• conflicts of interest relating to Credit Suisse; and</li> <li>• factors influencing the risk of a Credit Event and the extent of losses following the occurrence of a Credit Event.</li> </ul> <p><b>The Credit Support Annex:</b> There can be no assurance that any amount realised from the sale of the Eligible Securities delivered and held by the Issuer pursuant to the Credit Support Annex will be equal to the amount otherwise payable by the Swap Counterparty as a result of the termination of the Swap Agreement.</p> <p><b>Replacement of the Swap Counterparty:</b> It is possible that the identity of the Swap Counterparty will change, and accordingly, the credit exposure of the Issuer and Noteholders to the Swap Counterparty may also change.</p> <p><b>Payments of Commissions to the Distributor:</b> Commissions will be paid to the Distributor during the life of the Notes.</p> <p><b>Possibility of U.S. withholding tax on payments:</b> The application of U.S. withholding tax to payments by the Issuer is not clear on the date of this Prospectus, which has consequential impact on</p> |
|--|---|

|  |  |
|--|--|
|  | <p>liquidity, credit, increased regulation and nationalisation and systematic risk.</p> <p><b>Recent Global Events:</b> Since mid-2007, the global economy and financial markets have experienced extreme levels of instability.</p> <p><b>Foreign Exchange Risk:</b> Noteholders shall be exposed to foreign exchange risk of EUR and/or any other currency in respect of which Eligible Securities are denominated in against SEK.</p> <p><b>No disclosure of information; disclosure of confidential information:</b> Each Class of Notes does not create any obligation on the part of the Issuer or Credit Suisse International or any other person to disclose to any Noteholder any such relationship or information (whether or not confidential).</p>   |
| <b>E.2b Reasons for offer and use of proceeds when different from making profit and/or hedging certain risks</b> | <p>In consideration for the issue of the Notes by the Issuer, the Dealer will procure that the Swap Counterparty will enter into the Equity Swap Transactions and the Credit Default Swap Transactions with the Issuer.</p>  |
| <b>E.3 Terms and conditions of offer</b>   | <p><b>Offer Period</b></p> <p>Applications to subscribe for the Notes may be made during the Offer Period (from 2 January 2015 to 12 February 2015), subject to passporting of this Prospectus into Sweden.</p> <p><b>Early Closing of the Subscription of the Notes</b></p> <p>The Issuer reserves the right for any reason to close the Offer Period early.</p> <p>Any early closure of the Offer will be published on the Irish Stock Exchange's website (<a href="http://www.ise.ie">www.ise.ie</a>).</p> <p><b>Description of the application and settlement process</b></p> <p>A prospective investor should contact the Distributor (Garantum Fondkommission AB) during the Offer Period. A prospective investor will acquire the Notes in accordance with the arrangements existing between the Distributor and its customers relating to the subscription of securities generally and not directly with the Issuer or the Dealer.</p> <p>Persons interested in purchasing Notes should contact their financial adviser. If an investor in any jurisdiction other than Sweden wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted due to selling restrictions and thus that the application may be rejected by the Distributor; and (b) contact its financial adviser, bank or financial intermediary for more information.</p> <p>The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys by debit of a cash amount on or before the Issue Date or in accordance with other procedures specified by the Distributor. Allotted Notes will be delivered to a</p> |

|   |   |
|---|---|
|   | <p>securities account of each Noteholder as soon as practicable after the Issue Date.</p> <p><b>Offer Price</b></p> <p>In respect of each Class of Notes, the Issue Price in respect of such Class plus a subscription fee of up to 2% of such Issue Price. Such subscription fee shall be charged by and payable to the Distributor, and, for the avoidance of doubt, shall not be payable by the Issuer or the Swap Counterparty.</p> <p><b>Conditions to which the offer is subject and results of the offer</b></p> <p>Offers of the Notes are conditional on their issue. The Issuer will in its sole discretion determine the final amount of Notes issued up to a limit of (i) SEK 200,000,000 in respect of the Class A Notes and (ii) SEK 200,000,000 in respect of the Class B Notes. Notes will be allotted subject to availability in the order of receipt of investors' applications. The final Aggregate Nominal Amount of the Notes issued will be determined by the Issuer in light of prevailing market conditions, and in its sole and absolute discretion depending on the number of Notes which have been agreed to be purchased as of 12 February 2015. The precise Aggregate Nominal Amount of Notes to be issued will be published on the Irish Stock Exchange's website (<a href="http://www.ise.ie">www.ise.ie</a>) and filed with the Central Bank.</p>   |
| <p><b>E.4 Interest material to the offer including conflicts of interests</b></p> | <p>The Dealer is entitled to annual commissions which are payable by the Issuer. In order to satisfy the payment of these commissions, the notional amount of each of the Credit Default Swap Transaction and the Equity Swap Transaction in respect of each Class (and, therefore, amounts due from the Swap Counterparty under each swap transaction) is reduced by approximately 1% on an annual basis. These reductions have the effect of reducing the obligations of, and therefore releasing value to, the Swap Counterparty, which value the Swap Counterparty will account for to the Dealer in satisfaction of the Issuer's obligations to pay the commissions. These reductions are effected through the application of the Fee Calculation Factor (described in paragraphs (a) and (b) below). The Dealer is also entitled to a commission payable by the Issuer upon payment by the Swap Counterparty of an amount equal to the relevant Swap Counterparty Equity Final Exchange Amount under each Equity Swap Transaction and which is satisfied by a deduction of the Performance Fee in the calculation of such amount (as described in paragraph (c) below). The Performance Fee in respect a Class is equal to 10% of such amount by which the Swap Counterparty Equity Final Exchange Amount (prior to the deduction of such Performance Fee in its calculation) receivable by the Issuer under the Equity Swap Transaction relating to that Class exceeds 5.92% of the Aggregate Nominal Amount of such Class. The Swap Counterparty will account to the Dealer for an amount equal to any such Performance Fee in satisfaction of the Issuer's obligation to pay such additional commission.</p> <p>The commissions will comprise such amounts generated by (a) the application of the Fee Calculation Factor to the Class Notional Amount or Reference Entity Notional Amount in the calculation of</p> |

|   |   |
|---|---|
|   | <p>any amounts receivable by the Issuer under each Credit Default Swap Transaction, (b) the application of the Fee Calculation Factor to the Swap Notional Amount in the calculation of any Swap Counterparty Equity Final Exchange Amount receivable by the Issuer in respect of each Equity Swap Transaction and (c) the deduction of any Performance Fee in the calculation of any Swap Counterparty Equity Final Exchange Amount (prior to the relevant Additional Payout Amount being paid in respect of such Class) which will ultimately depend, in part, on the Equity Swap Transaction referencing the performance of the relevant Class Equity Basket.</p> <p>On each Annual Determination Date (being each of 6 April 2016, 6 April 2017, 6 April 2018, 6 April 2019, 5 April 2020 and 5 April 2021), in accordance with paragraphs (a) and (b) above, the application of the Fee Calculation Factor decreases the existing Class Notional Amount and/or Reference Entity Notional Amount of each Credit Default Swap Transaction and reduces any Additional Payout Amount that would be payable under each Class of Notes. The amounts generated by these reductions are accounted for to the Dealer in respect of commissions payable by the Issuer, together with the Performance Fee in (c) above, which is payable where the Swap Counterparty Equity Final Exchange Amount (prior to the deduction of such Performance Fee in its calculation) receivable by the Issuer under the Equity Swap Transaction relating to that Class exceeds 5.92% of the Aggregate Nominal Amount of the relevant Class and is equal to 10% of any amount payable which is in excess of 5.92% of such Aggregate Nominal Amount.</p> <p>The Dealer will use each such commissions payable by the Issuer to pay corresponding commissions to the Distributor. The commissions payable to the Distributor that correspond to amounts described in (a) above will be paid by the Dealer to the Distributor in respect of the issue of the Notes on the fifth Business Day following each Annual Determination Date (as described above). The commissions described in (b) and (c) above are payable on the scheduled maturity Date of the Notes or, if applicable, the relevant Early Redemption Date of the Notes.</p> <p>Notwithstanding the above, the Dealer and the Distributor have agreed that if any portion of the Notes is held by the Dealer and/or any of its affiliates, the amount required to be paid to the Distributor will be reduced by the proportion which such portion of Notes held by the Dealer and/or its affiliates bears to all of the outstanding Notes.</p> |
| <b>E.7 Estimated expenses charged to the investor</b> | Not applicable - there are no expenses charged to the investor by the Issuer or an offeror.   |



## **RISK FACTORS**

*The purchase of the Notes may involve substantial risks and is suitable only for sophisticated purchasers who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. The Issuer believes that the following factors may affect either its ability to fulfil its obligations under the Notes or the performance of the Notes. Some of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The Issuer believes that the factors described below, together with the risk factors set out in the Base Prospectus, represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay principal (including any Additional Payout Amount) or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.*

*Prospective investors should also read the Base Prospectus (including the section entitled “Risk Factors” on page 17 thereof) and the detailed information set out elsewhere in this Prospectus, including, without limitation:*

- (a) the section entitled “Transaction Description”;*
- (b) the section entitled “Questions and Answers”;*
- (c) the section entitled “Description of the Company and the Compartment”;*
- (d) the section entitled “Description of the Swap Agreement”;*
- (e) the section entitled “Description of the Credit Default Swaps and the Credit Event Provisions relating to the Credit Default Swap Transactions and the Notes”;*
- (f) the section entitled “Description of the Equity Swaps”;*
- (g) the section entitled “Description of the Reference Entity”; and*
- (h) the section entitled “Description of the Reference Obligation”;*

*and, in the light of their own financial circumstances and investment objectives, reach their own views prior to making any investment decision.*

*Prospective investors must note that the potential return on the Notes is not expected to be the same across the Classes for the reasons outlined in more detail below and in the other sections of this Prospectus.*

### **Offer Period**

The Issuer reserves the right to refrain from commencing the offer of the Notes prior to the commencement of the Offer Period or withdrawing the offer of the Notes at any time during the Offer Period. If the offer of such Notes is withdrawn, such offer will be null and void. In such case, any amounts paid by an investor to the Distributor in relation to the purchase of any Notes will be returned to such investor by the Distributor but, depending on the agreement(s) in place between the investor and the Distributor and/or the Distributor's distribution policies, interest may or may not accrue on such amounts. There may also be a time lag between the cancellation or withdrawal of the offer as applicable, and the return of any such amounts and, unless otherwise agreed with, and paid by, the Distributor, no amount will be payable to investors as compensation in respect thereof and investors may be subject to reinvestment risk.

In addition, the Issuer may close the offer of Notes early, whether or not subscriptions have reached the maximum size of the offer, by immediately suspending the acceptance of further subscription requests and

by giving notice thereof. In such circumstances, the early closing of the offer will have an impact on the aggregate amount of the Notes issued and therefore may have an effect on the liquidity of the Notes.

Furthermore, in certain circumstances, the Issuer may have the right to postpone the originally designated issue date of the Notes. In the event that the issue date is so delayed, no compensation or other amount in respect of interest shall accrue and be payable in relation to the Notes, unless otherwise agreed with the Distributor and/or specified in its distribution policies, and paid by the Distributor. Investors will have the right, within a prescribed time period, to withdraw their acceptance of the offer as a result of such postponement.

### **Exposure to Credit Suisse International**

Even though the Notes are not issued by Credit Suisse International, Credit Suisse International acts as the Swap Counterparty under the Swap Agreement as well as Disposal Agent, Valuation Agent and Calculation Agent. Exposure of Noteholders to Credit Suisse International in each of these capacities is described below and elsewhere in this Prospectus.

It is important that prospective investors are aware of the extent of the aggregate exposure to Credit Suisse International.

In the event of the insolvency of Credit Suisse International, the value of the Notes would drop significantly and an investor may lose some or, potentially, all of their investment in the Notes. In addition, in such circumstances, unless a replacement Swap Counterparty was appointed within 30 calendar days of any such occurrence, as described in more detail below (and in respect of which no assurance can be given), the Swap Agreement would terminate and the Notes would be subject to early redemption.

As Credit Suisse International is also the Disposal Agent, an insolvency of Credit Suisse International would be likely to cause a significant delay in the sale of any Eligible Securities delivered to the Issuer under the Credit Support Annex (which may only be so sold in connection with an early redemption of the Notes as a result of a termination of the Swap Agreement occurring as a result of the occurrence of an Event of Default in respect of the Swap Counterparty thereunder) and therefore also a significant delay in the redemption of the Notes. Such delays may potentially last for months or years and investors may never recover their investment in whole or at all.

More generally, Credit Suisse International may be subject to certain other conflicts of interest in connection with its roles under the Notes as described in more detail below.

### ***Risks relating to the business of Credit Suisse International as Swap Counterparty and other capacities in respect of the Notes***

Certain risks, including those described below, may impact the ability of Credit Suisse International to execute its strategy and affects its business activities, financial condition, results of operations and prospects. Because the business of a broad-based international financial services firm such as Credit Suisse International is inherently exposed to risks that become apparent only with the benefit of hindsight, risks of which it is not presently aware or which it currently does not consider material could also impact its ability to execute its strategy and affect its business activities. The sequence in the risk factors presented below is not indicative of their likelihood of occurrence or the potential magnitude of their financial consequences.

### ***Regulatory and legislative changes may adversely affect Credit Suisse International's business***

Fundamental changes in the laws and regulations affecting financial institutions could have a material and adverse effect on Credit Suisse International's business. In the wake of the 2007-2009 financial crisis and the continuing instability in global financial markets, regulators and legislators have proposed, have adopted or are actively considering, a wide range of changes to these laws and regulations. These measures are

generally designed to address the perceived causes of the crisis and to limit the systemic risks posed by major financial institutions.

A number of measures have been adopted and will be implemented over the next several years; some are subject to legislative action or to further rulemaking by regulatory authorities before final implementation. As a result, there is a high level of uncertainty regarding a number of the measures, including whether (or the form in which) they will be adopted, the timing and content of implementing regulations and interpretations and/or the dates of their effectiveness.

Notwithstanding attempts by regulators to co-ordinate their efforts, the measures adopted or proposed differ significantly across the major jurisdictions, making it increasingly difficult to manage a global institution. The absence of a co-ordinated approach, moreover, disadvantages institutions headquartered in jurisdictions that impose relatively more stringent standards. The United Kingdom has adopted capital and liquidity requirements for its major international banks that are some of the strictest among the major financial centres. This could disadvantage financial institutions incorporated in England and Wales such as Credit Suisse International when they compete with peer financial institutions subject to more lenient regulation or with unregulated non-bank competitors.

The planned and potential regulatory and legislative developments in the United Kingdom and in other jurisdictions in which Credit Suisse International has operations may have a material adverse effect on its business, on the profitability or viability of certain business lines globally or in particular locations, and in some cases on its ability to compete with other financial institutions. They are likely to be costly to implement and could also have a negative impact on Credit Suisse International's legal structure or business model. Finally, the uncertainty related to or the implementation of legislative and regulatory changes may have a negative impact on Credit Suisse International's relationships with clients and its success in attracting client business.

*Performance in the financial services industry is affected by market conditions and the macro-economic climate*

The financial services industry prospers in conditions of economic growth; stable geopolitical conditions; transparent, liquid and buoyant capital markets and positive investor sentiment. An economic downturn, continued low interest rates or a severe financial crisis can negatively affect Credit Suisse International's revenues and ultimately its capital base.

A market downturn and weak macro-economic conditions can be precipitated by a number of factors, including geopolitical events, changes in monetary or fiscal policy, trade imbalances, natural disasters, pandemics, civil unrest, war or terrorism. Because financial markets are global and highly interconnected, even local and regional events can have widespread impacts well beyond the countries in which they occur. A crisis could develop, regionally or globally, as a result of disruptions in emerging markets as well as developed markets that are susceptible to macro-economic and political developments, or as a result of the failure of a major market participant. Credit Suisse International has material exposures to a number of these markets. Moreover, its strategic plans depend more heavily upon its ability to generate growth and revenue in the emerging markets, causing it to be more exposed to risks associated with them. The unresolved Eurozone and US fiscal issues demonstrate that macro-economic and political developments can have unpredictable and destabilising effects. Adverse developments of these kinds have affected Credit Suisse's businesses in a number of ways and may continue to have further adverse effects on its businesses.

Because Credit Suisse International has very substantial exposures to other major financial institutions, the failure of one or more of such institutions could have a material effect on it.

*Operational risk may increase costs and impact revenues of Credit Suisse International*

All of Credit Suisse International's businesses are dependent on its ability to process a large number of complex transactions across multiple and diverse markets in different currencies, to comply with the

requirements of many different legal and regulatory regimes to which it is subject and to prevent, or promptly detect and stop, unauthorised, fictitious and fraudulent transactions. Credit Suisse International's operational risk management and control systems and processes are designed to help ensure that the risks associated with its activities, including those arising from process error, failed execution, fraud, systems failure, cyber-attacks, breaches of information security and failure of security and physical protection, are appropriately controlled. Although Credit Suisse International is continuously adapting its capability to detect and respond to these risks, if Credit Suisse International's internal controls fail or prove ineffective in identifying and remedying such risks, it could suffer operational failures that might result in material losses. In addition, despite the contingency plans Credit Suisse International has in place, its ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its businesses and the communities in which it is located. This may include a disruption due to natural disasters, pandemics, civil unrest, war or terrorism and involve electrical, communications, transportation or other services used by it or third parties with whom it conducts business.

*Credit Suisse International might be unable to identify or capture revenue or competitive opportunities, or retain and attract qualified employees*

The financial services industry is characterised by intense competition, continuous innovation, detailed (and sometimes fragmented) regulation and ongoing consolidation. Credit Suisse International faces competition at the level of local markets and individual business lines, and from global financial institutions that are comparable to Credit Suisse International in their size and breadth. Barriers to entry in individual markets and pricing levels are being eroded by new technology. Credit Suisse International expects these trends to continue and competition to increase.

Credit Suisse International's competitive strength and market position could be eroded if it is unable to identify market trends and developments, does not respond to them by devising and implementing adequate business strategies, adequately developing or updating its technology (particularly in trading businesses), or is unable to attract or retain the qualified people needed to carry them out.

*Material legal and regulatory risks arise in the conduct of Credit Suisse International's business*

The nature of Credit Suisse International's business subjects it to significant regulatory oversight and liability risk. Credit Suisse International is subject to many different legal, tax and regulatory regimes. Credit Suisse International is involved in a variety of claims, disputes, legal proceedings and government investigations in jurisdictions where it is active. These proceedings expose it to substantial monetary damages and legal defence costs, injunctive relief and criminal and civil penalties, in addition to potential regulatory restrictions on its businesses. The outcome of most of these matters, and their potential effect on Credit Suisse International's future business or financial results, is extremely difficult to predict. Considering Credit Suisse International's overall exposures and the current regulatory and political climate affecting financial institutions, it expects charges associated with legal, regulatory and similar matters to remain at elevated levels at least through 2014.

A further summary of economic, regulatory and other issues relevant to Credit Suisse International, as well as to other entities is included under "*Recent Global Events*" below.

A description of Credit Suisse International is set out under the section of this Prospectus entitled "*Description of Credit Suisse International*". Prospective investors should note that this replaces the description of Credit Suisse International set out under the section of the Base Prospectus entitled "*Description of the Swap Counterparty*"; which is not incorporated into this Prospectus.

## **Nature of the Notes**

None of the Issuer, the Trustee, the Agents or Credit Suisse International or any of its affiliates makes any representation as to the performance of any Class of Notes either in absolute terms or relative to other investments. Prospective investors must note that they may lose their entire investment in the Notes and must

only invest in the Notes if they fully understand the nature and risks of the Notes and also are prepared to risk such loss. Furthermore, prospective investors must note that the performance and value of one Class of Notes may vary compared to the performance and value of the other Class of Notes. The payouts relating to each Class of Notes are set out in more detail in the section of this Prospectus entitled “*Transaction Description*”.

The Notes are highly complex investments and involve a high level of risk. The performance of, and return under, each Class of Notes will depend on a variety of different factors (in addition to those set out in the risk factors set out in the Base Prospectus) specific to the Notes including, but not limited to:

- (a) the performance and financial condition of the Reference Entity referenced in the Credit Default Swap Transaction relating to such Class of Notes (such Reference Entity being identical across all Credit Default Swap Transactions), the Reference Obligation relating thereto and any other Obligations of such Reference Entity, as described below and in the section entitled “*Transaction Description*”, the exposure to which extends, for the purposes of these Notes, back to 19 December 2014, as described in more detail below;
- (b) the performance of the Class Equity Basket, in particular (a) Equity Basket 1 (and the shares referenced therein) referenced by the Equity Swap Transaction in respect of the Class A Notes and (b) Equity Basket 2 (and the shares referenced therein) referenced by the Equity Swap Transaction in respect of the Class B Notes;
- (c) the applicable Fee Calculation Factor (which is a percentage rate ranging from 100% to 94.08% (or lower following the Scheduled Maturity Date)) that will be applied in the calculation of any amounts receivable by the Issuer under the Credit Default Swap Transaction and the Equity Swap Transaction relating to such Class and the deduction of any Performance Fee in the calculation of any Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Equity Swap Transaction relating to such Class (which will, in part, be determined by the performance of the Class Equity Basket referenced by such Equity Swap Transaction);
- (d) the performance and financial condition of Credit Suisse International, in its various capacities in respect of the Notes including, without limitation, as (i) Swap Counterparty in respect of the Swap Agreement, (ii) Calculation Agent responsible for making calculations and determinations under the Notes and the Swap Agreement, (iii) Disposal Agent responsible for liquidating any Eligible Securities delivered to the Issuer under the Credit Support Annex and (iv) Valuation Agent responsible for making certain determinations under the Credit Support Annex relating to the Swap Agreement (subject, in respect of its functions as Swap Counterparty, Calculation Agent, Disposal Agent and Valuation Agent to its potential replacement as a result of a Swap Counterparty Default under the Swap Agreement or a Moody’s Ba1/P-3 Downgrade as described in more detail below);
- (e) the performance and value of any Eligible Securities delivered to the Issuer under the Credit Support Annex in connection with the Issuer’s exposure to the Swap Counterparty under the Swap Agreement, together with the performance and financial condition of any obligor in respect of such Eligible Securities;
- (f) the performance and financial condition of any replacement Swap Counterparty, Calculation Agent, Disposal Agent and/or Valuation Agent, from time to time, in the event that Credit Suisse International (or any replacement thereof) is ever replaced in any of such capacities as a result of a Swap Counterparty Default under the Swap Agreement or a Moody’s Ba1/P-3 Downgrade, as described in more detail below; and
- (g) any determinations made, or not made, by any Credit Derivatives Determinations Committee (a “**CDDC**”) which relate to the Reference Entity, Reference Obligation and/or other Obligations referenced in the Credit Default Swap Transaction relating to such Class of Notes (which

determinations made or not made will be identical across all Credit Default Swap Transactions), as described in more detail below.

The occurrence of certain events or other developments occurring in respect of one, some or all of the above may have an effect on the liquidity of the Notes and may have a material adverse effect on the value of the Notes of any Class or both Classes and the value of such Notes may fall to zero. Furthermore, the occurrence of any such events or developments may also reduce the amount payable under the Notes, potentially to zero.

The Issuer's ability to meet its obligations under the Notes will also be dependent on the Issuing and Paying Agent, Registrar, Transfer Agent and the Custodian performing their respective obligations under the Transaction Documents, including the making of relevant payments when received.

Accordingly, Noteholders are exposed, among other things, to the creditworthiness of (a) Credit Suisse International as Swap Counterparty, Disposal Agent, Valuation Agent and Calculation Agent, (b) the Reference Entity, (c) the Issuing and Paying Agent and (d) the Custodian.

More detail in respect of certain risks relating to the factors outlined above, along with other risks associated with the Notes are set out below, and elsewhere in this Prospectus and in the risk factors outlined in the Base Prospectus. Accordingly, prospective investors who consider purchasing the Notes should reach an investment decision only after carefully considering the suitability of the Notes in light of their particular circumstances. Investment in the Notes may only be suitable for investors who:

- (a) have substantial knowledge and experience in financial, business matters and expertise in assessing credit risk which enable them to evaluate the merits and risks of an investment in the Notes and the rights attaching to the Notes;
- (b) are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time;
- (c) are acquiring the Notes for their own account (as principal and not as agent) for investment, not with a view to resale, distribution or other disposition of the Notes (subject to any applicable law requiring that the disposition of the investor's property be within its control);
- (d) recognise that it may not be possible to make any transfer of the Notes for a substantial period of time, if at all; and
- (e) are prepared to risk a loss of their entire investment in the Notes as a result of events that occur in respect of the Reference Entity that is referenced in the Credit Default Swap Transactions (along with the Reference Obligation and other Obligations relating thereto) not just from the Issue Date but from 19 December 2014.

#### **Payments of Additional Payout Amounts and postponement of scheduled maturity of the Notes**

The Additional Payout Amount (if any) relating to each Class of Notes will be an amount equal to the Swap Counterparty Equity Final Exchange Amount (if any) receivable by the Issuer under the Equity Swap Transaction relating to such Class which takes into account the application of the applicable Fee Calculation Factor (which is a percentage rate ranging from 100% to 94.08% (or lower following the Scheduled Maturity Date)) and the deduction of any Performance Fee relating to such Class (as more fully described in "*Payments of Commissions to the Distributor - Notes*" below) depending, in part, on the performance of the Class Equity Basket referenced by such Equity Swap Transaction.

Accordingly, the return to an investor on the Scheduled Maturity Date in such circumstances will, in part, depend on the performance of Equity Basket 1 (if such investment was in the Class A Notes) or Equity Basket 2 (if such investment was in the Class B Notes), the application of the Fee Calculation Factor in

respect of the relevant Class of Notes and the deduction of the Performance Fee (if any) in respect of the relevant Class of Notes. In the event that:

- (a) due to the terms of the Equity Swap Transaction relating to the Class A Notes, no Swap Counterparty Equity Final Exchange Amount is payable to the Issuer thereunder, no Additional Payout Amount will be payable in respect of any Class A Notes; or
- (b) due to the terms of the Equity Swap Transaction relating to the Class B Notes, no Swap Counterparty Equity Final Exchange Amount is payable to the Issuer thereunder, no Additional Payout Amount will be payable in respect of any Class B Notes.

The performance of Equity Basket 1 and Equity Basket 2 is expected to be different, and by extension, this can also affect any Performance Fee payable in respect of each Class of Notes (which will, in part, depend on the performance of the relevant Class Equity Basket). Accordingly, investors should note that different Additional Payout Amounts (which are calculated to reflect the deduction of the Performance Fees (if any)) may be payable in respect of different Classes of Notes and it may be the case that (i) an Additional Payout Amount may be payable in respect of the Class A Notes but not in respect of the Class B Notes, or (ii) an Additional Payout Amount may be payable in respect of the Class B Notes but not in respect of the Class A Notes.

Therefore holders of a particular Class of Notes may receive less than holders of the other Class of Notes as a result of the performance of the Class Equity Basket.

Please see, in particular, the section below in these risk factors entitled “*Certain risks relating to the baskets of shares referenced in Equity Basket 1 and Equity Basket 2*”.

### **Equity Swap Transactions**

**Investors must note that, although the Issue Price of the Notes is 100% of the Outstanding Principal Amount of the Notes (as the same may be reduced as a result of Credit Events being determined under the Credit Default Swap Transactions relating to each Class), on the Scheduled Maturity Date of the Notes, the amount due by the Swap Counterparty under each relevant Credit Default Swap Transaction is 94.08% (being the Fee Calculation Factor as at the Scheduled Maturity Date) of the then Outstanding Principal Amount of the Notes. Investors will therefore be dependent, in part, on the performance of the relevant Class Equity Basket referenced by the Equity Swap Transaction relating to such Class of Notes for any further return on their Notes and to recover an amount at least equal to their investment in the Notes. Investors should be aware that such further returns under the relevant Class of Notes are still subject to any reduction through application of the Fee Calculation Factor for the relevant Class of Notes and deduction of the Performance Fee (if any) in respect of the relevant Class of Notes (which will, in part, be dependent on the performance of the Class Equity Basket relating to such Class).**

A number of market, economic, legal and regulatory and other factors may affect the performance of the shares referenced in the Equity Swap Transaction relating to the relevant Class of Notes. Such factors may include, without limitation, interest rates, currency exchange rates, geographically and industrially specific economic factors linked to the geographical areas and industrial sectors of the companies to which such shares relate, sovereign credit risk and the stability of the financial system among others. Investors must not invest in any of the Notes unless they are able to fully understand the terms of the Equity Swap Transactions and assess the risks associated with the Equity Swap Transactions and understand that the performance of each Equity Swap Transaction and each related Class of Notes is dependent on the performance of the Class Equity Basket referenced by the Equity Swap Transaction relating to such Class of Notes. Investors may request electronic copies of the confirmation of the Equity Swap Transactions free of charge from the Issuer and the Issuing and Paying Agent.

Credit Suisse International acts in a number of capacities in respect of, and related to, the Notes, including, as Swap Counterparty in respect of the Equity Swap Transactions. Accordingly, investors are also exposed to the credit risk of Credit Suisse International as Swap Counterparty. If Credit Suisse International were to default under its obligations under an Equity Swap Transaction as a result of insolvency, bankruptcy or for any other reason, then the value of the related Class of Notes would be significantly affected and may even fall to zero. It is also highly likely in such circumstances that an Early Redemption Event would occur in respect of the Notes. More detail regarding the exposure to Credit Suisse International in respect of the Notes is set out above and below including, without limitation, under “*Risks relating to the business of Credit Suisse International as Swap Counterparty and other capacities in respect of the Notes*” and “*Recent Global Events*”.

***Certain risks relating to the baskets of shares referenced in Equity Basket 1 and Equity Basket 2***

The shares referenced in Equity Basket 1 relate to eight companies which operate in a wide variety of business areas including, among others, power and automation, pharmaceuticals, banking and finance, telecommunications, construction, manufacturing and retail. Each of these companies has significant operations in Europe but also has significant international operations.

The shares referenced in Equity Basket 2 relate to ten companies which operate in a wide variety of business areas including telecommunications, oil and gas, energy, beverages, pharmaceuticals and healthcare, chemicals and insurance. Each of these companies has significant operations in Europe but also has significant international operations.

Accordingly, the performance of each of the companies whose shares are referenced in the Class Equity Basket may be significantly affected by market developments in each of the business areas in which it operates as well as economic, political and natural developments, changes and disasters that occur in respect of the regions in which it operates. Furthermore, in connection with businesses generally, the performance of each such company is likely to be affected by macro-economic issues affecting business on a continental and global basis. Other matters, such as litigation, regulatory changes, competition, management and other issues may also have a significant effect on the performance of any company, and its shares, referenced in the Class Equity Basket.

The Swap Counterparty Equity Final Exchange Amount receivable by the Issuer in respect of each Equity Swap Transaction relating to a Class of Notes (which determines the Additional Payout Amount, if any, payable in respect of such Class of Notes) is determined pursuant to a formula set out in the terms of the applicable Equity Swap Transaction (as described in more detail in the sections of this Prospectus entitled “*Transaction Description*” and “*Description of the Equity Swaps*”). Pursuant to this formula, such Swap Counterparty Equity Final Exchange Amount in respect of each Equity Swap Transaction is significantly dependent on the aggregate average share price (determined by reference to the relevant formula) in the applicable Class Equity Basket on the monthly Averaging Dates falling during the duration of such Equity Swap Transaction being higher than the aggregate share price (determined by reference to the relevant formula) as at the Initial Setting Date as described below. Accordingly, the worse one or more shares perform on one or more Averaging Dates in respect of the relevant Class Equity Basket the lower the Swap Counterparty Equity Final Exchange Amount in respect of such Class Equity Basket (which may have the effect of reducing the Additional Payout Amount in respect of the related Class of Notes) will be and may even cause such Swap Counterparty Equity Final Exchange Amount (and related Additional Payout Amount) to be zero.

It is important to note that the average share price of each share comprised in the relevant Class Equity Basket is determined by reference to the share prices on a monthly basis on each Averaging Date. Accordingly, it is the price of such share on such Averaging Dates that is relevant and not the price of such share at any other time for the purposes of the formula applied in determining the Swap Counterparty Equity Final Exchange Amount due under the Equity Swap Transactions. Accordingly, while the price of one or more shares comprised in a particular Class Equity Basket may, on average, increase during the duration of



the relevant Equity Swap Transaction, this may not be reflected in the Swap Counterparty Equity Final Exchange Amount (if any) payable to the Issuer.

#### ***Disruption Events in respect of the Equity Swap Transactions***

Credit Suisse International as Calculation Agent in respect of the Equity Swap Transaction relating to each Class of Notes may determine that a Market Disruption Event (as defined in the 2002 Equity Derivatives Definitions published by ISDA (the “**Equity Derivatives Definitions**”) incorporated by reference in the confirmation of the relevant Equity Swap Transaction) has occurred in respect of the relevant Class Equity Basket on a relevant Averaging Date or Initial Setting Date. Market Disruption Events include events relating to the early closure of the relevant stock exchange, suspension or limitation of trading of any relevant share referenced or tracked in such Class Equity Basket or, any event that disrupts or impairs the ability of market participants to effect transactions in or obtain market values for any relevant share referenced or tracked in such Class Equity Basket. Any such determination by Credit Suisse International as Calculation Agent in respect of an Equity Swap Transaction that a Market Disruption Event has occurred, may have an adverse effect on the value of the relevant Equity Swap Transaction and may significantly delay the settlement date of such Equity Swap Transaction and, accordingly, the final payment under the relevant Equity Swap Transaction and the Maturity Date of the relevant Class of Notes.

#### ***Additional Disruption Events in respect of the Equity Swap Transactions***

If Credit Suisse International as Calculation Agent under the Swap Agreement determines that, in respect of any Equity Swap Transaction, a Change in Law, Insolvency Filing, Hedging Disruption or Increased Cost of Hedging (each as defined in the Equity Derivatives Definitions) has occurred (each such event, being an “**Additional Disruption Event**” in respect of the relevant Equity Swap Transaction), it will determine (i) that such adjustments be made to the terms of the relevant Equity Swap Transaction to take account of such Additional Disruption Event or (ii) that no adjustments to the terms of the relevant Equity Swap Transaction would achieve a commercially reasonable result and as such it may deem that the Equity Swap Transaction affected by such Additional Disruption Event would be terminated. The termination of such Equity Swap Transaction will trigger the termination of the corresponding Credit Default Swap Transaction and an early redemption of the Class of Notes to which it relates.

Accordingly, the occurrence of any Additional Disruption Event may have an adverse effect on the value of the Equity Swap Transaction and the related Class of Notes. Furthermore, as a result of such adjustment in respect of the relevant Equity Swap Transaction as a result of such Additional Disruption Event, the Additional Payout Amount, if any, payable on redemption of the relevant Class of Notes may be significantly lower than if such Additional Disruption Event had not occurred and may even be zero. Such Additional Disruption Event could also delay the settlement date of the relevant Equity Swap Transaction and, accordingly, the final payment under the relevant Equity Swap Transaction and the Maturity Date of the Notes.

#### ***Further Adjustments in respect of the Equity Swap Transactions***

Pursuant to the terms of the Equity Swap Transactions, Extraordinary Events in respect of the shares referenced in the Class Equity Basket (including merger events, tender offers, de-listing events, nationalisation and insolvency), as well as certain Potential Adjustment Events, may occur. If Credit Suisse International, as Calculation Agent in respect of the Equity Swap Transactions referencing such Class Equity Basket determines that any such event has occurred, the relevant Equity Swap Transaction may be terminated, or it may make such adjustments to the terms of the relevant Equity Swap Transaction, including in connection with the shares referenced therein and any calculations or determinations made, or to be made, in connection with amounts payable in respect of such Equity Swap Transaction to account for such event.

In respect of Extraordinary Events, if Credit Suisse International as Calculation Agent in respect of the Equity Swap Transactions referencing such relevant Class Equity Basket determines that no adjustments to the terms of the relevant Equity Swap Transactions would achieve a commercially reasonable result, then it

may deem that the Equity Swap Transactions affected would be terminated. The termination of such Equity Swap Transaction will trigger the termination of the corresponding Credit Default Swap Transaction and an early redemption of the Class of Notes to which it relates.

Accordingly, any such events may have a significant, negative effect on the value of the Equity Swap Transaction and may reduce any Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Equity Swap Transaction and the Additional Payout Amount payable on the relevant Class of Notes.

### **The Credit Default Swap Transactions**

Each Class of Notes is credit-linked as a result of the Credit Default Swap Transaction relating to such Class of Notes. The terms of the Credit Default Swap Transactions relating to each Class shall be identical save for (a) the Class Notional Amount which, in respect of each Credit Default Swap Transaction, shall be equal to the Outstanding Principal Amount of such Class and (b) the Class Redemption Factor.

Prospective investors should note that the Credit Default Swap Transactions are complex and bespoke transactions. An investment in the Notes is only suitable for investors who are familiar with credit derivatives. Investors must not invest in any of the Notes unless they are able to fully understand the terms of the Credit Default Swap Transactions and assess the risks associated with the Credit Default Swap Transactions. Investors may request electronic copies of the confirmation of the Credit Default Swap Transactions free of charge from the Issuer and the Issuing and Paying Agent.

In particular, although the confirmation in respect of the Credit Default Swap Transactions incorporates by reference the 2014 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”), the Credit Default Swap Transactions are bespoke transactions which may differ in significant respects from other credit derivative transactions.

Prospective investors should note that, irrespective as to the occurrence of a Credit Event in respect of the Reference Entity, as described below and elsewhere in this Prospectus, if the Swap Agreement terminates early in connection with, or which results in, an Early Redemption Event, the amount payable to the Noteholders will principally depend on the amount payable, if any, by the Swap Counterparty to the Issuer as a result of the termination of the Swap Agreement. This, in turn, will depend on the value of the Equity Swap Transactions and the Credit Default Swap Transactions at such time, as determined in the manner set out in the Swap Agreement. While it is anticipated that the value of the Equity Swap Transactions and the Credit Default Swap Transactions will be in favour of the Issuer, there can be no assurance what such value may be. Such value may be affected by a wide variety of factors, including, without limitation, the market value of the Equity Swap Transaction relating to the relevant Class, the level of credit spreads on the Reference Entity referenced in the Credit Default Swap Transactions, the specific terms of the Equity Swap Transactions and the Credit Default Swap Transactions and the willingness and/or ability of participants in the credit derivatives market to provide quotations for entering into transactions such as the Credit Default Swap Transactions, as well as broader economic, political and other factors. Accordingly, upon the occurrence of an Early Redemption Event in respect of the Notes, investors may lose their entire investment in the Notes.

### ***The Reference Entity and the Reference Obligation and other Obligations***

Noteholders of each Class will be exposed to the credit and insolvency risk of the Reference Entity (as the same may change prior to the Issue Date as a result of the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014), as described below) and also to failures to make payment and restructurings in respect of any Obligations of the Reference Entity and not just to the Reference Obligation of the Reference Entity. Noteholders of each Class will be exposed to such risk with respect to the Reference Entity for the period from and including the Successor Backstop Date (or, in the case of a “Universal Successor”, 1 January 2014) to the Issue Date as well as after the Issue Date.

The Reference Entity referenced in each Credit Default Swap Transaction as at the Issue Date will be identical across the Credit Default Swap Transactions for all Classes of Notes and is described in the section of this Prospectus entitled “*Description of the Reference Entity*”, as the same may change prior to the Issue Date as a result of the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014), as described below.

**Prospective investors must note that none of Credit Suisse International (in any capacity), the Issuer, the Trustee, any Agent or the Distributor is under any obligation to monitor whether or not a Credit Event or Credit Event Resolution Request Date has occurred in respect of the Reference Entity or any responsibility for monitoring any other developments, announcements or publications relating to the Reference Entity and shall have no liability or responsibility to any Noteholder or any other person in the event of the occurrence of any Credit Event or Credit Event Resolution Request Date in respect of the Reference Entity. Furthermore, none of the Issuer, Credit Suisse International, the Trustee nor any Agent, in any capacity, shall have any liability to any Noteholder in respect of any loss suffered as a result of the Reference Entity included in the Credit Default Swap Transactions.**

**None of the Issuer, Credit Suisse International, the Trustee nor any Agent shall provide any information in respect of the Reference Entity to any prospective investor save for the information provided in this Prospectus. Further information in respect of the Reference Entity may be available from publicly available sources, including, without limitation, from the websites of the stock exchanges on which the Reference Entity has securities listed (including those websites set out in the section of this Prospectus entitled “*Description of the Reference Entity*”).**

As a result of a Credit Event occurring in respect of the Reference Entity prior to the Issue Date (as well as after the Issue Date), it is possible that an investor’s investment in the Notes may be reduced to zero. Prospective investors should only make an investment in the Notes if they fully understand and are prepared to accept this risk, as well as the other risks relating to the Notes.

The Reference Entity (subject to the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a “Universal Successor”, on or after 1 January 2014), as described below) is a bank with significant operations in Asia and across the globe including in Europe, North America and South America.

The banking industry generally has been, and continues to be, subject to significant volatility due to the economic crisis that commenced during mid-2007. Banks are exposed to a number of international factors which may have a materially adverse effect on their financial performance including, without limitation, the factors set out under the heading “*Risks relating to the business of Credit Suisse International as Swap Counterparty and other capacities in respect of the Notes*” above.

As indicated, these factors and those events outlined in “*Recent Global Events*” below as well as other factors may affect (i) the probability of a Credit Event occurring in respect of the Reference Entity, Reference Obligation and/or other Obligations referenced in the Credit Default Swap Transactions, (ii) the probability of one or more successor Reference Entities being determined in respect of the Reference Entity referenced in the Credit Default Swap Transactions and/or the value of the Credit Default Swap Transactions. Accordingly, investors may suffer a loss of some or all of their investment on the relevant Class(es) of Notes in which they invested as a result of a Credit Event occurring under the Credit Default Swap Transactions or, in the case of an early redemption of the Notes following an Early Redemption Event (including following the occurrence of an Event of Default in respect of the Notes), a reduction in the value in favour of the Issuer (or potentially even the value being in favour of the Swap Counterparty) of the Credit Default Swap Transactions.

***The Reference Entity may change as a result of the determination of a successor Reference Entity***

Prospective investors should note that the Reference Entity to which the Notes are referenced through each of the Credit Default Swap Transactions may change from time to time following the occurrence of certain

corporate events relating to a Reference Entity, such as a merger of the Reference Entity with another entity, a transfer of assets or liabilities by the Reference Entity or other similar events 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 CDDC has resolved to treat a different entity or entities as the successor(s) to such original entity. If Credit Suisse International as the Calculation Agent in respect of the Credit Default Swap Transactions determines that such CDDC resolution would apply for purposes of the Credit Default Swap Transactions, then the identity of the Reference Entity will be amended accordingly and Noteholders will be exposed to the credit risk of such successor Reference Entity in place of the original Reference Entity. Accordingly, the Issuer, the Swap Counterparty and the Noteholders will be bound by any such determination of the relevant CDDC, whether or not their views may differ from that of the relevant CDDC. Alternatively, absent a resolution of the CDDC, Credit Suisse International as the Calculation Agent in respect of the Credit Default Swap Transactions may, but will not be obliged to, make a determination that a different entity has become successor to the original Reference Entity. The effect of such amendment may be a material increase in the risk associated with an investment in the Notes, for example where the successor Reference Entity is more indebted than the original Reference Entity or is exposed to different business risks.

If a Reference Entity is determined to have more than one successor entity, then Noteholders will be exposed to the creditworthiness of multiple Reference Entities instead of, or in addition to, the original Reference Entity. The effect may be to materially increase the likelihood of a loss of principal under the Notes as a result of a Credit Event occurring with respect to a number of Reference Entities rather than just one Reference Entity. If more than one successor Reference Entity is determined, the Class Notional Amount of each Credit Default Swap Transaction allocated to any remaining Reference Entity, including each new successor Reference Entity, shall be adjusted to reflect the inclusion of such new successor Reference Entity.

Any such determination may increase the likelihood of a Credit Event occurring and accordingly increase the possibility of investors suffering a loss, potentially of their entire investment, on the Notes.

Furthermore, it is possible that one or more successor Reference Entities may have been determined with respect to a Reference Entity prior to the Issue Date of the Notes, as described below. To such extent, the Reference Entity referenced in the Credit Default Swap Transactions may not comprise the Reference Entity described in this Prospectus.

### ***Credit Event and Successor Backstop Dates***

Prospective investors should note that, in respect of each Class of Notes, the exposure to the risks associated with the Reference Entity referenced in the related Credit Default Swap Transaction includes exposure in the period from and including 19 December 2014 (being the Credit Event Backstop Date) to the Issue Date. As a result, the aggregate amount payable in respect of each Class of Notes (save for any amount payable on such Notes linked to the performance of the relevant Class Equity Basket) will be reduced, potentially to zero as described below, as a result of occurrence of a Credit Event notwithstanding that the relevant Credit Event, or the events leading thereto, occurred prior to the Issue Date of the Notes.

Similarly, with respect to whether there is a successor Reference Entity, the look-back period runs from 19 November 2014 (being the Successor Backstop Date) (or, in the case of a “Universal Successor”, on or after 1 January 2014) and it is therefore possible that the Notes could be affected by one or more successions that take place prior to the Issue Date and, accordingly, may increase the risk of loss to investors notwithstanding that the relevant succession occurred prior to the Issue Date of the Notes.

The “Universal Successor” exception to the Successor Backstop Date applies to an entity which assumes all obligations (including at least one relevant Bond or Loan Obligation) of a non-sovereign Reference Entity in circumstances where such Reference Entity ceases to exist or is in the process of being dissolved and has not issued or incurred any Borrowed Money obligation since the date of such assumption. Such entity will be the sole successor to the Reference Entity provided that the succession occurred on or after a single lookback date of 1 January 2014.

### ***No representations; no guarantee of performance***

None of the Issuer, the Trustee, any Agent or Credit Suisse International (or any of its affiliates) has made or will make any representation whatsoever with respect to the Reference Entity referenced in the Credit Default Swap Transactions or any of their obligations (including the Reference Obligation) on which any Noteholder is relying or is entitled to rely. None of the Issuer, the Trustee, any Agent or Credit Suisse International (or any of its affiliates) is responsible for the Reference Entity's public disclosure of information.

There is no guarantee, protection or assurance for investors in the Notes in respect of the credit or performance of the Reference Entity referenced in the Credit Default Swap Transactions or any of its obligations or those of any entity whose obligations may be guaranteed by the Reference Entity (an "**Underlying Obligor**"). Credit Suisse makes no representation as to the performance of the Notes either in absolute terms or relative to other investments.

### ***Payments under the Credit Default Swap Transactions and allocation of losses following a Credit Event***

In consideration for the issue of the Notes by the Issuer, the Dealer will procure that on the Issue Date, the Swap Counterparty will enter into each Credit Default Swap Transaction with the Issuer, and the Dealer will pay or arrange the payment of an initial exchange amount to the Swap Counterparty under such Credit Default Swap Transaction (such amount is expected to be between 70% and 99% of the Aggregate Nominal Amount of the relevant Class of Notes on the Issue Date).

Under the terms of the Credit Default Swap Transaction relating to each Class of Notes:

- (a) the Class Notional Amount of such Credit Default Swap Transaction will be equal to the Outstanding Principal Amount of the Class of Notes to which such Credit Default Swap Transaction relates;
- (b) if a Credit Event occurs in respect of the Reference Entity referenced in such Credit Default Swap Transaction and an Event Determination Date is determined:
  - (i) an amount equal to the Credit Suisse Cash Settlement Amount will be payable by the Swap Counterparty to the Issuer on the date falling 5 Reference Business Days after the latest date on which the Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price is determined in respect of the Reference Entity (the "**Credit Suisse Cash Settlement Date**"). On the date falling 2 Reference Business Days after the Credit Suisse Cash Settlement Date (the "**Credit Event Instalment Date**"), in respect of each Note of such Class the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Credit Suisse Cash Settlement Amount (the "**Credit Event Instalment Amount**") to the Noteholder (which may occur before or after the Scheduled Maturity Date);
  - (ii) the Class Notional Amount of the Credit Default Swap Transaction will be reduced by an amount equal to the Reference Entity Notional Amount in respect of the Reference Entity as at the relevant Credit Suisse Cash Settlement Date. If such Credit Suisse Cash Settlement Date falls on or after the Final Exchange Date (as described below), the Class Notional Amount will be deemed to have been so reduced as at the Final Exchange Date (as described below),

all as described in the section of this Prospectus entitled "*Transaction Description*";

- (c) on the Reference Business Day immediately preceding the Scheduled Maturity Date of the Class of Notes to which such Credit Default Swap Transaction relates (such date, the "**Final Exchange Date**"), the Swap Counterparty will pay to the Issuer an amount equal to the product of (i) the then outstanding Class Notional Amount of such Credit Default Swap Transaction and (ii) the Fee Calculation Factor applicable as at the relevant Final Exchange Date (such amount, the "**Final**

**Exchange Amount**”); provided that if the termination date of the relevant Credit Default Swap Transaction has been extended beyond the applicable Final Exchange Date as a result of the Credit Suisse Cash Settlement Amount being due and payable after the Final Exchange Date or an Unsettled Credit Event being determined as at the Credit Event Observation Period End Date (expected to be the Reference Business Day immediately prior to the Scheduled Maturity Date), the Final Exchange Amount will be calculated on the basis that the Class Notional Amount is reduced by the Reference Entity Notional Amount of the Reference Entity to which such event relate (and may be zero). On the Scheduled Maturity Date, in respect of each Note of such Class the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Final Exchange Amount (if any) to the Noteholder; and

- (d) following the determination of an Unsettled Credit Event as at the Credit Event Observation Period End Date, if it is determined that no Credit Event has occurred in respect of the Reference Entity, on the date immediately following the date of such determination (such date, the “**Additional Exchange Date**”), the Swap Counterparty will pay to the Issuer an amount equal to the product of (i) the Reference Entity Notional Amount in respect of such Reference Entity and (ii) the Fee Calculation Factor applicable as at the relevant Additional Exchange Date (such amount, the “**Additional Exchange Amount**”). On the date falling two Reference Business Days after the Additional Exchange Date (the “**Unsettled Credit Event Instalment Date**”), in respect of each Note of such Class the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Additional Exchange Amount (the “**Unsettled Credit Event Instalment Amount**”) to the Noteholder. However, if it is determined that a Credit Event has occurred (or, where applicable, the Auction Final Price or the Final Price has been determined) in respect of the Reference Entity, the Swap Counterparty will pay the Credit Suisse Cash Settlement Amount in respect of such Reference Entity on the related Credit Suisse Cash Settlement Amount, and in respect of each Note of such Class the Issuer will pay the Credit Event Instalment Amount on the related Credit Event Instalment Date.

Investors may suffer significant losses on their investment as a result of the occurrence of a Credit Event occurring in respect of the Reference Entity referenced in the Credit Default Swap Transactions.

#### ***Extension of the Maturity Date of the Notes as a result of Unsettled Credit Events***

It follows from the above description of payments under the Credit Default Swap Transactions and allocation of losses following a Credit Event that the termination date of the Credit Default Swap Transactions may extend beyond the Final Exchange Date and, accordingly, the final maturity date of the Notes may be extended beyond the Scheduled Maturity Date. Such occurrence may arise where the Credit Suisse Cash Settlement Amount is due and payable after the Final Exchange Date or where an Unsettled Credit Event is determined as at the Credit Event Observation Period End Date. Unsettled Credit Events will arise, in summary, where:

- (a) one or more Credit Events have occurred in respect of the Reference Entity on or prior to the Credit Event Observation Period End Date but in respect of which the Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price, has not been determined by such Credit Event Observation Period End Date; or
- (b) a Potential Credit Event has been determined by the Calculation Agent under the Credit Default Swap Transactions (being, in effect, an event which, in the sole and absolute determination of the Calculation Agent, may be a Credit Event) on or prior to the Credit Event Observation Period End Date.

In the event that there is an Unsettled Credit Event under a Credit Default Swap Transaction relating to a Class of Notes, the Final Exchange Amount payable by the Swap Counterparty to the Issuer will be equal to the product of (i) the Class Notional Amount *minus* the Reference Entity Notional Amount of the Reference Entity to which such Unsettled Credit Event relates and (ii) the Fee Calculation Factor applicable as at the Final Exchange Date (such Final Exchange Amount may be zero).

Following the determination of the Unsettled Credit Event, in respect of the Reference Entity:

- (a) if it is determined that no Credit Event has occurred, the Swap Counterparty will pay the Additional Exchange Amount to the Issuer on the related Additional Exchange Date under the Credit Default Swap Transaction. The Issuer will then pay the Unsettled Credit Event Instalment Amount in respect of each Note of such Class on the related Unsettled Credit Event Instalment Date occurring on or after the Scheduled Maturity Date; and
- (b) if it is determined that a Credit Event has occurred (or the Auction Final Price or the Final Price has been determined), the Swap Counterparty will pay the Credit Suisse Cash Settlement Amount to the Issuer on the related Credit Suisse Cash Settlement Amount under the Credit Default Swap Transaction. The Issuer will then pay the Credit Event Instalment Amount in respect of each Note of such Class on the Credit Event Instalment Date occurring on or after the Scheduled Maturity Date.

Accordingly, prospective investors must note that in the event that there is any Unsettled Credit Event under each Credit Default Swap Transaction as at the Credit Event Observation Period End Date, the final redemption date of the Notes of each Class may be significantly postponed and Noteholders of such Class will not receive the full amount due to them (if at all) until a significant time after the Scheduled Maturity Date. In such circumstances, the value of the Notes of each Class may be significantly reduced, and may even be zero. Furthermore, to the extent that any secondary market for the Notes existed, any liquidity provided by such secondary market may be significantly reduced and Noteholders may not be able to sell their Notes or realise any value for them.

#### ***Conflicts of interest relating to Credit Suisse and the Credit Default Swap Transactions***

As described above and elsewhere in this Prospectus, under the Credit Default Swap Transactions, the Issuer is selling credit protection to Credit Suisse International in its capacity as Swap Counterparty. As a result of such transactions, Credit Suisse International and the Issuer will have a direct conflict of interest, since the occurrence of a Credit Event and related Event Determination Date will reduce the aggregate amounts payable to investors under the Notes, including at maturity. Credit Suisse International may retain the credit protection sold to it by the Issuer for its own proprietary investment purposes or to hedge its risk unrelated to the Notes or it may sell such protection to third parties. Sales of credit protection may be made to one or more third parties.

Credit Suisse International may deal in the obligations of the Reference Entity 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, the Reference Entity, an Underlying Obligor or any affiliate of the Reference Entity or an Underlying Obligor, or any other person or entity having obligations relating to the Reference Entity or an Underlying Obligor, and may act with respect to such business in the same manner as each of them would if the Notes did not exist, regardless of whether any such action might have an adverse effect on the Reference Entity, an Underlying Obligor or the position of any Noteholder or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

Following the Issue Date, Credit Suisse International may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to the Reference Entity, an Underlying Obligor that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to a Noteholder, and the Notes do not create any obligation on the part of Credit Suisse International to disclose to any Noteholder any such relationship or information (whether or not confidential).

Credit Suisse International is also a voting member on each of the CDDCs and may take certain actions that may influence the process and outcome of decisions of the CDDCs. Such actions may be adverse to the interests of the Noteholders and may result in an economic benefit accruing to Credit Suisse International under the Swap Agreement or otherwise. In taking any action relating to a CDDC or performing any duty under the rules published by ISDA that govern such a CDDC (the “**DC Rules**”), Credit Suisse International

shall have no obligation to consider the interests of the Noteholders and may ignore any conflict of interest arising in respect of the Notes.

To the extent that Credit Suisse International is replaced as Swap Counterparty, the above conflicts of interest may no longer be applicable. However, similar conflicts of interest and/or additional conflicts of interest may be applicable in respect of the relevant replacement Swap Counterparty.

### ***Reference Entity not liable for the Notes***

The Reference Entity is not involved in the issuance of the Notes in any way and has no obligation to consider the interests of the Noteholders in taking any corporate actions that might affect the value of the Notes. The Reference Entity may, and is entitled to, take actions that will adversely affect the value of the Notes. The purchase price paid for each Class of Notes is paid to the Issuer and a portion of it is paid to Credit Suisse International under the Credit Default Swap Transaction relating to such Class of Notes as described above and elsewhere in this Prospectus. However, no portion of such issue proceeds is paid to the Reference Entity, and the Notes do not represent a direct investment in any Obligation of the Reference Entity or otherwise give the Noteholders any rights in the debt obligations or any other securities of the Reference Entity. As an owner of Notes, a Noteholder will not have special voting rights or rights to receive distributions or any other rights that holders of debt obligations or other securities of the Reference Entity may have.

### ***Factors influencing the risk of a Credit Event***

The likelihood of a Credit Event occurring in respect of the Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of the Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in particular industry and changes in prevailing interest rates. Some factors influencing the risk of Credit Events are described above and elsewhere in this Prospectus.

### ***Factors influencing the extent of losses following the occurrence of a Credit Event***

The Auction Final Price or Final Price (in circumstances where there is no Auction Final Price) in respect of the Reference Entity (where a Credit Event and resulting Event Determination Date has occurred) will be determined by the valuation of the Reference Obligation, or other obligations, of the Reference Entity (together, as used in these Risk Factors, “**Valuation Obligations**”). Such valuations will be a key factor determining the extent to which losses are suffered by Noteholders as a result of any Credit Event occurring in respect of the Reference Entity under the Credit Default Swap Transactions.

Such Valuation Obligations may have no, or only a limited, trading market. The liquidity of Valuation Obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, the conditions of the financial markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the Reference Entity. Some or all of the Valuation Obligations may also be subject to restrictions on transfer and may be considered illiquid. If an Event Determination Date occurs in respect of the Reference Entity, any resulting reduction in market value of the related Valuation Obligations could be further magnified by reason of such limited liquidity for those Valuation Obligations.

Any quotations used in the calculation of the Final Price (where an Auction Final Price is not applicable and the Fallback Settlement Method applies as a result) may be affected by factors other than the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between Valuation Dates. The obligations selected for valuation following a Credit Event may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of such Credit Event, thereby adversely affecting any determination of the value of such obligation which in turn will reduce the Credit Suisse Cash Settlement Amount determined in respect of each Class of Notes and the amount actually payable in redemption of such Class of Notes as a result of such Credit Event.



Following an Event Determination Date, if the Fallback Settlement Method applies, the Swap Counterparty is entitled to select an obligation of the Reference Entity for valuation which has the lowest value in the market at the relevant time – providing such obligation satisfies certain specifications and limits for qualification as a Reference Obligation. It is likely that the obligations selected in these scenarios will be obligations of the Reference Entity with the lowest market value that satisfies such specification and limits for qualification as a Reference Obligation. This could result in a lower recovery value of the Reference Obligation and hence, greater losses for investors of the Notes than would otherwise be the case.

Where an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the relevant Credit Derivatives Auction Settlement Terms, available on ISDA's website at [www.isda.org](http://www.isda.org) (or any successor website thereto). Prospective investors should note that the relevant CDDC 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 should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules, as amended from time to time and available on ISDA's website at [www.isda.org](http://www.isda.org) (or any successor website thereto). Consequently, Credit Suisse International, the Issuer and the Noteholders will be bound by any such relevant decisions.

### ***Risks relating to asset package delivery***

The 2014 ISDA Credit Derivatives Definitions published by ISDA introduced the concept of asset package delivery. In circumstances where “Financial Reference Entity Terms” and “Governmental Intervention” applies in respect of a Reference Entity and there is (i) a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such Restructuring does not constitute a Governmental Intervention, then a related asset package resulting from a prior deliverable obligation may also be deliverable. The asset package would be treated as having the same outstanding principal as the corresponding prior deliverable obligation or package observable bond.

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

If an asset in the asset package is a non-transferable instrument or non-financial instrument, the value of such asset will be the market value determined by reference to a specialist valuation or in accordance with methodology determined by the CDDC.

### ***Noteholders will not be able to refer questions to the CDDCs***

Noteholders, in their capacity as holders of the Notes, will not have the ability to refer questions to a CDDC. As a result, Noteholders will be dependent on other market participants to refer specific questions to the CDDCs that may be relevant to the Noteholders. Credit Suisse International, in any capacity, has no duty to the Noteholders to refer specific questions to the CDDCs.

### ***Noteholders will have no role in the composition of the CDDCs***

Separate criteria will apply to the selection of dealer and non-dealer institutions to serve on the CDDCs, and Noteholders will have no role in establishing such criteria. In addition, the composition of the CDDCs will change from time to time in accordance with the DC Rules, as the term of a member institution may expire or a member institution may be required to be replaced. Noteholders will have no control over the process for selecting institutions to participate on the CDDCs and, to the extent provided for in the Notes, will be subject to the determinations made by such selected institutions in accordance with the DC Rules.

### ***Noteholders will have no recourse against either the institutions serving on the CDDCs or the external reviewers***

Institutions serving on the CDDCs and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the DC Rules,

except in the case of gross negligence, fraud or wilful misconduct. Furthermore, the member institutions of the CDDCs from time to time will not owe any duty to the Noteholders, and the Noteholders will be prevented from pursuing legal claims with respect to actions taken by such member institutions under the DC Rules.

Noteholders should also be aware that member institutions of the CDDCs have no duty to research or verify the veracity of information on which a specific determination is based. In addition, the CDDCs are not obligated to follow previous determinations and, therefore, could reach a conflicting determination for a similar set of facts.

***Noteholders will be responsible for obtaining information relating to deliberations of the CDDCs***

Notices of questions referred to the CDDCs, meetings convened to deliberate such questions and the results of binding votes of the CDDCs will be published on the website of ISDA and none of the Issuer or Credit Suisse International, in any capacity, shall be obliged to inform Noteholders of such information, other than as expressly provided in the terms of the Notes. Any failure by Noteholders to be aware of information relating to determinations of a CDDC will have no effect under the Notes and Noteholders are solely responsible for obtaining any such information.

***Correlation between the Reference Entity and Credit Suisse International***

As the Reference Entity and Credit Suisse International are both banks, there is likely to be a high correlation between defaults by Credit Suisse International in any of its capacities in respect of the Notes (including, without limitation as Swap Counterparty) and the occurrence of a Credit Event in respect of the Credit Default Swap Transactions. Accordingly, Noteholders may suffer greater losses (and may be more likely to suffer losses) as a result of such correlation than they may otherwise have done had the Reference Entity not operated in the same industry as Credit Suisse International.

***Idiosyncratic Risk, Recovery Rates***

Individual or unsystematic risks pertaining to the Reference Entity, could lead to an increase in the likelihood of a Credit Event occurring in relation to the Reference Entity.

Recovery rates for Reference Entities that have suffered Credit Events can and do vary, often widely, from entity to entity, even where such entities operate in the same industry, and from time to time. Lower recovery rates means that losses suffered by Noteholders will be higher. Higher default rates are correlated with lower recovery rates.

Furthermore, the occurrence of a Credit Event under the Credit Default Swap Transactions and the recovery rates for the obligations of the Reference Entity in respect of which such Credit Event occurs may be subject to the operation of bankruptcy or other insolvency laws in the jurisdiction applicable to the Reference Entity.

***No requirement for exposure to the Reference Entity***

Notwithstanding the above, the performance of the Notes is not conditional upon the Swap Counterparty sustaining or being exposed to any risk or loss and the rights and obligations of the Swap Counterparty in respect of the Credit Default Swap Transactions are not, at any time, dependent upon the Swap Counterparty owning or having any legal, equitable or other interest in, or indirect exposure to, the Reference Entity referenced in the Credit Default Swap Transactions from time to time, nor shall the Swap Counterparty have any obligation to purchase or hold the Reference Entity's obligations at any time.

**The Credit Support Annex**

As part of the Swap Agreement, the Issuer and the Swap Counterparty have entered into a Credit Support Annex to collateralise the Issuer's exposure to the Swap Counterparty as described in more detail in the section of this Prospectus entitled "*Transaction Description*" under the heading "*The Credit Support Annex*".

The Swap Counterparty shall act for its own benefit and is not required to, and may not, take into account the interests of the Noteholders in determining what Eligible Securities, meeting the required criteria, to deliver to the Issuer under the Credit Support Annex for this purpose.

While any Eligible Securities delivered to the Issuer by the Swap Counterparty under the Credit Support Annex are required, at the time of delivery, to have a value (after the application of the relevant Valuation Percentage haircut specified in the Credit Support Annex) at least equal to the exposure the Issuer has to the Swap Counterparty under the Swap Agreement, and notwithstanding the fact that valuations and any corresponding transfers will be conducted on a weekly basis, there can be no assurance that any amount realised from sale of Eligible Securities delivered and then held by the Issuer will be equal to the amount otherwise payable by the Swap Counterparty as a result of an early termination of the Swap Agreement.

Accordingly, despite the existence of the Credit Support Annex, in the event that the Swap Agreement terminates as a result of a default by the Swap Counterparty under the Swap Agreement, or the occurrence of certain insolvency or bankruptcy events relating to the Swap Counterparty, in the event of the value of the Eligible Securities being less than the value of the Swap Agreement upon its termination and any failure by the Swap Counterparty to pay any termination amount due under the Swap Agreement, Noteholders will be exposed to the Swap Counterparty for the shortfall and the amount payable to Noteholders may be reduced, even to zero, in connection with the redemption of the Notes in such circumstances.

### **Early Redemption**

If a Class of Notes are due to redeem early in full as a result of an Early Redemption Event (for example following certain tax events (subject to certain exceptions including, but not limited to, where withholding or deduction of taxes on the Notes arises solely in respect of FATCA), a termination of the Equity Swap Transaction and the Credit Default Swap Transaction relating to such Class (or a termination of the Swap Agreement as a whole), as a result of an Event of Default by the Issuer or as a result of the enforcement of the security by the Trustee at its discretion or if directed by the Noteholders of the other Class of Notes), the Swap Agreement attributable to such Class will terminate.

Prospective investors in each Class of Notes must note that a Class may be redeemed early as a result of the enforcement of the security by the Trustee in respect of the other Class. The early redemption of the Notes of all Classes may not be triggered at the same time unless the security is enforced.

Any amount payable to the Issuer by the Swap Counterparty as a consequence of the termination of the Swap Agreement, together with sale proceeds of any Eligible Securities, shall first be used to pay any amount due to the Trustee, the Disposal Agent, the Custodian and any other Agent of the Issuer, including costs and expenses incurred with the sale of such securities.

The remainder of any such amount received by the Issuer in respect of termination of the Swap Agreement and any remaining proceeds of sale of Eligible Securities shall be applied in satisfaction of the amounts due to Noteholders on a *pro rata* basis.

There can be no assurance as to the value of any Eligible Securities at the time of such sale and the amounts realised may be significantly lower than the face value of such Eligible Securities and may even be zero. To the extent that the value of the Eligible Securities is less than the value of the Swap Agreement upon its termination, Noteholders will be exposed to the Swap Counterparty for the shortfall. None of the Issuer, the Trustee, the Disposal Agent, any other Agent, the Dealer or any other person is under any obligation to obtain a particular price in connection with such a sale and shall have no responsibility or liability to any Noteholder for the price at which any such assets are sold.

Accordingly, the amount payable to Noteholders on an early redemption of their Notes may be significantly lower than their initial investment and may even be zero.

## Replacement of the Swap Counterparty

Investors should note that upon the occurrence of (i) certain insolvency events with respect to the Swap Counterparty (a “**Counterparty Bankruptcy Credit Event**”); or (ii) an Event of Default (as defined in the Swap Agreement) with respect to the Swap Counterparty (other than a Counterparty Bankruptcy Credit Event); or (iii) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of the Credit Default Swap Transactions (a “**CDS Termination Event**”); or (iv) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of any Equity Swap Transaction (an “**Equity Swap Termination Event**”); or (v) the long term senior, unsecured rating assigned by Moody’s Investors Service Limited (“**Moody’s**”) to the Swap Counterparty being withdrawn or is less than Ba1 or if the short term rating assigned by Moody’s to the Swap Counterparty is less than P-3 (any such downgrade or withdrawal, a “**Moody’s Ba1/P-3 Downgrade**” and such event, along with each of a Counterparty Bankruptcy Credit Event, an Event of Default with respect to the Swap Counterparty (other than a Counterparty Bankruptcy Event), a CDS Termination Event and an Equity Swap Termination Event, a “**Replacement Event**”), Garantum Fondkommission AB (or any successor entity thereto) (as Noteholder Facilitator) has the right, by notice to the Issuer with a copy to the Trustee (and, provided that, in the case of a Moody’s Ba1/P-3 Downgrade only that the Swap Counterparty has given its prior written consent to such replacement) to select a replacement Swap Counterparty from (and including) the date of the occurrence of such a Replacement Event up to (and including) the date falling 30 calendar days from the occurrence of the applicable Replacement Event.

Accordingly, where the Noteholder Facilitator makes such a selection, and provided certain other requirements are met, it is possible that the identity of the Swap Counterparty will change, and accordingly, the credit exposure of the Issuer and Noteholders to the Swap Counterparty may also change. As this right may be exercised whenever a Replacement Event occurs, the identity of the Swap Counterparty may change more than once during the duration of the Notes. Furthermore, it is possible that the Swap Counterparty in respect of the Credit Default Swap Transactions may be different from the Swap Counterparty in respect of the Equity Swap Transactions or any of them.

However, notwithstanding the above, no assurance can be given that a replacement Swap Counterparty will be identified by the Noteholder Facilitator upon the occurrence of a Replacement Event or that such replacement will be completed.

The replacement of the Swap Counterparty as described above may prevent an early termination of the Swap Agreement and therefore the early redemption of the Notes. However, even if such replacement is made, the Notes may still redeem early, in full, on some later date as a result of the occurrence of any Early Redemption Event and Noteholders will also still be exposed to the risk of a Credit Event in respect of the Credit Default Swap Transactions, notwithstanding such replacement of the Swap Agreement (including, for the avoidance of doubt, where such Credit Event occurred prior to such replacement). The value of the Swap Agreement to the Issuer may have been higher at the time of the occurrence of the Replacement Event than as at the time of any subsequent early redemption of the Notes. As a result, the replacement of the Swap Counterparty in such circumstances may result in Noteholders receiving less in respect of their investment than they may otherwise have done if no replacement Swap Counterparty had been selected and had the Notes redeemed early as a result of such Swap Counterparty Event or, as the case may be, a Counterparty Bankruptcy Credit Event.

As a result of the risk highlighted in the preceding paragraph, the inclusion of this right of replacement may mean that the value of the Notes from time to time may be lower than their value would otherwise have been had no such replacement right been included.

If a replacement Swap Agreement is not entered into within 30 calendar days following the occurrence of a Replacement Event (other than a Moody’s Ba1/P3 Downgrade), the Swap Agreement shall automatically terminate or, in the case or, in the case of a Termination Event (as defined in the Swap Agreement) the relevant Credit Default Swap Transaction and/or Equity Swap Transaction(s) may be terminated in accordance with the terms of the Swap Agreement and, if a Swap Termination Event has occurred and no

Early Redemption Commencement Date or Early Redemption Event has occurred pursuant to any other applicable Condition, the Issuer shall, as soon as is practicable (or, in any case, within two Reference Business Days after the end of the Replacement Period), give an Early Redemption Notice to the Noteholders (the date on which such Early Redemption Notice is deemed to have been given shall be an “**Early Redemption Commencement Date**”) and the Notes shall become due and payable on the related Early Redemption Date. Certain risks associated with early redemption of the Notes are discussed above under “*Early Redemption*”.

### **Instructions to the Trustee following an Event of Default or an Enforcement Event**

In respect of a Class of Notes, while the Trustee is permitted to give notice to the Issuer of its determination that an Event of Default (in respect of such Class or both Classes, as applicable) has occurred (and that accordingly such Class of Notes have become immediately due and payable) and to determine that an Enforcement Event has occurred and enforce the security, it is not required to do so, unless directed by an Extraordinary Resolution passed by the Noteholders of such Class (or both Classes, as applicable) to do so and will only do so if the Trustee is indemnified and/or secured and/or prefunded to its satisfaction. The Swap Counterparty also has the right to direct the Trustee in writing to enforce security.

Accordingly, following (i) the occurrence of an Event of Default, the Trustee may accelerate the relevant Class of Notes at its discretion, but shall be obliged to accelerate if directed by an Extraordinary Resolution passed by the Noteholders of such Class (or both Classes, as applicable) (subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction), by giving notice to the Issuer that an Event of Default has occurred and that such Class of Notes have become immediately due and payable and then, if required enforce the security; and (ii) the Trustee becoming aware of the occurrence of an Enforcement Event, the Trustee may enforce the security at its discretion but shall enforce the security if directed by an Extraordinary Resolution passed by the Noteholders of such Class (or both Classes, if applicable) or if directed in writing by the Swap Counterparty (subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction). Noteholders of each Class should be aware that there is no assurance that the Trustee would exercise such discretion in circumstances where an Event of Default or Enforcement Event occurs. Even if the Trustee is willing to exercise such discretion or the Noteholders of a Class validly pass an Extraordinary Resolution (as described below) directing the Trustee to accelerate such Class of Notes or, as the case may be, enforce the security, the Trustee shall only do so if it is indemnified and/or secured and/or prefunded to its satisfaction. There may be a significant delay between the occurrence of an Event of Default or, as the case may be, the occurrence of an Enforcement Event (and, in the case of an Event of Default, the Trustee’s notice to the Issuer that the relevant Class of Notes have become immediately due and payable) and any enforcement of the security following the occurrence of such Event of Default or, as the case may be, such Enforcement Event as a consequence of, among other things, a delay in the Trustee receiving satisfactory indemnities and/or prefunding in circumstances where the Noteholders of such Class (or all Classes, if applicable) have directed the Trustee to accelerate and/or enforce. During the period of such delay, Noteholders’ *pro rata* share of the proceeds of enforcement of the security may decrease substantially from what it would otherwise have been but for such delay and may in certain circumstances be zero. Noteholders of a Class may direct the Trustee by an Extraordinary Resolution with respect to an Event of Default or an Enforcement Event which solely affects such Class, and Noteholders of both Classes may direct the Trustee by an Extraordinary Resolution with respect to an Event of Default or an Enforcement Event which affects the Notes generally.

Upon the occurrence of an Event of Default in respect of a Class of Notes, Noteholders of such Class (or both Classes, as applicable), by passing an Extraordinary Resolution, will be entitled to direct the Trustee to give an Early Redemption Notice to the Issuer and, if necessary, direct the Trustee to enforce the security following such Event of Default, provided that in each case, the Trustee shall only do so if it is also indemnified and/or secured and/or prefunded to its satisfaction. Such Extraordinary Resolution if passed by way of a signed written resolution or given by way of electronic consents through the clearing systems (where the Notes are held on behalf of a Clearing System) must be passed by Noteholders of such Class holding, in aggregate, at least 75% in principal amount of all of the outstanding Notes of such Class or, if applicable, by Noteholders holding, in aggregate, across both Classes of Notes, at least 75% in principal amount of all of the outstanding Notes. Given the wide distribution of the Notes, Noteholders should be

aware that there may be a significant delay between the Noteholders becoming entitled to make such a direction to the Trustee and Noteholders holding a sufficient nominal amount of the Notes being able to make such request and provide the required indemnification, security and/or prefunding to the Trustee. Accordingly, during the period of such delay, Noteholders' *pro rata* share of the proceeds of enforcement of the security may decrease substantially from what it would otherwise have been but for such delay and may in certain circumstances be zero.

### **Payments of Commissions to the Distributor**

Commissions will be paid to the Distributor during the life of the Notes on the fifth Business Day following each of 6 April 2016, 6 April 2017, 6 April 2018, 6 April 2019, 5 April 2020 and 5 April 2021 (each such day being an "**Annual Determination Date**"). These commissions will be funded by the aggregate of (a) the value associated with the effective annual reduction in the Class Notional Amount and the Reference Entity Notional Amounts under each Credit Default Swap Transaction and the Swap Notional Amount under each Equity Swap Transaction through the application of the Fee Calculation Factor and (c) the Performance Fee deducted in the calculation of any Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Equity Swap Transaction. Such Performance Fee depends, in part, on the performance of the relevant Class Equity Basket referenced by the Equity Swap Transaction relating to such Class of Notes.

Notwithstanding the above, the Dealer and the Distributor have agreed that if any portion of the Notes is held by the Dealer and/or any of its affiliates, the amount required to be paid to the Distributor will be reduced by the proportion which such portion of Notes held by the Dealer and/or its affiliates bears to all of the outstanding Notes.

### ***Payments of Commissions to the Distributor – Credit Default Swap***

Each of the Class Notional Amount and the Reference Entity Notional Amounts under each Credit Default Swap Transaction is effectively reduced by approximately 1% annually through the application of the Fee Calculation Factor. Accordingly, any amounts due to the Issuer under each Credit Default Swap Transaction from the Swap Counterparty will be reduced by the application of the Fee Calculation Factor. This means that any such amount payable will be multiplied by the Fee Calculation Factor (which will be 100% on the Issue Date and will decrease to 94.08% on the Maturity Date of the Notes (or lower following the Scheduled Maturity Date), as determined in the manner set out in the Swap Agreement).

The amounts payable to the Issuer will therefore be less than the amounts which would otherwise have been payable if such Fee Calculation Factor had not been applied. There is no assurance that investors will receive 100% of the amount invested in any Class of Notes, which will be dependent on, among other things, the performance of the relevant Class Equity Basket and the resulting Swap Counterparty Equity Final Exchange Amount payable to the Issuer under the Equity Swap Transaction. Such Swap Counterparty Equity Final Exchange Amount (the calculation of which takes into account the relevant Fee Calculation Factor that is applied and the Performance Fee that is payable in respect of any such Class of Notes) will determine the Additional Payout Amount. Investors will rely on the Additional Payout Amount payable under the relevant Class of Notes to make up for such shortfall resulting from application of such Fee Calculation Factor.

### ***Payments of Commissions to the Distributor - Notes***

The Additional Payout Amount (if any) payable under each Class of Notes takes into account the payment of commissions to the Distributor by effectively reducing the Swap Notional Amount of each Equity Swap Transaction through the application of the Fee Calculation Factor (which will be 94.08% on the Scheduled Maturity Date or lower following the Scheduled Maturity Date) and deducting a Performance Fee in the calculation of the applicable Swap Counterparty Equity Final Exchange Amount, which is calculated for each Class of Notes and which is dependent, in part, on the performance of the Class Equity Basket referenced by the Equity Swap Transaction relating to such Class of Notes. To receive at least 100% of the amount invested in any Class of Notes, an investor is reliant upon an Additional Payout Amount being payable under such Class of Notes *after* the application of the relevant Fee Calculation Factor and deduction of the Performance Fee in the calculation of the such Swap Counterparty Equity Final Exchange Amount.

A Performance Fee will only be payable in respect of a Class of Notes where the Swap Counterparty Equity Final Exchange Amount (prior to the deduction of the Performance Fee in its calculation) payable to the Issuer under the Equity Swap Transaction relating to that Class exceeds 5.92% of the Aggregate Nominal Amount of such Class. In such cases, the Performance Fee payable in respect a Class is equal to 10% of such amount by which the Swap Counterparty Equity Final Exchange Amount (prior to the deduction of such Performance Fee in its calculation) receivable by the Issuer under the Equity Swap Transaction relating to that Class exceeds 5.92% of the Aggregate Nominal Amount of such Class.

Therefore, the application of the relevant Fee Calculation Factor and the deduction of any Performance Fee in the calculation of the Swap Counterparty Equity Final Exchange Amount receivable in respect of the Equity Swap Transaction referencing the relevant Class Equity Basket when calculating the Additional Payout Amount (if any) payable under such Class will result in a lower Additional Payout Amount than had such commissions referred to above not been payable and may adversely affect an investor's ability to recover the amount invested in the Notes and may substantially reduce any Additional Payout Amount.

The Performance Fee and the application of the Fee Calculation Factor are described more fully in the sections of this Prospectus entitled "*Transaction Description*" and the "*Issue Terms*".

### **Evolution of international fiscal policy**

The Company may not be considered as the beneficial owner of income received and therefore not be able to rely on a double taxation treaty on its own behalf.

Luxembourg has concluded a number of double taxation treaties with other states. It may be necessary or desirable for the Company to seek to rely on such treaties particularly in respect of income and gains of the Company. Whilst each double taxation treaty needs to be considered individually taking into account fiscal practices primarily of the country from whom relief is sought a number of requirements need to be met. These requirements may include ensuring that an entity is resident in Luxembourg, is subject to taxation there on income and gains and is also beneficially owner of such income and gains. Fiscal policy and practice is constantly evolving and at present the pace of evolution has been quickened due to a number of developments which include, but are not limited to, the Organisation for Economic Co-operation and Development ("OECD")/G20 base erosion and profit shifting project. Fiscal policy may change which may or may not be accompanied by a formal announcement by any fiscal authority or the OECD. As a result, there can be no certainty that the Issuer will be able to rely on double tax treaties because fiscal practice of the construction of double tax treaties and the operation of the administrative processes surrounding those treaties may be subject to change. For example, fiscal practice could evolve such that the Issuer could be regarded as not being the beneficial owner because the overriding commercial object of the Issuer to allocate income and gains, less certain expenses and losses for the benefit of its investors, and the Issuer is entitled to a tax deduction in respect of that allocation and, as such, the Issuer would not be able to rely on a double taxation treaty on its own behalf.

### **EU Directive on the Taxation of Savings Income**

Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") requires an EU Member State to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entities established, in that other EU Member State.

Austria and Luxembourg instead opted for the possibility to impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. In accordance with the law of 25 November 2014, Luxembourg will elect out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015.

The Council of the European Union has adopted a Directive (the "**Amending Directive**") which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above.

The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuer is required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, which may mitigate an element of this risk if the Noteholder is able to arrange for payment through such a Paying Agent. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

Investors who are in any doubt as to their position should consult their professional advisers.

## **FATCA and the possibility of U.S. withholding tax on payments**

### ***Background***

The foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 impose a withholding tax of 30 per cent. on (i) certain U.S. source payments and (ii) payments of gross proceeds from the disposition of assets that produce U.S. source dividends or interest, in either case made to persons that fail to meet certain certification or reporting requirements. To avoid withholding under “FATCA” (as defined in Master Condition 1(a) (*Definitions*)), a non-U.S. financial institution (“**FFI**”) must enter into an agreement with the Internal Revenue Service (an “**IRS Agreement**”) (as described below) or otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law (“**IGA legislation**”) intended to implement an intergovernmental agreement entered into pursuant to FATCA (“**IGAs**”), may be required to identify “financial accounts” held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In addition, in order (a) to obtain an exemption from FATCA withholding on payments it receives or (b) to comply with any applicable IGA legislation, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation, where such payments



are made on or after (i) July 1, 2014 in respect of certain U.S. source payments, (ii) January 1, 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce U.S. source interest or dividends and (iii) January 1, 2017 (at the earliest) in respect of “foreign passthru payments”, provided that for “obligations” that are not treated as equity for U.S. federal income tax purposes, FATCA withholding will only apply to such obligations that are issued or materially modified on or after (a) July 1, 2014 or (b) the date that is six months after the date on which the final regulations defining “foreign passthru payments” are filed with the Federal Register in the case of an obligation that would only be subject to FATCA withholding to the extent payments on such obligation were treated as “foreign passthru payments”.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes, the Collateral (if any) and the Swap Agreement (if any) and the information reporting obligations of the Company or the Issuer, as appropriate, and other entities in the payment chain is still developing. In particular, a number of jurisdictions (including Luxembourg) have entered into IGAs with the United States, which modify the way in which FATCA applies to their jurisdictions. The full impact of such IGAs and IGA legislation thereunder on reporting and withholding responsibilities under FATCA is unclear. The Company or the Issuer, as appropriate, and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (i) to obtain an exemption from FATCA withholding on payments they receive or (ii) to comply with applicable law in their jurisdiction. It is not yet certain how withholding on “foreign passthru payments” will be dealt with under the IGAs or if such withholding will be required at all.

***Possible impact on Payments on Collateral (if any) and Swap Agreement (if any)***

If the Company or the Issuer, as appropriate, fails to comply with its obligations under FATCA (including the Luxembourg IGA and any IGA legislation thereunder), it may be subject to FATCA withholding on all, or a portion of, payments it receives with respect to the Collateral (if any) or the Swap Agreement (if any). Any such withholding would, in turn, result in the Issuer having insufficient funds from which to make payments that would otherwise have become due in respect of the Notes or Swap Agreement (if any) with respect to a Series. No other funds will be available to the Issuer to make up any such shortfall and, as a result, the Issuer may not have sufficient funds to satisfy its payment obligations to Noteholders. Additionally, if payments to the Issuer in respect of its assets, including the Collateral (if any), are, will become or are deemed on any test date to be subject to FATCA withholding, the Notes will be subject to early redemption (See “*Early Redemption in Full*” below). No assurance can be given that the Company or the Issuer, as appropriate, can or will comply with its obligations under FATCA or that the Company or the Issuer, as appropriate, will not be subject to FATCA withholding.

***Possible impact on payments on the Notes***

The Issuer expects to require (and expects other intermediaries through which Notes are held to require) each Noteholder to provide certifications and identifying information about itself and its owners (or beneficial owners) in order to enable the Issuer (or such an intermediary) to identify and report on the Noteholder and certain of the Noteholder's direct and indirect U.S. beneficial owners to the Internal Revenue Service or another applicable authority. The Issuer may also be required to withhold amounts from Noteholders (including intermediaries through which such Notes are held) that are FFIs that are not compliant with, or exempt from, FATCA or Noteholders that do not provide the information, documentation or certifications required for the Issuer to comply with its obligations under FATCA. Additionally, the Issuer is also permitted to make any amendments to the Notes and the Swap Agreement (if any) as may be necessary to enable the Issuer to comply with its obligations under FATCA (including the Luxembourg IGA and any IGA legislation thereunder) and any such amendment will be binding on the Noteholders.

Neither a Noteholder nor a beneficial owner of Notes will be entitled to any additional amounts in the event FATCA withholding tax is imposed on any payments on or with respect to the Notes. As a result, Noteholders may receive less interest or principal, as applicable, than expected.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE COMPANY, THE ISSUER, THE NOTES AND NOTEHOLDERS IS SUBJECT TO CHANGE. EACH NOTEHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT SUCH NOTEHOLDER IN LIGHT OF ITS PARTICULAR CIRCUMSTANCES.

## **Recent Global Events**

### ***General***

Since mid-2007, the global economy and financial markets have experienced extreme levels of instability.

The initial trigger for the instability was a downturn in the U.S. housing market. Significant declines in house prices in the U.S. from early 2005, combined with interest rate rises, led to increases in mortgage default levels, particularly in relation to mortgages granted to sub-prime borrowers (that is borrowers with a poor or no credit history). Financial exposure to such mortgage assets had been widely distributed on a global basis via securitisations and other risk transfer mechanisms. As a result, a significant number of global commercial banks, investment banks, government-sponsored entities, hedge funds, structured investment vehicles and institutional investors had gained exposure to defaults in respect of such mortgage assets. By mid-2007, concerns about the value of mortgage assets held by these entities led to a general tightening of available credit and liquidity in the global financial markets.

During 2008, the initial instability intensified into a severe global financial crisis. Notwithstanding steps taken by the central banks of the U.S., the U.K. and certain other countries and the European Central Bank to increase liquidity, continued disruption to the credit and liquidity markets and concerns about the value of mortgage assets and credit-related products generally, led to substantial write-downs of asset values by a number of institutions, including government-sponsored entities, insurers and major commercial and investment banks. These write-downs caused many such entities to seek additional capital, to merge with other institutions and, in some cases, to go into insolvency or to be the subject of government bail-out.

In September 2008, the crisis saw a series of collapses of government-sponsored entities, insurers and major commercial and investment banks around the world. These collapses included the bail-out by the U.S. government of the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae), the insolvency of investment bank Lehman Brothers Holdings Inc., the bail-out by the U.S. government of the major U.S. insurer American International Group, Inc., and numerous other rescues and bail-outs in other countries.

In response to the crisis various governments and central banks took substantial measures to ease liquidity problems and enacted fiscal stimulus packages and measures to support certain entities affected by the crisis. Such measures included establishing special liquidity schemes and credit facilities, bank recapitalisation programmes and credit guarantee schemes.

In an attempt to counteract recessionary pressures, the central banks of the U.S., the U.K. and certain other countries and the European Central Bank also lowered interest rates, in some cases to record low levels.

A number of countries have accumulated significant levels of public debt both absolutely and relative to GDP. In connection with this, the global economy and financial markets have further experienced levels of instability and crises, in particular in respect of certain countries that had adopted the Euro (the “**Eurozone Countries**”), such as Greece, Italy, and Spain. This has led to concerns in relation to the sovereign credit risk of other Eurozone economies, as well as to the survival of the euro itself, and it is possible that the structure, nature and regulation of financial markets, including sovereign credit markets, may be fundamentally altered.

A number of Eurozone countries have seen yields on new issues of sovereign debt increase to levels that some commentators have argued are not sustainable. Such increases, combined with existing levels of national debt, have given rise to ongoing concerns of the ability of such Eurozone countries to service their

existing debt obligations. Furthermore, Greece restructured a majority of its sovereign debt in the first half of 2012.

2012 saw dialogue among the Eurozone Countries regarding, among other things, the control of fiscal policy, the operation of the European Central Bank, the structuring of the European Financial Stability Facility and the establishment of the European Stability Mechanism. During this time several rating agencies have downgraded a number of Eurozone Countries, including Spain, by one or more notches.

The ongoing concerns regarding the Eurozone Countries, including the possibility of a withdrawal from the Euro by one or more Eurozone Countries or a wider restructuring of the Euro, are likely to continue to effect the financial condition and stability of individual Eurozone Countries and, more widely, the European Union and the global economy.

The above factors have also led to substantial volatility in markets across asset classes, including (without limitation) stock markets, foreign exchange markets, fixed income markets and credit markets.

There can be no assurance that the steps taken by governments to ameliorate the global financial crisis will be successful or that the global recovery will continue. The structure, nature and regulation of financial markets in the future may be fundamentally altered as a consequence of the global financial crisis, possibly in unforeseen ways. There can be no assurance that similar or greater disruption may not occur in the future for similar or other reasons. In addition, the attempts being taken to reduce the high level of sovereign debt may themselves contribute to a further global recession.

There can be no assurance as to how severe the global recession will be or as to how long it will last. There can be no assurance that government actions to limit the impact of the crisis will be successful and that they will not instead lead or contribute to a deeper and/or longer-lasting recession. Economic prospects are subject to considerable uncertainty.

Prospective investors should ensure that they have sufficient knowledge and awareness of the global financial crisis and the responses thereto and of the economic situation and outlook as they consider necessary to enable them to make their own evaluation of the risks and merits of an investment in the Notes. In particular, prospective investors should take into account the considerable uncertainty as to how the global financial crisis and the wider economic situation will develop over time.

Any person who had held securities during the periods considered above, particularly structured securities, would be highly likely to have suffered significant adverse effects as a result of such holding, including, but not limited to, major reductions in the value of those securities and a lack of liquidity. Prospective investors should consider carefully whether they are prepared to take on similar risks by virtue of an investment in the Notes.

### ***Impact on Liquidity***

The events outlined above have had an extremely negative effect on the liquidity of financial markets generally and in the markets in respect of certain financial assets or in the obligations of certain obligors. This has particularly been the case with respect to the market for structured assets and the obligations of financial institutions and certain sovereigns. Such assets may either not be saleable at all or may only be saleable at significant discounts to their estimated fair value or to the amount originally invested. No assurance can be given that liquidity in the market generally, or in the market for any particular asset class or in the obligations of any particular financial institution or sovereign, will improve or that it will not worsen in the future. Such limited liquidity may have a negative impact on the value of the Notes and the theoretical value of the shares references in the relevant Class Equity Basket (which, in turn, may have a negative impact on the value of the Equity Swap Transactions) and any Eligible Securities delivered pursuant to the Credit Support Annex and the valuation of any obligations of the Reference Entity following a Credit Event. In particular, should the Notes be redeemed early, Noteholders will be exposed to the liquidation value of the Swap Agreement and any Eligible Securities delivered pursuant to the Credit Support Annex which value

might be affected (in some cases significantly) by such lack of liquidity and lower valuations on obligations of the Reference Entity if a Credit Event has occurred.

### ***Impact on Credit***

The events outlined above have negatively affected the creditworthiness of a number of entities, in some cases to the extent of collapse or requiring government rescue. Such credit deterioration has and may continue to be widespread and is no longer confined to the financial services sector. The value of the Notes or of the amount of payments under them may be negatively affected by such widespread credit deterioration. Prospective investors should note that recoveries on assets of affected entities have in some cases been *de minimis* and that similarly low recovery levels may be experienced with respect to other entities in the future which may include the Reference Entity and any Eligible Securities delivered pursuant to the Credit Support Annex.

### ***Impact of Increased Regulation and Nationalisation***

The events since 2007 have seen increased involvement of governmental and regulatory authorities in the financial sector and in the operation of financial institutions. In particular, governmental and regulatory authorities in a number of jurisdictions have imposed stricter regulatory controls around certain financial activities and/or have indicated that they intend to impose such controls in the future. The United States of America, the European Union and other jurisdictions are actively considering various reform measures. In certain jurisdictions (e.g. the United States of America), legislation has come into force in this respect, although the rules and regulations required to implement the particulars of any such legislation have yet to be considered. In other jurisdictions (e.g. the European Union), a number of draft pieces of legislation have been proposed and are currently being considered. Such regulatory changes and the method of their implementation may have a significant impact on the operation of the financial markets. It is uncertain how a changed regulatory environment will affect the Issuer and the treatment of the Notes, the Swap Counterparty, the Dealer and the other transaction parties. In addition, governments have shown an increased willingness wholly or partially to nationalise financial institutions, corporates and other entities in order to support the economy. Such nationalisation may impact adversely on the value of the stock or other obligations of any such entity. In addition, in order to effect such nationalisation, existing obligations or stock might have their terms mandatorily amended or be forcibly redeemed. To the extent that Credit Suisse International, as the Swap Counterparty, Disposal Agent, Calculation Agent and Valuation Agent and/or the Reference Entity or any other person or entity connected with the Notes is subject to nationalisation or other government intervention, it may have an adverse effect on a holder of the Notes.

### ***Systemic Risk***

Financial institutions and other significant participants in the financial markets that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This risk is sometimes referred to as “systemic risk”. Financial institutions such as Credit Suisse International, and those other parties acting as the Trustee, the Custodian and certain Agents (or any affiliate of any of them) and the Reference Entity referenced in the Credit Default Swap Transactions and any Eligible Securities held by the Issuer from time to time that are financial institutions (which will be the case in respect of the Reference Entity) or are significant participants in the financial markets are likely routinely to execute a high volume of transactions with various types of counterparties, including brokers and dealers, commercial banks, investment banks, insurers, mutual and hedge funds and institutional clients. To the extent they do so, they are and will continue to be exposed to the risk of loss if counterparties fail or are otherwise unable to meet their obligations. In addition, a default by a financial institution or other significant participant in the financial markets, or concerns about the ability of a financial institution or other significant participant in the financial markets to meet its obligations, could lead to further significant systemic liquidity problems and other problems that could exacerbate the global financial crisis and as such have a material adverse impact on other entities.

**Foreign Exchange Risk**

The Eligible Securities may be denominated in a different currency from the Notes. Accordingly, the Noteholders shall be exposed to foreign exchange risk of EUR and/or any other currency in respect of which Eligible Securities are denominated in against SEK. The volatility of foreign exchange rates may therefore lead to Noteholders suffering a significant loss on their investment as a result of the movement of such foreign exchange rates during the life of the Notes.

**No disclosure of information; disclosure of confidential information**

The Issuer or Credit Suisse International may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to the Reference Entity, Eligible Securities or the Class Equity Baskets or the Swap Counterparty that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholder, and the Notes do not create any obligation on the part of the Issuer or Credit Suisse International or any other person to disclose to any Noteholder any such relationship or information (whether or not confidential).

## TRANSACTION DESCRIPTION

*This Transaction Description must be read as a description only of certain features of the Notes. Any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference herein. This Transaction Description does not contain all the information which may be important to prospective investors. Prospective investors should read the entirety of this Prospectus and the documents incorporated by reference herein. In addition, prospective investors should consult with their investment, legal, accounting, tax and other advisors with respect to any investment in the Notes.*

*The information contained in this section is subject in its entirety to the Issue Terms of the Notes.*

*This section is not intended as a description of the risks an investment in any of the Notes may involve. Risks specifically relating to the Notes are set out in the section of this Prospectus entitled “Risk Factors”.*

### Issuer

The Notes are issued by Argentum Capital S.A. (the “**Company**”) acting in respect of Compartment GAP+ 2138 – 2139 February 2015 (the “**Issuer**”) and are secured, limited recourse obligations of the Issuer. The Issuer is described in more detail in the section of this Prospectus entitled “*Description of the Company and the Compartment*”.

### Status of the Notes

The Notes are secured, limited recourse obligations of the Issuer. This means that the Secured Creditors (which include the Noteholders and each of the Trustee and various agents involved in the issue of the Notes) only have the right to claim against specific assets of the Issuer that relate to the Notes (being referred to in this Prospectus as the Mortgaged Property).

### Classes

The Notes are comprised of two Classes: the Class A Notes and the Class B Notes.

The Class A Notes rank *pari passu* without any preference among themselves and the Class B Notes rank *pari passu* without any preference among themselves. Furthermore, the Class A Notes and the Class B Notes rank *pari passu* with each other without any preference among the Classes.

Each Class of Notes is exposed to the same risk of credit-linkage as the other Class of Notes, but differs in its equity-linked exposure. At maturity of the Notes, a Noteholder may be entitled to payments which are derived from the Equity Swap Transaction relating to the relevant Class and referencing a basket of shares, as described in more detail below and elsewhere in this Prospectus. Any such additional equity-linked payment receivable by a Noteholder (if any) may be different depending on the Class of Notes it invests in.

### Aggregate Nominal Amount of the Notes

The Aggregate Nominal Amount of the Series on the Issue Date will be up to SEK 400,000,000, comprising the aggregate of the nominal amounts for each Class of Notes as follows:

- (a) up to SEK 200,000,000 in aggregate nominal amount of the Class A Notes; and
- (b) up to SEK 200,000,000 in aggregate nominal amount of the Class B Notes,

and will, in each case, be issued by the Issuer on the Issue Date.

The precise Aggregate Nominal Amount of each Class of Notes to be issued will be published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)) and filed with the Central Bank of Ireland in accordance with Article 8 of the Prospectus Directive, in each case, on or around the Issue Date.

## Interest on the Notes

No amount of interest will be payable in respect of any Class of Notes.

## Maturity

No amounts are scheduled to be paid under any Class of Notes to investors in the Notes until the scheduled maturity date of the Notes, which is expected to be on 5 April 2021, subject to any postponement in the settlement of the Equity Swap Transaction relating to the relevant Class in accordance with its terms (the “**Scheduled Maturity Date**”), as described in more detail in the section of this Prospectus entitled “*Issue Terms*”. The maturity date of any Class of Notes may be further postponed as a result of a payment resulting from the occurrence of a Triggered Credit Event in respect of the Reference Entity referenced in the Credit Default Swap Transactions being due and payable after the Scheduled Maturity Date and/or the determination of any Unsettled Credit Event relating to the Reference Entity as at the Credit Event Observation Period End Date of the Notes, as described in more detail below.

## Overview of the Swap Agreement

The payments which a Noteholder of a Class of Notes is entitled to receive will depend on (amongst other things) (a) the occurrence of any Credit Event in respect of the Reference Entity under the Credit Default Swap Transaction and (b) the performance of the Class Equity Basket referenced by the Equity Swap Transaction, in each case relating to the relevant Class, and as illustrated by the diagram at the end of this Transaction Description.

On the Issue Date, the Issuer will enter into the Swap Agreement in respect of the Notes with Credit Suisse International in its capacity as Swap Counterparty, under which the Issuer and the Swap Counterparty will enter into an Equity Swap Transaction and a Credit Default Swap Transaction relating to each Class of Notes. On the Issue Date:

- (a) a portion of an amount equal to the Issue Price of each Class of Notes (which is expected to be between 1% and 30% in respect of each Class) will be used to fund an initial exchange payment under the Equity Swap Transaction referencing the relevant Class Equity Basket (the performance of which will affect the return on such Class of Notes); and
- (b) the remaining portion of the Issue Price of each Class of Notes will be used to fund an initial exchange payment under the Credit Default Swap Transaction relating to such Class.

The return on each Class of Notes will reflect amounts receivable by the Issuer under the Equity Swap Transaction and the Credit Default Swap Transaction relating to such Class. Each Equity Swap Transaction references either Equity Basket 1 (in the case of the Class A Notes) or Equity Basket 2 (in the case of the Class B Notes) and, therefore, the relative return on each Class of Notes may differ and will depend on the relative performance of the relevant Class Equity Basket.

The Credit Default Swap Transactions will each reference, as at the Issue Date, one Reference Entity (such number as at the Issue Date (as such number may increase as a result of the determination of one or more successor Reference Entities) is referred to in this Prospectus as the “**Number of Reference Entities**”). It is important to note that (a) the Reference Entity referenced in one Credit Default Swap Transaction will be identical to the Reference Entity referenced in the other Credit Default Swap Transaction, and (b) the Reference Entity (and the Number of Reference Entities) may change from time to time following the determination of one or more successor Reference Entities.

The Reference Entity is a bank incorporated in Asia as described in more detail below and in the section of this Prospectus entitled “*Description of the Reference Entity*”.

The notional amount of each Credit Default Swap Transaction (the “**Class Notional Amount**” in respect of such Credit Default Swap Transaction) will be denominated in SEK and the size of such Class Notional

Amount will depend on the relevant Class of Notes to which such Credit Default Swap Transaction relates and is described in more detail in the section of this Prospectus entitled “*Issue Terms*”.

For so long as the Notes remain outstanding, copies of the programme documentation (including the Base Prospectus, sections of which are incorporated by reference herein) and the issue documentation (including the documentation relating to the Credit Default Swap Transaction and the Equity Swap Transaction in respect of each Class) will be available for inspection in printed form free of charge, during the hours between 9.00 a.m. and 5.00 p.m. (with respect to the location of the relevant offices) on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer and at the Specified Offices of the Issuing and Paying Agent and the Noteholder Facilitator.

## **Impact of the Credit Default Swap Transactions on the Notes**

### *Overview*

Each Class of Notes is credit-linked as a result of identical (save for the specified Class Notional Amount and Class Redemption Factor) Credit Default Swap Transactions, as evidenced by a single confirmation, which incorporate by reference the 2014 ISDA Credit Derivatives Definitions as published by ISDA (the “**Credit Derivatives Definitions**”).

Under each Credit Default Swap Transaction, the Issuer is selling protection on the Reference Entity referenced in such Credit Default Swap Transaction. The Reference Entity referenced in one Credit Default Swap Transaction will be identical to the Reference Entity referenced in the other Credit Default Swap Transaction. If no Credit Event has occurred by, and no Unsettled Credit Events (as defined in the confirmation of the Credit Default Swap Transactions) are outstanding on the Reference Business Day immediately preceding 5 April 2021 (the “**Credit Event Observation Period End Date**”), under the relevant Credit Default Swap Transaction, the Swap Counterparty will be obliged to pay an amount to the Issuer on the Reference Business Day immediately preceding the Scheduled Maturity Date (the “**Final Exchange Date**”) in respect of the relevant Credit Default Swap Transaction equal to the product of the then outstanding Class Notional Amount as at the Final Exchange Date (as the same may have been reduced as a result of purchases and cancellations of the Notes of such Class by the Issuer) and the Fee Calculation Factor applicable as at the Scheduled Maturity Date.

The consequences of the occurrence of a Credit Event or the existence of any Unsettled Credit Events as at the Credit Event Observation Period End Date are described in more detail below.

### *Reference Entity and Reference Obligation*

The Reference Entity referenced in the Credit Default Swap Transaction relating to each Class of Notes will be identical and on the Issue Date will be The Bank of China Limited.

The Reference Obligation that will be referenced in the Credit Default Swap Transactions relating to the Notes will be identical (and constitute an Obligation for the purposes of the Credit Default Swap Transactions, as described below) and on the Issue Date will be the obligation specified as the “**Standard Reference Obligation**” for the Reference Entity for the “**Senior Level**” on a list to be published by ISDA and, until such Standard Reference Obligation in respect of the Reference Entity is published by ISDA, USD 500,000,000 3.125 per cent. fixed rate notes due 2019 issued by The Bank of China Limited (ISIN: XS1016655349), subject to the terms of the Credit Default Swap Transactions.

The Class Notional Amount of each Credit Default Swap Transaction that is allocated to the Reference Entity (the “**Reference Entity Notional Amount**”) will be 100% of the Class Notional Amount on the Issue Date. Such allocation may vary after the Issue Date as a result of the determination of one or more successor Reference Entities and thereafter may not be divided equally between any successor Reference Entities.



A description of the Reference Entity is set out under the section of this Prospectus entitled “*Description of the Reference Entity*”. A description of the Reference Obligation is set out under the section of this Prospectus entitled “*Description of the Reference Obligation*”.

#### *Credit Events*

The Reference Entity referenced in the Credit Default Swap Transactions (or certain Obligations of such Reference Entity) may be subject to the occurrence of any of the following Credit Events occurring on and after 19 December 2014 (being the Credit Event Backstop Date) and on or prior to the Credit Event Observation Period End Date:

- (a) Failure to Pay;
- (b) Bankruptcy;
- (c) Restructuring; and
- (d) Governmental Intervention.

More detailed information on the various Credit Events can be found in “*Credit Events and related terms*” in the section of this Prospectus entitled “*Description of the Credit Default Swaps and the Credit Event provisions relating to the Credit Default Swap Transactions and the Notes*”.

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

By incorporation of the Credit Derivatives Definitions, certain determinations relating to, and affecting, the Credit Default Swap Transactions may be made by a relevant CDDC, which 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 should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules.

#### *The Reference Entity may change as a result of the determination of a successor Reference Entity*

The Reference Entity referenced in the Credit Default Swap Transactions (and to which the Notes are therefore exposed) may change from time to time as a result of the determination of one or more successor Reference Entities and, if more than one successor Reference Entity is determined, the proportion of the Class Notional Amount of each Credit Default Swap Transaction allocated to such Reference Entity that was subject to such succession will be divided amongst each of the new successor Reference Entities. Credit Suisse International, as Calculation Agent under the Swap Agreement, is responsible for making determinations as to any successor Reference Entity, provided that the Calculation Agent is not required to, and will not, make any such determination if ISDA has announced that a CDDC has been convened for such purpose and if such CDDC has resolved to make such determination.

#### *Consequence of Credit Events and Unsettled Credit Events, including redemption of the Notes*

On the Issue Date, the Issuer will enter into the Credit Default Swap Transactions relating to each Class of Notes. The Class Notional Amount in respect of each Credit Default Swap Transaction will be equal to 100% of the Outstanding Principal Amount of the corresponding Class of Notes on the Issue Date. The Class Notional Amount may be reduced from time to time as described below.

If a Credit Event has occurred in respect of the Reference Entity and the Swap Counterparty has elected to trigger a settlement under the Credit Default Swap Transaction relating to each Class of Notes and an Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price, has been determined in accordance with such Credit Default Swap Transaction on or prior to the Credit Event Observation Period End Date, such Credit Event will be a “**Triggered Credit Event**”. In such circumstances, with respect to the Triggered Credit Event an amount will be payable by the Swap Counterparty to the Issuer

(such amount, a “**Credit Suisse Cash Settlement Amount**”) on the date falling 5 Reference Business Days after the latest date on which the Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price is determined in respect of the Reference Entity (the “**Credit Suisse Cash Settlement Date**”). The Credit Suisse Cash Settlement Amount in respect of each Credit Default Swap Transaction will be equal to the product of:

- (a) the Reference Entity Notional Amount in respect of the Reference Entity *multiplied by* the Fee Calculation Factor in effect as at the date of determination of the Auction Final Price or the Final Price, as applicable;
- (b) the relevant Auction Final Price or, where the Fallback Settlement Method is applicable, the relevant Final Price determined in respect of the Reference Entity and the Triggered Credit Event; and
- (c) the Class Redemption Factor (being equal to the percentage of the Aggregate Nominal Amount of the Class of Notes received by the Swap Counterparty on the Issue Date under the Credit Default Swap Transaction (expected to be between 70% and 99%)).

On the date falling 2 Reference Business Days after the Credit Suisse Cash Settlement Date (the “**Credit Event Instalment Date**”), in respect of each Note of the relevant Class the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Credit Suisse Cash Settlement Amount (the “**Credit Event Instalment Amount**”) to the Noteholder. Accordingly, each Note of such Class will be redeemed in part and the Outstanding Principal Amount of such Class will be reduced by an amount equal to the Reference Entity Notional Amount in respect of the Reference Entity. The Credit Event Instalment Amount may be due and payable before, on or after the Scheduled Maturity Date.

Upon the payment of the Credit Suisse Cash Settlement Amount by the Swap Counterparty, the Class Notional Amount of the Credit Default Swap Transaction will be reduced by an amount equal to the Reference Entity Notional Amount in respect of the Reference Entity as at the relevant Credit Suisse Cash Settlement Date. Where the Reference Entity Notional Amount is equal to 100% of the Class Notional Amount, the Class Notional Amount will be reduced to zero. A reduction of the Class Notional Amount of such Credit Default Swap Transaction to zero in such circumstances prior to the Scheduled Maturity Date will not cause such Credit Default Swap to terminate early or the Notes to redeem early, absent the occurrence of an Early Redemption Event (which includes, among other things, any Event of Default in respect of the Notes). If the Credit Suisse Cash Settlement Date would fall on or after the Final Exchange Date, the Class Notional Amount will be deemed to have been so reduced as at the Final Exchange Date solely for the purpose of calculating any Final Exchange Amount (as described below).

Accordingly, the amount payable to holders of each Class of Notes in such circumstances will, to a significant extent, be dependent on the Auction Final Price or the Final Price, as applicable, determined in respect of the relevant obligations of the Reference Entity to which such Triggered Credit Event relates and will also be reduced by the application of the relevant Class Redemption Factor and the Fee Calculation Factor (as described in more detail below). As a result, the amount payable to holders of each Class of Notes in such circumstances will be significantly less than the amount by which the Outstanding Principal Amount of such Class of Notes will be redeemed and may even be zero.

The determination of Triggered Credit Events, Credit Suisse Cash Settlement Dates, Auction Final Prices and Final Prices will be identical across the Credit Default Swap Transactions for all Classes of Notes. The reductions in the Class Notional Amount of each Credit Default Swap Transaction will however vary across the Credit Default Swap Transactions for each Class because the Class Notional Amount applicable in respect of each Credit Default Swap Transaction is linked to the Outstanding Principal Amount of the Notes of the Class to which such Credit Default Swap Transaction relates.

#### *Application of the Class Redemption Factor and the Fee Calculation Factor*

The Class Redemption Factor relating to each Class of Notes reflects the fact that an amount equal to only a percentage of the Issue Price of such Class will be paid to the Swap Counterparty under the corresponding

Credit Default Swap Transaction on the Issue Date, since the balance of the amount equal to the Issue Price of such Class not paid to the Swap Counterparty under the Credit Default Swap Transaction is allocated to fund the initial exchange payment under the corresponding Equity Swap Transaction. Accordingly, as the Class Redemption Factor will be less than 100%, the amount payable in respect of the redemption of each Class of Notes following the occurrence of a Triggered Credit Event will be lower than the amount which would otherwise be payable if an amount equal to 100% of the Issue Price of each Class were paid to the Swap Counterparty in connection with the corresponding Credit Default Swap Transaction on the Issue Date. The application of the Class Redemption Factor in the calculation of the Credit Suisse Cash Settlement Amount represents an automatic reduction to a Noteholder's investment following the occurrence of a Triggered Credit Event.

In calculating any amounts due to the Issuer under each Credit Default Swap Transaction from the Swap Counterparty (and therefore the corresponding portion of principal payable in respect of each Class of Notes), the Class Notional Amount and the Reference Entity Notional Amount, as applicable, of such Credit Default Swap Transaction will be reduced by the application of the Fee Calculation Factor. As shown in the table below, the Fee Calculation Factor is a variable percentage which will be 100% on the Issue Date and will decrease to 94.08% on the Scheduled Maturity Date of the Notes (and will decrease further after the Scheduled Maturity Date). Accordingly, the amounts payable in respect of the partial redemption of the Notes following the occurrence of a Triggered Credit Event will be lower than the amount which would be payable if such Fee Calculation Factor had not been applied.

| <b>Date</b>   | <b>Fee Calculation Factor (%)</b>   |
|---|-------------------------------------|
| From, but excluding, the Issue Date to, and including, 6 April 2016                   | 98.93                               |
| From, but excluding, 6 April 2016 to, and including, 6 April 2017                     | 97.94                               |
| From, but excluding, 6 April 2017 to, and including, 6 April 2018                     | 96.96                               |
| From, but excluding, 6 April 2018 to, and including, 6 April 2019                     | 95.99                               |
| From, but excluding, 6 April 2019 to, and including, 5 April 2020                     | 95.04                               |
| From, but excluding, 5 April 2020 to, and including, the Scheduled Maturity Date      | 94.08                               |
| From, but excluding, the Scheduled Maturity Date to, and including, the Maturity Date | The Extended Fee Calculation Factor |

The Extended Fee Calculation Factor is the Fee Calculation Factor on the Scheduled Maturity Date (being 94.08%) *multiplied by*  $(99\% \wedge \text{Day Count})$ , where:

**" $99\% \wedge \text{Day Count}$ "** means 99 per cent. to the power of Day Count.

**"Day Count"** means a fraction the numerator of which is the number of days in the period from and including the Scheduled Maturity Date to but excluding the Additional Exchange Date or the Credit Suisse Cash Settlement Date, as applicable, and the denominator of which is 360 (the number of days to be calculated on the basis of a year of 360 days with twelve thirty day months).

#### *Payment of Final Redemption Amount*

Under each Credit Default Swap Transaction, on the Reference Business Day immediately preceding the Scheduled Maturity Date of the Class of Notes to which such Credit Default Swap Transaction relates (the **"Final Exchange Date"**), the Swap Counterparty will pay to the Issuer an amount equal to the then outstanding Class Notional Amount of such Credit Default Swap Transaction *multiplied by* the Fee Calculation Factor of 94.08% (as at the Scheduled Maturity Date) (the **"Final Exchange Amount"**). On the

Scheduled Maturity Date, in respect of each Note of the Class the Issuer will pay an amount equal to (i) its *pro rata* share of an amount equal to the Final Exchange Amount (if any) plus (ii) the Additional Payout Amount (if any) (together, the “**Final Redemption Amount**”) to the Noteholder.

If the Class Notional Amount of such Credit Default Swap Transaction has been reduced to zero prior to the Scheduled Maturity Date due to the occurrence of any Triggered Credit Event, the Final Exchange Amount may be zero.

*Extension of the Credit Default Swap Transaction and Payment of Partial Redemption Amount*

In certain circumstances, the termination date of each Credit Default Swap Transaction may extend beyond its scheduled termination date. Such occurrence may arise, in summary, where any Credit Suisse Cash Settlement Date will fall after the Final Maturity Date or where:

- (a) any Credit Event have occurred in respect of the Reference Entity on or prior to the Credit Event Observation Period End Date but in respect of which the Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price, has not been determined by such Credit Event Observation Period End Date; or
- (b) a Potential Credit Event has been determined by the calculation agent under such Credit Default Swap Transaction (being, in effect, an event which, in the sole and absolute determination of the Calculation Agent, may be a Credit Event) but which has not been confirmed as being a Credit Event or not on or prior to the Credit Event Observation Period End Date,

(each such occurrences, as used herein, an “**Unsettled Credit Event**”).

In such circumstances, the Final Exchange Amount (if any) payable by the Swap Counterparty to the Issuer under such Credit Default Swap Transaction on the Final Exchange Date will be an amount equal to the product of (i) the then outstanding Class Notional Amount *minus* the Reference Entity Notional Amount in respect of the Reference Entity and (ii) the Fee Calculation Factor of 94.08% (as at the Scheduled Maturity Date) (or lower following the Scheduled Maturity Date). On the Scheduled Maturity Date, in respect of each Note of the Class the Issuer will pay an amount equal to (i) its *pro rata* share of the Final Exchange Amount (if any) so calculated plus (ii) the Additional Payout Amount (if any) (together, the “**Partial Final Redemption Amount**”) to the Noteholder in partial redemption of such Note.

In relation to the Reference Entity in respect of which the Unsettled Credit Event has occurred, if it is determined that no Credit Event has occurred under the Credit Default Swap Transaction, on the date immediately following the date of such determination (an “**Additional Exchange Date**”) the Swap Counterparty will pay to the Issuer an amount equal to the product of (i) the Reference Entity Notional Amount in respect of such Reference Entity and (ii) the Fee Calculation Factor applicable as at the Additional Exchange Date (the “**Additional Exchange Amount**”). On the date falling two Reference Business Days after the Additional Exchange Date (an “**Unsettled Credit Event Instalment Date**”), in respect of each Note of the Class the Issuer will pay an amount equal to its *pro rata* share of an amount equal to the Additional Exchange Amount (the “**Unsettled Credit Event Instalment Amount**”). The last occurring Additional Exchange Date will be the “**Extended CDS Termination Date**” of the Credit Default Swap Transaction.

However, if it is determined that a Credit Event has occurred in respect of such Reference Entity or, where applicable, an Auction Final Price or Final Price is determined following the Credit Event Observation Period End Date, the Swap Counterparty will pay the Credit Suisse Cash Settlement Amount to the Issuer on the related Credit Suisse Cash Settlement Amount, and in respect of each Note of such Class the Issuer will pay the Credit Event Instalment Amount on the related Credit Event Instalment Date, in the manner described above under “*Consequence of Credit Events and Unsettled Credit Events, including redemption of the Notes*”.

### *Worked examples of the impact of a Triggered Credit Event*

The following sets out an example of the impact of a Triggered Credit Event on the Credit Default Swap Transaction relating to each Class of Notes. The figures and events used for the purposes of the example are indicative only and are not intended as a guide as to the actual or expected performance of any Class of Notes. The performance of any Class of Notes may be better or worse than set out in the following example.

The example assumes the following:

- (a) the Credit Default Swap Transaction references a single Reference Entity with a Reference Entity Notional Amount of SEK 1,000,000;
- (b) the Outstanding Principal Amount of each Class of Notes (and the Class Notional Amount in respect of the related Credit Default Swap Transaction) as at the Issue Date is SEK 1,000,000;
- (c) the Class Redemption Factor for each Class of Notes is 80%;
- (d) no Swap Counterparty Equity Final Exchange Amount is payable under any Equity Swap Transaction in respect of any Class of Notes; and
- (e) no Early Redemption Event (including any Event of Default) occurs in respect of any Class of Notes and all transaction parties comply with their obligations relating to any Class of Notes.

Based on this:

If a Triggered Credit Event occurs in respect of the Reference Entity prior to 1 January 2016 (and therefore prior to the Credit Event Observation Period End Date) and an Auction Final Price, expressed as a percentage, of 50% is determined in respect of such Reference Entity in the manner provided for under each Credit Default Swap Transaction (which will be identical across all Credit Default Swap Transactions), then:

- (a) on the Credit Suisse Cash Settlement Date, the Swap Counterparty will pay a Credit Suisse Cash Settlement Amount of SEK 395,720 (being equal to the product of (i) the Reference Entity Notional Amount of SEK 1,000,000 *multiplied by* a Fee Calculation Factor of 98.93%, (ii) the Auction Final Price of 50% and (iii) the Class Redemption Factor of 80%) to the Issuer and the Class Notional Amount of such Credit Default Swap Transaction will be reduced to zero (reflecting the Reference Entity Notional Amount of SEK 1,000,000); and
- (b) on the Credit Event Instalment Date, the Issuer will pay a holder of a Note of such Class having a nominal amount of SEK 10,000 an amount equal to SEK 3,957.20, being its *pro rata* share of an amount equal to the Credit Event Instalment Amount, and the Outstanding Principal Amount of such Class will be reduced to SEK 1 (such SEK 1 remaining outstanding until the Scheduled Maturity Date solely for the purposes of keeping the Notes of such Class outstanding in the event that any Additional Payout Amount is payable under with respect to such Class).

Accordingly, based on this example, in respect of each Class of Notes, a holder of a Note of such Class having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will be entitled to a total of SEK 3,957.20 in respect of such Note, representing a loss of SEK 6,042.80.

### **Impact of the Equity Swap Transactions on the Notes**

#### *Overview*

In respect of each Class of Notes, an Additional Payout Amount, which is expected to be funded by the Swap Counterparty Equity Final Exchange Amount (if any) receivable by the Issuer under Equity Swap Transaction relating to such Class and referencing the corresponding Class Equity Basket, may be payable on the Scheduled Maturity Date. Equity Basket 1 (referenced by the Equity Swap Transaction relating to the Class A Notes) and Equity Basket 2 (referenced by the Equity Swap Transaction relating to the Class B

Notes) reference different baskets of shares (in each case, the “**Class Equity Basket**” in respect of the relevant Class). The Equity Swap Transaction relating to the Class A Notes will be evidenced by a confirmation and the Equity Swap Transaction relating to the Class B Notes will be evidenced by a confirmation, in each case incorporating by reference the 2002 Equity Derivatives Definitions published by ISDA (the “**Equity Derivatives Definitions**”).

In respect of each Class of Notes, the performance of the corresponding Class Equity Basket will determine the Additional Payout Amounts (if any) payable in respect of such Class on the Scheduled Maturity Date.

#### *Class Equity Baskets*

The composition of each of Equity Basket 1 and Equity Basket 2 on the Issue Date is set out below. The shares referenced in each Class Equity Basket may be subject to adjustment in accordance with the terms of the corresponding Equity Swap Transaction.

#### Equity Basket 1

The Swap Counterparty Equity Final Exchange Amount (if any) payable to the Issuer under the Class A Equity Swap Transaction (and, accordingly, the Additional Payout Amount (if any) in respect of the Class A Notes) will depend on the performance of Equity Basket 1, which on the Issue Date consists of the following basket of shares:

| <b>i</b> | <b>Share<sub>i</sub></b>    | <b>Bloomberg Code</b> | <b>Exchange</b>          |
|----------|-----------------------------|-----------------------|--------------------------|
| 1        | ABB LTD - REG               | ABB SS Equity         | Stockholm Stock Exchange |
| 2        | Nordea Bank AB              | NDA SS Equity         | Stockholm Stock Exchange |
| 3        | Skanska AB – B SHS          | SKAB SS Equity        | Stockholm Stock Exchange |
| 4        | TELE2 AB – B SHS            | TEL2B SS Equity       | Stockholm Stock Exchange |
| 5        | AstraZeneca PLC             | AZN SS Equity         | Stockholm Stock Exchange |
| 6        | Hennes & Mauritz AB – B SHS | HMB SS Equity         | Stockholm Stock Exchange |
| 7        | SKF AB – B Shares           | SKFB SS Equity        | Stockholm Stock Exchange |
| 8        | TeliaSonera AB              | TLSN SS Equity        | Stockholm Stock Exchange |

Information (including information as to their past and future performance and volatility) about the shares included in Equity Basket 1 may be obtained on Bloomberg under the codes set out in the table above.

#### Equity Basket 2

The Swap Counterparty Equity Final Exchange Amount (if any) payable to the Issuer under the Class B Equity Swap Transaction (and, accordingly, the Additional Payout Amount (if any) in respect of the Class B Notes) will depend on the performance of Equity Basket 2, which on the Issue Date consists of the following basket shares:

| <b>i</b> | <b>Share<sub>i</sub></b>  | <b>Bloomberg Code</b> | <b>Exchange</b>          |
|----------|---------------------------|-----------------------|--------------------------|
| 1        | Zurich Insurance Group AG | ZURN VX Equity        | SIX Swiss Exchange       |
| 2        | Swedbank AB – A Shares    | SWEDA SS Equity       | Stockholm Stock Exchange |

|    |                               |                 |                          |
|----|-------------------------------|-----------------|--------------------------|
| 3  | Royal Dutch Shell PLC – A SHS | RDSA LN Equity  | London Stock Exchange    |
| 4  | TeliaSonera AB                | TLSN SS Equity  | Stockholm Stock Exchange |
| 5  | Swiss Re AG                   | SREN VX Equity  | SIX Swiss Exchange       |
| 6  | TELE2 AB – B SHS              | TEL2B SS Equity | Stockholm Stock Exchange |
| 7  | BP PLC                        | BP/LN Equity    | London Stock Exchange    |
| 8  | Novartis AG - REG             | NOVN VX Equity  | SIX Swiss Exchange       |
| 9  | Nestle SA - REG               | NESN VX Equity  | SIX Swiss Exchange       |
| 10 | Nordea Bank AB                | NDA SS Equity   | Stockholm Stock Exchange |

Information (including information as to their past and future performance and volatility) about the shares included in Equity Basket 2 may be obtained on Bloomberg under the codes set out in the table above.

*Formula for calculating the Swap Counterparty Equity Final Exchange Amount and the Additional Payout Amount*

The Additional Payout Amount (if any) payable in respect of each Class of Notes is expected to be funded by the Swap Counterparty Equity Final Exchange Amount (if any) receivable by the Issuer on the Reference Business Day immediately preceding the Scheduled Maturity Date (the “**Swap Counterparty Equity Final Exchange Date**”). Any such Swap Counterparty Equity Final Exchange Amount will be determined by the Calculation Agent by reference to a formula.

For the purpose of determining any Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Equity Swap Transaction relating to the relevant Class of Notes, the Calculation Agent will apply the formula to, in summary:

- (a) determine, in respect of each share referenced in the relevant Class Equity Basket, expressed as a percentage (i) the arithmetic average of the official closing levels of such share on the monthly Averaging Dates (which are expected to be the 25<sup>th</sup> calendar day of each month from, and including, 25 March 2019 to, and including, 25 March 2021) *divided by* (ii) the official closing level of such share on the Initial Setting Date (which is expected to be 19 February 2015) (each, an “**Average Share Return**”);
- (b) deduct, in respect of each such share, 100% from the Average Share Return for that share, generating a percentage (which may be positive or negative) indicating the performance of such share (by reference to the closing levels thereof on the Averaging Dates and not any other dates) over the life of such Equity Swap Transaction (each, a “**Relative Share Return**”);
- (c) determine, by reference to the Relative Share Returns of all the shares referenced in such Class Equity Basket (such performance determined as summarised in paragraphs (a) and (b) above in respect of each share), the arithmetic average performance of all the shares referenced in such Class Equity Basket, generating, in effect, the average relative return of the relevant basket of shares (the “**Share Return**”); and
- (d) if such Share Return is positive, determine the Swap Counterparty Equity Final Exchange Amount by multiplying the Share Return by the product of (i) the Swap Notional Amount (being equal to the Outstanding Principal Amount of the Class of Notes to which such Equity Swap Transaction relates on the Issue Date, *multiplied by* the applicable Fee Calculation Factor), and (ii) the Participation

(which, in respect of the relevant Class, is a percentage as set out in the terms of such Equity Swap Transaction), and then deduct the Performance Fee (if any) from the resulting amount.

As described in more detail under “*Application of the Class Redemption Factor and the Fee Calculation Factor*” above in this Transaction Description, the Fee Calculation Factor is a variable percentage which will be 100% on the Issue Date and will decrease to 94.08% on the Scheduled Maturity Date (and decrease further thereafter) of the Notes. Accordingly, any Additional Payout Amount payable in respect of a Class of Notes at maturity will be lower than the amount which would be payable if such Fee Calculation had not been applied. A Performance Fee will only be payable in respect of such Class of Notes (and deducted from the Swap Counterparty Equity Final Exchange Amount) if the result of paragraph (d) above in respect of each Class of Notes (prior to the deduction of such Performance Fee in the calculation) exceeds 5.92% of the Aggregate Nominal Amount of such Class. In such cases, 10% of such amount which is in excess of 5.92% of the Aggregate Nominal Amount will constitute the Performance Fee in respect of each such Class. The resultant amounts from the applications of the Fee Calculation Factor and the deduction of any Performance Fee will effectively constitute part of commissions payable to the Distributor.

Accordingly, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will receive its *pro rata* share of the amount calculated in accordance with the formula described above. More detailed information on the formula (and each component thereof) can be found in the section of this Prospectus entitled “*Description of the Equity Swaps*”.

#### *Adjustments and disruptions*

Prospective investors in the each Class of Notes must note that certain adjustments may be made to the closing levels of any of the constituent shares of the relevant Class Equity Basket and the dates on which such levels are determined for the purposes of the Equity Swap Transaction relating to the such Class as a result of the occurrence of (i) non-Scheduled Trading Days and Disrupted Days, (ii) Market Disruption Events, (iii) Potential Adjustment Events or (iv) a correction of a published price in respect of a share (each of the events as defined in the Equity Derivatives Definitions incorporated by reference in the terms of the relevant Equity Swap Transaction). Furthermore, the Equity Swap Transaction relating to the relevant Class may also be subject to adjustment or early termination upon the occurrence of certain Extraordinary Events (which include a merger event, tender offer, nationalisation, delisting or insolvency) or Additional Disruption Events (which include a change in law, hedging disruption, increased cost of hedging or insolvency filing) (as defined in the Equity Derivative Definitions incorporated by reference in the terms of the relevant Equity Swap Transaction).

Certain risks arising as a result of such events are outlined in the section of this Prospectus entitled “*Risk Factors*”. More detailed information on the events referred to above and the resultant adjustments can be found in the section of this Prospectus entitled “*Description of the Equity Swaps*”.

#### *Payment of Additional Payout Amounts*

If a Class of Notes remain outstanding until the Scheduled Maturity Date and a Swap Counterparty Equity Final Exchange Amount is receivable by the Issuer under the Equity Swap Transaction relating to such Class, a holder of a Note of such Class can expect to receive an Additional Payout Amount equal to its *pro rata* share of an amount equal to such Swap Counterparty Equity Final Exchange Amount.

#### *Worked examples of the determination of an Additional Payout Amount*

The figures and events used for the purposes of these examples are indicative only and are not intended as a guide as to the actual or expected performance of any Class of Notes, which may be better or worse than the performance set out in the following examples.

The examples all assume the following:



- (a) the Swap Notional Amount of the Equity Swap Transaction relating to the relevant Class is SEK 1,000,000;
- (b) the Fee Calculation Factor of 94.08% as at the Scheduled Maturity Date;
- (c) a Participation of 100% in respect of Equity Basket 1 and 100% in respect of Equity Basket 2;
- (d) the number of shares referenced in Equity Basket 1 is 8; and
- (e) the number of shares referenced in Equity Basket 2 is 10.

Example 1:

This example assumes that the shares referenced in Equity Basket 1 have performed as following:

| Share <sub>i</sub> | Official closing price of Share <sub>i</sub> on the Initial Setting Date (in the relevant currency unit) | Arithmetic mean of the official closing price of Share <sub>i</sub> on each Averaging Date (in the relevant currency unit) | Relative Share Return of Share <sub>i</sub> |
|--------------------|--|--|---|
| Share 1            | 5  | 4.5  | -20%  |
| Share 2            | 10   | 12   | 20%   |
| Share 3            | 10   | 10   | 0%  |
| Share 4            | 8  | 6  | -25%  |
| Share 5            | 15   | 18   | 20%   |
| Share 6            | 10   | 7  | -30%  |
| Share 7            | 10   | 12.5   | 25%   |
| Share 8            | 20   | 14   | -30%  |

In this example the average performance of Equity Basket 1 will be -5%, being the sum of the percentages in the column entitled “Relative Share Return of Share<sub>i</sub>” divided by 8 (the number of shares referenced in Equity Basket 1). Accordingly, no Swap Counterparty Equity Final Exchange Amount will be payable under the Equity Swap Transaction relating to the Class A Notes as the average performance of Equity Basket 1 is below zero.

Accordingly, based on this example, in respect of the Class A Notes, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will not receive an Additional Payout Amount.

Example 2:

This example assumes that the shares referenced in Equity Basket 2 have performed as following:

| Share <sub>i</sub> | Official closing price of Share <sub>i</sub> on the Initial Setting Date (in the relevant currency unit) | Arithmetic mean of the official closing price of Share <sub>i</sub> on each Averaging Date (in the relevant currency unit) | Relative Share Return of Share <sub>i</sub> |
|--------------------|--|--|---|
|--------------------|--|--|---|

|          |    |      |      |
|----------|----|------|------|
| Share 1  | 5  | 5.5  | 10%  |
| Share 2  | 10 | 12   | 20%  |
| Share 3  | 10 | 10   | 0%   |
| Share 4  | 8  | 6    | -25% |
| Share 5  | 15 | 18   | 20%  |
| Share 6  | 10 | 10   | 0%   |
| Share 7  | 10 | 12.5 | 25%  |
| Share 8  | 20 | 18   | -10% |
| Share 9  | 10 | 11   | 10%  |
| Share 10 | 5  | 4.5  | -10% |

In this example the average performance of Equity Basket 2 will be 5%, being the sum of the percentages in the column entitled “Relative Share Return of Share<sub>i</sub>” *divided by* 10 (the number of shares referenced in Equity Basket 2), which is referred to in this example as the Share Return. Accordingly, the Swap Counterparty Equity Final Exchange Amount payable under the Equity Swap Transaction relating to the Class B Notes will be SEK 47,040, being the product of (i) the Swap Notional Amount of SEK 1,000,000 multiplied by a Fee Calculation Factor of 94.08%, (ii) the Participation of 100% and (iii) the Share Return of 5% (assuming no Performance Fee will be payable).

Accordingly, based on this example, in respect of the Class B Notes, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will receive an Additional Payout Amount of approximately SEK 470.40, being its *pro rata* share of the Swap Counterparty Equity Final Exchange Amount calculated above.

#### Example 3:

This example assumes that the shares referenced in Equity Basket 1 have performed as following:

| Share <sub>i</sub> | Official closing price of Share <sub>i</sub> on the Initial Setting Date (in the relevant currency unit) | Arithmetic mean of the official closing price of Share <sub>i</sub> on each Averaging Date (in the relevant currency unit) | Relative Share Return of Share <sub>i</sub> |
|--------------------|--|--|---|
| Share 1            | 5  | 5.5  | 10%   |
| Share 2            | 10   | 12   | 20%   |
| Share 3            | 10   | 10   | 0%  |
| Share 4            | 10   | 10   | 0%  |
| Share 5            | 15   | 18   | 20%   |
| Share 6            | 10   | 10   | 0%  |
| Share 7            | 10   | 12   | 20%   |

Share 8

18

19.8

10%

In this example the average performance of the Class Equity Basket will be 10%, being the sum of the percentages in the column entitled “Relative Share Return of Share<sub>i</sub>” *divided by* 8 (the number of shares referenced in Equity Basket 1), which is referred to in this example as the Share Return. Accordingly, the Swap Counterparty Equity Final Exchange Amount payable under the Equity Swap Transaction relating to the Class A Notes will be SEK 90,592 being the product of (i) the Swap Notional Amount of SEK 1,000,000 multiplied by a Fee Calculation Factor of 94.08%, (ii) the Participation of 100% and (iii) the Share Return of 10%, *minus* a Performance Fee of SEK 3,488.

The Performance Fee of SEK 3,488 in respect of the Class A Notes is equal to the product of (i) the Swap Notional Amount of SEK 1,000,000, (ii) the Fee Rate of 10%, and (iii) the Fee Multiplier of 3.488%. The Fee Multiplier of 3.488% is equal to (a) (X) the product of the Participation of 100% and the Share Return of 10%; *plus* (Y) 100%; *multiplied by* (Z) the relevant Fee Calculation Factor of 94.08%; *minus* (b) 100%.

Accordingly, based on this example, in respect of the Class A Notes, a holder of a Note having a nominal amount of SEK 10,000 as at the Scheduled Maturity Date will receive an Additional Payout Amount of approximately SEK 905.92, being its *pro rata* share of the Swap Counterparty Equity Final Exchange Amount calculated above.

### **Impact of Payments of Commissions to the Distributor on the Notes**

#### *Overview*

In connection with the issuance of the Notes by the Issuer, commissions will payable to the Distributor during the life of the Notes. In respect of a Class of Notes, the commissions will be funded by the following deductions incorporated into the calculations of amounts receivable by the Issuer under the Credit Default Swap Transaction and the Equity Swap Transaction relating to such Class:

- (a) the application of the Fee Calculation Factor (which will be 100% on the Issue Date and will decrease to 94.08% on the Scheduled Maturity Date of the Notes (and decrease further thereafter)) to reduce the Class Notional Amount and the Reference Entity Notional Amounts of the Credit Default Swap Transaction and the Swap Notional Amount of the Equity Swap Transaction relating to such Class in calculating any amounts receivable by the Issuer under the Swap Agreement. Such amounts include any Final Exchange Amount, Additional Exchange Amount, Credit Suisse Cash Settlement Amount and the Swap Counterparty Equity Final Exchange Amount receivable by the Issuer; and
- (b) the payment of any Performance Fee, which will be deducted from any Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under each Equity Swap Transaction. Such Performance Fee depends, in part, on the performance of the relevant Class Equity Basket referenced by the Equity Swap Transaction relating to such Class of Notes.

As the payment of any principal (including any Additional Payout Amount) with respect to a Class of Notes will be funded by the amounts receivable by the Issuer under the Swap Agreement, the payment of commissions to the Distributor will ultimately be borne by the Noteholders of such Class. Accordingly, even if no Credit Event has occurred with respect to any Reference Entity, to receive at least 100% of the amount invested in any Class of Notes at maturity, investors will rely on the Additional Payout Amount payable under such Class to make up for such shortfall resulting from application of such Fee Calculation Factor to the notional amount of the Credit Default Swap Transaction *after* the application of the relevant Fee Calculation Factor and deduction of the Performance Fee in the calculation of any such Additional Payout Amount.

#### *Worked example of minimum Share Return to protect initial investment*

The following examples are intended to illustrate that, if no Credit Event occurs under the Credit Default Swap Transactions and the Notes of each Class are redeemed at the Final Redemption Amount on the

Scheduled Maturity Date, the minimum level of Share Return which a holder of a Note having a nominal amount of SEK 10,000 as at the Issue Date will require in order to protect its initial investment of SEK 10,000. The figures and events used for the purposes of this example are indicative only and are not intended as a guide as to the actual or expected performance of any Class of Notes, which may be better or worse than the performance set out in the following example.

This example assumes the following:

- (a) no Credit Events or Unsettled Credit Events have occurred under the Credit Default Swap Transactions as at the Credit Event Observation Period End Date;
- (b) the Outstanding Principal Amount of the Class A Notes as at the Scheduled Maturity Date is SEK 1,000,000;
- (c) a Fee Calculation Factor of 94.08% as at the Scheduled Maturity Date; and
- (d) a Participation of 100%.

Based on this example, on the Scheduled Maturity Date, a holder of a Note having a nominal amount of SEK 10,000 will need to receive an Additional Payout Amount of SEK 592 to protect its initial investment, being the difference between SEK 10,000 and the Final Redemption Amount of SEK 9,408 (being its *pro rata* share of the Outstanding Principal Amount of SEK 1,000,000 *multiplied by* the Fee Calculation Factor of 94.08%).

An Additional Payout Amount of SEK 592 means a Share Return of approximately 6.2925%, being the quotient of SEK 592 and the product of (i) a nominal amount of SEK 10,000, (ii) a Participation of 100%, and (iii) a Fee Calculation Factor of 94.08% (no Performance Fee will be payable).

## **Early Redemption in Full**

### *Overview*

In certain circumstances, the Notes of a Class will be redeemed in full prior to the Scheduled Maturity Date and the amount receivable by holders of the Notes of such Class will depend, amongst other things, on the mark-to-market value of the Equity Swap Transaction and the Credit Default Swap Transaction relating to such Class (or the mark-to-market value of the Swap Agreement attributable to the Equity Swap Transaction and the Credit Default Swap Transaction relating to such Class).

### *Early Redemption Events*

The Notes of a Class may be redeemed early, and in full, together with the Notes of the other Class, if any of the following events happen:

- (a) the Credit Default Swap Transaction and the Equity Swap Transaction relating to such Class of Notes are terminated, or the Swap Agreement as a whole is terminated;
- (b) upon the occurrence of certain insolvency events with respect to the Swap Counterparty, the occurrence of an Event of Default or a Termination Event (each as defined in the Swap Agreement), the occurrence of a Termination Event (as defined in the Swap Agreement) with respect to any Credit Default Swap Transaction or Equity Swap Transaction where the Issuer has the right to terminate such transaction or the occurrence of certain credit rating downgrading or withdrawal events in respect of the Swap Counterparty, no replacement Swap Counterparty is appointed within 30 calendar days of such default by the Swap Counterparty. More detailed information on the events referred to above and the resultant replacement can be found in the section of this Transaction Description entitled “*Replacement of Swap Counterparty*” below;

- (c) certain tax events occur in respect of payments due by the Issuer under the Notes of all Classes, but not instances where (x) withholding or deduction of taxes on the Notes arises solely in respect of FATCA; (y) withholding or deduction of taxes on the Notes arises solely as a result of the Noteholder's connection with the jurisdiction of incorporation of the Issuer (otherwise than by reason of the holding of any Note or receiving any payment in respect thereof); and (z) a withholding or deduction is imposed pursuant to European Council Directive 2003/48/EC (or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000);
- (d) it becomes or there is a reasonable likelihood of it becoming unlawful for the Issuer to perform any duties in respect of the Notes of all Classes, to hold any Collateral (or receive payment in respect of any Collateral) or to comply with any provision of any agreement entered into in connection with the Notes of all Classes or as a result of the implementation or adoption of, or any change in, any applicable law, regulation or regulatory guidance or interpretation the Issuer's administrative expenses are materially increased and the Issuer is unable to obtain the costs of such increase from another party or source;
- (e) an Event of Default occurs with respect to such Class of Notes; or
- (f) the Trustee enforces the security following the occurrence of an Enforcement Event in respect of any other Class of Notes.

#### *Payments and Deliveries following an Early Redemption Event*

Upon the occurrence of one of the events listed above, the Notes of the relevant Class may be due to be redeemed by payment to the holder of a *pro rata* share of the relevant Early Cash Redemption Amount. A description of the calculation of the Early Cash Redemption Amount is set out in the section of this Prospectus entitled "*Description of the Swap Agreement*".

#### **Security**

The Issuer will enter into an Issue Deed on the Issue Date with, amongst others, BNY Mellon Corporate Trustee Services Limited as trustee of the Notes (the "**Trustee**") under English law pursuant to which the Notes will be constituted and secured (such Issue Deed as it supplements the Principal Trust Deed relating to the Programme). In accordance with such Issue Deed, the Trustee is granted English law governed security for itself and as trustee over, among other things, the rights of the Issuer under the Swap Agreement as continuing security for, among other things, the payment of all sums due under the Notes. The Notes will also have the benefit of a Luxembourg law governed security interest (pledge agreement) which is granted to the Trustee (for, among other things, the benefit of itself and the Noteholders) over the pledged accounts allocated to Compartment GAP+ 2138 – 2139 February 2015.

Under the Issue Deed, the Trustee undertakes to hold on trust the security granted to it for, among other things, the benefit of itself and the Noteholders and has the right to enforce the security upon the occurrence of an Enforcement Event in respect of any Class of Notes, for example, in the event of a non-payment of certain amounts due under any Class of Notes. If the Trustee enforces the security following the occurrence of an Enforcement Event in respect of a Class of Notes, the other Class will be redeemed early at the same time as that Class.

While the Trustee is permitted to give notice to the Issuer of its determination that an Event of Default has occurred (and that accordingly any Class of Notes have become immediately due and payable) and to determine that an Enforcement Event has occurred and enforce the security for the Notes, it is not required to do so unless (i) the Trustee is directed by an Extraordinary Resolution passed by the Noteholders of the relevant Class to do so (in the case of either an Event of Default or Enforcement Event) or (ii) the Trustee is directed by the Swap Counterparty in writing (in the case of an Enforcement Event only), and, in each case, the Trustee is indemnified and/or secured and/or prefunded by the Noteholders of the relevant Class to its satisfaction.

As indicated above, the Noteholders of a Class, by passing an Extraordinary Resolution, will be entitled to direct the Trustee to give an Early Redemption Notice to the Issuer and, if necessary, enforce the security following an Enforcement Event in respect of such Class, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction. Such Extraordinary Resolution if passed by way of a signed written resolution or given by way of electronic consents through the clearing systems (where the Notes are held on behalf of a Clearing System) must be passed by Noteholders holding, in aggregate, the relevant Class at least 75% in nominal amount of all of the outstanding Notes of such Class. Given the wide distribution of the Notes, Noteholders should be aware that there may be a significant delay between the Noteholders becoming entitled to make such a direction to the Trustee and Noteholders holding a sufficient nominal amount of the Notes of the relevant Class being able to make such request and provide the required indemnification, security and/or prefunding to the Trustee.

The Trustee is obliged to pay to the proceeds from the realisation or enforcement of the Mortgaged Property with the priority set out below:

- (a) amounts owing to the Swap Counterparty pursuant to the Credit Support Annex (which will be equal to the lesser of (A) the Available Proceeds attributable to the Swap Counterparty's Credit Support Balance; and (B) an amount equal to (1) the Available Proceeds attributable to the Swap Counterparty's Credit Support Balance *minus* (2) the Early Termination Amount (whether negative or positive) with respect to the Swap Agreement);
- (b) the payment or satisfaction of all taxes owing by the Issuer;
- (c) the fees, costs, charges, expenses and liabilities due and payable to the Trustee including costs incurred in the enforcement of the security (including any taxes to be paid, legal fees and remuneration);
- (d) certain amounts owing to the Custodian, the Issuing and Paying Agent and the other Agents in respect of reimbursement for sums paid by them in advance of receipt by them of the funds to make such payment and their fees, costs, charges, expenses and liabilities;
- (e) any fees of the Disposal Agent;
- (f) any amounts owing to the Swap Counterparty under the Swap Agreement;
- (g) fees of the Corporate Services Provider; and
- (h) amounts owing to the Noteholders on a *pari passu* and *pro rata* basis.

### **The Credit Support Annex**

The Issuer and Credit Suisse International will enter into a Credit Support Annex as part of the Swap Agreement.

Due to the nature of the Equity Swap Transactions and the Credit Default Swap Transactions, upon payment of the relevant portion of the issue proceeds of the relevant Classes of Notes to the Swap Counterparty on the Issue Date, no further amounts will be payable by the Issuer to the Swap Counterparty under the Equity Swap Transactions and the Credit Default Swap Transactions. Furthermore, the Issuer will be exposed to the credit risk of Credit Suisse International as Swap Counterparty for payment of any Credit Suisse Cash Settlement Amounts and the funding of any amounts due on final redemption of the Notes (including each Additional Payout Amount with respect to the relevant Class of Notes).

Pursuant to the Credit Support Annex, the Swap Counterparty will be required to deliver Eligible Securities to the Issuer which from time to time have an aggregate value (after the application of the relevant Valuation Percentage haircut specified in the Credit Support Annex) at least equal to any such exposure the Issuer may have to the Swap Counterparty, as valued on a weekly basis. The purpose of this mechanism is to reduce the

exposure of the Issuer, and therefore, the Noteholders, to the Swap Counterparty if, upon a termination of the Swap Agreement as a result of a default by the Swap Counterparty under the Swap Agreement or the occurrence of certain insolvency or bankruptcy events relating to the Swap Counterparty, a termination amount is payable by the Swap Counterparty to the Issuer (which would be expected to be the case in such circumstances). Such reduction in exposure arises as the Issuer will be entitled to realise the value of such Eligible Securities in these circumstances and account for their value in satisfaction (in whole or in part) of the amount which would otherwise have been payable by the Swap Counterparty under the Swap Agreement.

The Eligible Securities must be debt obligations issued by any of Italy, the United States of America, Canada, the United Kingdom, France, Germany, the Netherlands, Belgium, Sweden, Switzerland or Japan. The Swap Counterparty will deliver any such Eligible Securities to the Custodian (on behalf of the Issuer). For so long as the Custodian (on behalf of the Issuer) is holding any such Eligible Securities, they will comprise underlying assets for the Notes.

The Swap Counterparty will act for its own benefit and is not required to, and may not, take into account the interests of the Noteholders in determining what securities, meeting the required criteria, to deliver to the Issuer under the Credit Support Annex as Eligible Securities.

## **Replacement of Swap Counterparty and Agents and Rights of Noteholder Facilitator**

### *Replacement of Swap Counterparty*

The terms of the Notes provide that, upon the occurrence of (i) a Counterparty Bankruptcy Credit Event; or (ii) an Event of Default (as defined in the Swap Agreement) with respect to the Swap Counterparty (other than a Counterparty Bankruptcy Credit Event); or (iii) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of the Credit Default Swap Transactions (a “**CDS Termination Event**”); or (iv) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of any Equity Swap Transaction (an “**Equity Swap Termination Event**”); or (v) the long term senior, unsecured rating assigned by Moody’s Investors Service Limited (“**Moody’s**”) to the Swap Counterparty being withdrawn or less than Ba1 or if the short term rating assigned by Moody’s to the Swap Counterparty is less than P-3 (any such downgrade or withdrawal, a “**Moody’s Ba1/P-3 Downgrade**” and such event, along with each of a Counterparty Bankruptcy Credit Event, an Event of Default with respect to the Swap Counterparty (other than a Counterparty Bankruptcy Event), a CDS Termination Event and an Equity Swap Termination Event, a “**Replacement Event**”), the Issuer will not designate an Early Termination Date and will notify Garantum Fondkommission AB (as Noteholder Facilitator) as soon as reasonably practicable upon becoming aware of any such occurrence.

If (i) a Replacement Event (other than a Moody’s Ba1/P-3 Downgrade) occurs or (ii) (x) a Moody’s Ba1/P-3 Downgrade occurs and (y) the Swap Counterparty gives its prior written consent to such direction, Garantum Fondkommission as the Noteholder Facilitator is entitled to direct the Issuer by notice copied to the Trustee to enter into a replacement Swap Agreement with a replacement Swap Counterparty in respect of all Credit Default Swap Transactions and all Equity Swap Transactions or (in the case of a CDS Termination Event only) in respect of the Credit Default Swap Transactions and/or (in the case of an Equity Swap Termination Event) in respect of the relevant Equity Swap Transaction(s), identified by the Noteholder Facilitator. For the avoidance of doubt, the occurrence of a Moody’s Ba1/P-3 Downgrade will not entitle the Issuer to terminate the Swap Agreement and the Noteholder Facilitator will not be entitled to give such a replacement direction upon the occurrence of a Moody’s Ba1/P-3 Downgrade unless the Swap Counterparty has given its prior written consent.

With respect to the occurrence of a Replacement Event which would otherwise have given rise to an early redemption of the Notes, if a replacement Swap Agreement is entered into by the Issuer with such replacement Swap Counterparty within 30 calendar days of the relevant Replacement Event, then an early redemption under the Notes will not occur as a result. Instead, the ongoing payment obligations of the Swap Counterparty under the Swap Agreement would, effectively, now be ongoing payment obligations of such replacement Swap Counterparty.

Once appointed, if a replacement Swap Counterparty were itself to be subject to a Replacement Event, the same replacement process outlined herein would apply. Again, if a replacement Swap Counterparty was not appointed within 30 calendar days of the occurrence of a Replacement Event which gives rise to an early redemption of the Notes, then the Notes would redeem early.

In order for a replacement Swap Agreement to be entered into in these circumstances, certain requirements need to be met, including:

- (a) the replacement Swap Counterparty must be a reputable financial institution with a place of business in London which enters into derivative transactions as part of its ongoing business activities and which has, as a minimum, the Ba1/P-3 Rating as of the date the replacement Swap Agreement is entered into;
- (b) the replacement Swap Counterparty must be satisfactory to the Issuer and the Trustee; and
- (c) the price such replacement Swap Counterparty is willing to pay or receive to enter into such replacement Swap Agreement must be satisfactory to the Swap Counterparty subject to the Replacement Event.

Where a replacement Swap Agreement is entered into, certain costs and expenses may be incurred by the Trustee and the Issuer and these are expected to be funded by the replacement Swap Counterparty on the date it enters into the replacement Swap Agreement.

The Swap Counterparty may, under these provisions, be replaced more than once during the term of the Notes as a result of defaults by any subsequent replacement Swap Counterparty. Therefore, the Swap Counterparty may not be Credit Suisse International during the term of the Notes and it is not possible to know as at the Issue Date, the identity of any replacement Swap Counterparty that may enter into a replacement Swap Agreement in connection with the Notes in the circumstances referred to above.

#### *Replacement of Agents*

Where the Swap Counterparty is replaced in the circumstances contemplated above and the existing Swap Agreement has been terminated in full, it is intended that the agency roles performed by such entity, which, as at the Issue Date, include the Calculation Agent and Disposal Agent in respect of the Notes, would be transferred to another entity or entities identified by Garantum Fondkommission AB (or any successor entity thereto) (as Noteholder Facilitator), provided that certain requirements were met, including:

- (a) the entity or entities must be reputable financial institutions with a place of business in London which provides such agency services as part of their ongoing business activities and which has or have, as a minimum, the Ba1/P-3 Rating as of the date of appointment; and
- (b) the entity or entities must be satisfactory to the Issuer, Trustee and replacement Swap Counterparty.

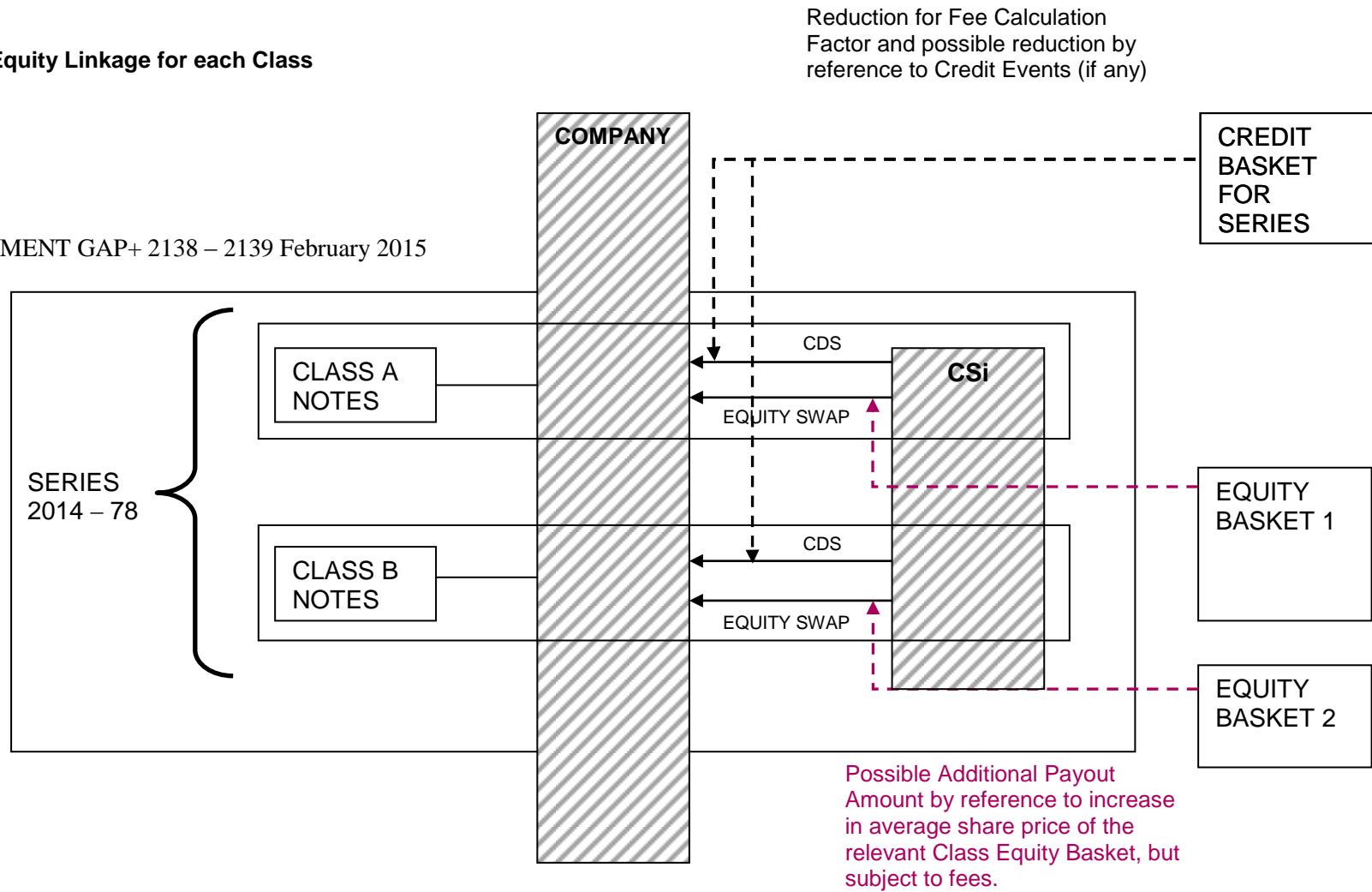
Following such identification of the replacement entity or entities, the Issuer is then required to use reasonable efforts to enter into such agreements as are necessary to appoint such entity or entities to perform such agency roles on, or as soon as reasonably practicable following, the entry into of a replacement Swap Agreement with the replacement Swap Counterparty.

The relevant Agents may, under these provisions, be replaced more than once during the term of the Notes where the Swap Counterparty is also replaced as described above.



## Credit and Equity Linkage for each Class

COMPARTMENT GAP+ 2138 – 2139 February 2015



## QUESTIONS AND ANSWERS

*The following section answers some questions that prospective investors might have regarding the Notes, in general terms only. It does not contain all the information which may be important to prospective investors. Prospective investors should read the entirety of this Prospectus and, in particular, the Issue Terms of the Notes, the Summary, the Risk Factors, the Transaction Description and the more detailed information in respect of the Credit Default Swap Transactions and the Equity Swap Transactions that is contained elsewhere in this Prospectus and in the Base Prospectus or is incorporated by reference in such documents. In addition, prospective investors should consult with their investment, legal, accounting, tax and other advisors with respect to any investment in the Notes.*

*The information contained in this section is subject in its entirety to the other sections of this Prospectus.*

**What are the Notes?** The Notes are investment instruments issued by Argentum Capital S.A. acting in respect of Compartment GAP+ 2138 – 2139 February 2015 in the form of notes. The Notes are comprised of two Classes: the Class A Notes, and the Class B Notes. They are credit-linked to a reference entity and equity-linked to the performance of a basket of shares.

**Is any interest payable on the Notes?** No. Interest is not payable in respect of any Class of Notes.

**Where is my money invested?** The Issuer will use the issue proceeds of the Notes to enter into the Equity Swap Transactions and the Credit Default Swap Transactions with the Swap Counterparty. The Issuer will pay an amount equal to the Issue Price of the Notes to the Swap Counterparty under the terms of such transactions on or around the Issue Date.

The return on each Class of Notes is linked to the Equity Swap Transaction (referencing the performance of the relevant Class Equity Basket) and the Credit Default Swap Transaction relating to the relevant Class.

**Are the Notes secured on any Original Collateral?** No. The Issuer will pay an amount equal to the Issue Price of the Notes to the Swap Counterparty under the Equity Swap Transactions and the Credit Default Swap Transactions, and therefore no Original Collateral is purchased by the Issuer.

Under the Credit Support Annex in respect of the Swap Agreement, the Swap Counterparty will deliver to the Custodian (on behalf of the Issuer) certain securities meeting criteria set out in the Credit Support Annex in respect of the Issuer's exposure to the Swap Counterparty. For so long as the Custodian (on behalf of the Issuer) is holding any such securities, they will comprise underlying assets for the Notes and Collateral.

**Is the scheduled return on each Class of Notes expected to be the same?** No. A portion of the return on any Class of Notes will depend on the Equity Swap Transaction relating to such Class and referencing the performance of the corresponding Class Equity Basket relating to such Class (as reduced by the application of the relevant Fee Calculation Factor and deduction of the relevant Performance Fee from the Swap Counterparty Equity Final Exchange Amount (if any) receivable by the Issuer under such Equity Swap Transaction). The performance of the Class Equity Basket and the return under the Equity Swap Transaction referencing such Class Equity Basket may vary between Classes. As a result, one Class of Notes may perform better or worse than the other Class of Notes.

**When are the Notes scheduled to** The Notes are scheduled to mature on 5 April 2021. However, the scheduled maturity of the Notes may be extended beyond this date as a result of any

**mature if not redeemed early?** postponement in the settlement of the Equity Swap Transaction referencing the relevant Class Equity Basket to the latest date for payment of any Swap Counterparty Equity Final Exchange Amount to the Issuer.

Furthermore, the maturity date of the Notes will be extended beyond the Scheduled Maturity Date, and the amount payable on redemption of the Notes in connection with such extension will change, in the event that there is any Unsettled Credit Event in respect of the Reference Entity under the Credit Default Swap Transaction as at the Credit Event Observation Period End Date.

**Do the Notes redeem at par on the Scheduled Maturity Date?** No. It is expected that, on the Scheduled Maturity Date, provided that no Credit Event has occurred and there is no Unsettled Credit Event under the Credit Default Swap Transactions as at the Credit Event Observation Period End Date, each Note having an Outstanding Principal Amount equal to SEK 10,000 will be redeemed on the Scheduled Maturity Date by payment of:

- (a) SEK 9,408 (being SEK 10,000 *multiplied* by the Fee Calculation Factor of 94.08% (as at the Scheduled Maturity Date)); and
- (b) an Additional Payout Amount (if any), being its *pro rata* share of an amount (if any) equal to the Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Equity Swap Transaction relating to such Class of Notes and referencing the corresponding Class Equity Basket.

Notwithstanding the above, there can be no assurance that the Additional Payout Amount in respect of any Class of Notes will be greater than zero. Subject to the proviso above, if any such Additional Payout Amount is zero, the relevant Class of Notes will be redeemed at less than its Outstanding Principal Amount.

**Who is the Swap Counterparty and what is its role?** The Swap Counterparty will be Credit Suisse International on the Issue Date and it will continue to act as Swap Counterparty until the Maturity Date unless (i) it defaults under the Swap Agreement; (ii) it becomes insolvent; (iii) the Credit Default Swap Transactions are otherwise capable of being terminated; (iv) any Equity Swap Transaction is otherwise capable of being terminated or (v) a Moody's Ba1/P-3 Downgrade occurs and, in each case, the Swap Counterparty is replaced (in respect of the Swap Agreement in its entirety or, as the case may be, in respect of the Credit Default Swap Transactions only and/or in respect of one or more of the relevant Equity Swap Transaction(s)), at the direction of Garantum Fondkommission AB (or any successor entity thereto) (as Noteholder Facilitator) in accordance with the Issue Terms of the Notes within 30 calendar days of such occurrence. There can be no assurance that any such replacement will occur even where such an event has occurred. Where such replacement does not occur within 30 calendar days following any such event (except for a Moody's Ba1/P-3 Downgrade), the Swap Agreement (or, as the case may be, the Credit Default Swap Transactions and/or the relevant Equity Swap Transaction(s)) will terminate and (if the Swap Agreement or the Credit Default Swap Transactions are terminated) the Notes of all Classes will redeem early.

In consideration for the issue of the Notes, the Dealer will procure that the Swap Counterparty will enter into a Swap Agreement with the Issuer and the Equity Swap Transactions and the Credit Default Swap Transactions in respect of the Notes. The Issuer will pay or arrange payment of an amount to the Swap Counterparty equal to the Issue Price of the relevant Class of Notes and under the terms of the Swap Agreement, the Swap Counterparty will pay to the Issuer any amount due to be paid on the Notes.

The Credit Default Swap Transactions are credit derivative transactions. The terms of the Credit Default Swap Transactions will be identical across all Classes save for (a) the Class Notional Amount which, in respect of each Credit Default Swap Transaction, will be equal to the Outstanding Principal Amount of the Class of Notes which such Credit Default Swap Transaction relates to (as the same may be reduced as a result of a Credit Event and, potentially, Unsettled Credit Events) and (b) the Class Redemption Factor.

The Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under each Equity Swap Transaction is linked to the performance of the corresponding Class Equity Basket.

The Swap Counterparty will also enter into a Credit Support Annex with the Issuer as part of the Swap Agreement. The purpose of this is to reduce the Issuer's exposure to the Swap Counterparty under the Swap Agreement as a whole (including each Equity Swap Transaction and Credit Default Swap Transaction).

**What Reference Entity is referenced in each Credit Default Swap Transaction?**

The Reference Entity referenced in the Credit Default Swap Transactions as at the Issue Date is The Bank of China Limited.

This may change during the life of the Notes (including as a result of events occurring prior to the Issue Date) as a result of the determination of one or more successor Reference Entities on or after the Successor Backstop Date (or, in the case of a "Universal Successor", on or after 1 January 2014).

The Class Notional Amount of each Credit Default Swap Transaction that is allocated to the Reference Entity as at the Issue Date is equal to the Outstanding Principal Amount of the Notes. The weighting of such allocation may vary upon the determination of one or more successor Reference Entities.

Prospective investors must note that it is possible that their investment in the Notes may be reduced to zero as a result of the occurrence of a Credit Event occurring prior to the Issue Date. Prospective investors should only make an investment in the Notes if they fully understand and are prepared to accept this risk, as well as the other risks relating to the Notes.

The Reference Entity (subject to the determination of one or more successor Reference Entities) is a bank with operations across the globe including in Asia, Europe, North America and South America.

**Is it possible to change a Reference Entity?**

The Reference Entity may not be changed at the election of the Noteholders, the Issuer or the Swap Counterparty, although the determination of one or more successor Reference Entities with respect to the Reference Entity on or after the Successor Backstop Date (or, in the case of a "Universal Successor", on or after 1 January 2014) may result in its replacement (which may include the original Reference Entity).

A "**Universal Successor**" means, with respect to a Reference Entity which is not a sovereign, the single entity which assumes all of the obligations (including at least one relevant bond or loan) of the Reference Entity and at the time of the determination either (i) the Reference Entity has ceased to exist, or (ii) the Reference Entity is in the process of being dissolved (however described) and the Reference Entity has not issued or incurred any borrowed money obligation at any time since the legally effective date of the assumption.

**What is a “Successor” to a Reference Entity and how can succession affect the Notes?** If ISDA publicly announces that a CDDC has resolved that a different entity or entities has or have become successor(s) to the original Reference Entity or the Calculation Agent under the Credit Default Swap Transactions identifies a “Successor” to the original Reference Entity, for example where such successor assumes obligations of the original Reference Entity under the latter’s bonds or loan, or issues bonds or incurs loans in exchange for bonds or loans of the original Reference Entity, including in certain circumstances as part of a pre-determined series of steps, to which the Notes are linked, then such entity will be deemed to be a “Successor” to the original Reference Entity.

The identity of an original Reference Entity will be treated as having been amended accordingly for the purposes of the Notes so that, following the determination or announcement of a “Successor”, the Notes will be linked to the credit risk of the Successor. Where “Financial Reference Entity Terms” applies to the Credit Default Swap Transactions and “Senior Level” has been specified as applicable, the successor will follow the senior debt. The credit risk associated with a Successor or Successors may be different from and could be greater than the credit risk associated with the original Reference Entity.

The Successor Backstop Date is a rolling date which is:

- (a) if a CDDC receives a request to resolve whether or not there is one or more Successors to the Reference Entity, 90 calendar days prior to the date of such request (regardless of whether the CDDC 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 is delivered by the Calculation Agent.

If the CDDC makes no resolution as to whether a succession has occurred or is not convened to consider the question, the Calculation Agent may determine the occurrence of a succession.

**Can a succession occur prior to the Issue Date?** Yes. The Successor Backstop Date may be prior to the Issue Date and therefore a succession may occur prior to the Issue Date.

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 convene a CDDC prior to the Issue Date to determine whether a succession has occurred with respect to the Reference Entity, details of such request may be found on the ISDA website <http://www.isda.org/credit>.

**What happens if a Credit Event occurs in respect of the Reference Entity under the Credit Default Swap Transaction?** The Credit Events applicable to the Reference Entity (and the relevant obligations relating thereto) are:

- (a) Failure to Pay;
- (b) Bankruptcy;
- (c) Restructuring; and
- (d) Governmental Intervention.

More detailed information on the various Credit Events can be found in “*Credit Events and related terms*” in the section of this Prospectus entitled “*Description of*

*the Credit Default Swaps and the Credit Event provisions relating to the Credit Default Swap Transactions and the Notes”.*

If a Credit Event occurs in respect of the Reference Entity referenced in the Credit Default Swap Transaction and an Event Determination Date relating thereto is determined:

- (a) in respect of each Class of Notes, an amount will be payable by the Swap Counterparty to the Issuer on the relevant Credit Suisse Cash Settlement Date (and on the next following Credit Event Instalment Date, being two Reference Business Days after such Credit Suisse Cash Settlement Date, from the Issuer to the Noteholders of such Class, on a *pro rata* basis) equal to the Credit Suisse Cash Settlement Amount which is an amount equal to the product of (i) the Reference Entity Notional Amount (as determined under such Credit Default Swap Transaction) of the Reference Entity *multiplied by* the applicable Fee Calculation Factor (a variable factor which will be 100% on the Issue Date and will decrease over the term of the Notes to be 94.08% on the Scheduled Maturity Date of the Notes (and decrease further thereafter)), (ii) the Class Redemption Factor and (iii) the applicable Auction Final Price (or, where the Fallback Settlement Method applies, the Final Price) determined in respect of the Reference Entity. A Credit Event Instalment Date may fall before, on or after the Scheduled Maturity Date; and
- (b) the Outstanding Principal Amount of each Class of Notes and the Class Notional Amount of the Credit Default Swap Transaction in respect of each Class of Notes will be reduced as at the relevant Credit Suisse Cash Settlement Date by an amount equal to the Reference Entity Notional Amount (as determined under such Credit Default Swap Transaction).

In respect of each Class of Notes, on the Reference Business Day immediately preceding the Scheduled Maturity Date (such date, the “**Final Exchange Date**”), the Swap Counterparty will pay to the Issuer an amount (if any) equal to the product of (i) the then outstanding Class Notional Amount of the Credit Default Swap Transaction (being equal to the then Outstanding Principal Amount of such Class) and (ii) the applicable Fee Calculation Factor of 94.08% (as at the Scheduled Maturity Date of the Notes).

If there is any Unsettled Credit Event in respect of the Reference Entity as at the Credit Event Observation Period End Date (which will arise not just where a Credit Event has occurred but no related Event Determination Date has yet occurred but also if a Potential Credit Event has been determined in respect of the Reference Entity), the termination date of the Credit Default Swap Transactions, and accordingly, the final maturity date of the Notes, will be extended beyond the Scheduled Maturity Date. In such circumstances, there may be a significant amount of time between the Scheduled Maturity Date and the date on which the Notes are redeemed in full. During such extension period, the Swap Counterparty will pay any Credit Suisse Cash Settlement Amount and/or any Additional Exchange Amount (being equal to the Reference Entity Notional Amount), as applicable, to the Issuer under each Credit Default Swap Transaction. Noteholders do not receive any compensation as a result of any such extension.

More detailed descriptions of the amounts receivable by the Issuer under each Credit Default Swap Transaction and thus payable to the Noteholders of the relevant Class (and the associated timing and potential adjustments thereof) are set out in the section of this Prospectus entitled “*Transaction Description*”.

|  |   |
|--|---|
| <b>Can a Credit Event occur prior to the Issue Date?</b>                                   | <p>Yes. The Credit Event Backstop Date may fall before the Issue Date and therefore a Credit Event may have occurred prior to the Issue Date.</p> <p>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 Issue 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 <a href="http://www.isda.org/credit">http://www.isda.org/credit</a>.</p>  |
| <b>What is the difference between the Notes and a bond issued by the Reference Entity?</b> | <p>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 the Reference Entity. The Reference Entity itself is not a party to the Notes nor does the Reference Entity have a direct involvement in the issue of the Notes or the entry into the Swap Agreement, and an investor will not be able to claim against the Reference Entity 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 any 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 credit risk in relation to the Agents, the Custodian and the Swap Counterparty, so even if the Reference Entity is performing well, an investor may still suffer a loss under the Notes as a result of these other credit risks.</p>   |
| <b>What determines the amount of any Additional Payout Amount payable under the Notes?</b> | <p>The Additional Payout Amount payable for each Class of Notes is determined by the Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Equity Swap Transaction related to that Class of Notes.</p> <p>The respective Swap Counterparty Equity Final Exchange Amount relating to the relevant Class of Notes takes into account the application of the Fee Calculation Factor of 94.08% (as at the Scheduled Maturity Date of the Notes) and the deduction of the Performance Fee (if any) payable in respect of such Class of Notes.</p> <p>In respect of each Note, its <i>pro rata</i> share of an amount equal to the Swap Counterparty Equity Final Exchange Amount receivable by the Issuer under the Equity Swap Transaction relating to the relevant Class will be the Additional Payout Amount payable in respect of such Class of Notes (which will never be less than zero).</p> <p>The Swap Counterparty Equity Final Exchange Amount is also subject to the level of Participation and other adjustments described in this section and the section of this Prospectus entitled “<i>Description of the Equity Swaps</i>”, so the Additional Payout Amount (if any) payable in respect of each Class of Notes may vary from the actual performance of the basket of shares.</p> |
| <b>What are the Equity Swap Transactions?</b>  | <p>The Equity Swap Transactions are derivative transactions entered into between the Issuer and the Swap Counterparty which track the performance (by reference to the increase or decrease in average value) of a basket of shares over certain dates within a specified period of time in respect of each Class of Notes. Each Equity Swap Transaction allows the Issuer, and therefore the Noteholders, to benefit if the average value of the basket of shares increases (determined by reference to the relevant formula). However, as the Swap Counterparty Equity Final Exchange Amount is subject to a floor of zero, if the average value of a basket of share (determined by reference to the relevant formula) in relation to an Equity Swap Transaction decreases, this will result in no final payment under the Equity Swap Transaction.</p>  |

**Which shares will the Notes be exposed to?** Each Class of Notes will be exposed to the performance of a basket of shares. The Equity Swap Transaction relating to the Class A Notes reference the performance of Equity Basket 1. The Equity Swap Transaction relating to the Class B Notes references the performance of Equity Basket 2.

The basket of shares for each Class of Notes is set out in the sections of this Prospectus entitled “*Transaction Description*” and “*Description of the Equity Swaps*”.

**Can there be any change to the shares in the baskets?** Yes. With respect to both Equity Basket 1 and Equity Basket 2, on the occurrence of certain events in relation to a share its issuer, including merger events, tender offers, nationalisation, insolvency or delisting, the Calculation Agent under the Swap Agreement may select a new underlying share, which will be deemed to be one of the shares in the basket in place of the original share, and the Calculation Agent may make adjustments to the terms of relevant Equity Swap Transaction to account for the economic effect on such Equity Swap Transaction of the event and/or the replacement of the original share. Any replacement share will, to the extent practicable, be selected from the same economic sector, be denominated in the same currency and have a similar market capitalisation to the relevant replaced share.

These events and associated potential adjustments are described in more detail in the sections of this Prospectus entitled “*Transaction Description*” and “*Description of the Equity Swaps*”.

**How will the payments under the Equity Swap Transactions be calculated?** The Swap Counterparty Equity Final Exchange Amount determined under each of the Equity Swap Transactions is calculated by the Calculation Agent under the Swap Agreement using a formula that factors in the share price performance of the relevant basket and the Participation for each Class of Notes.

A summary of the formula used is set out in the sections of this Prospectus entitled “*Transaction Description*” and “*Description of the Equity Swaps*”.

**What is the Participation?** The Participation reflects the level of exposure to the performance of the basket of shares (ignoring reduction for the Fee Calculation Factor and any Performance Fee. A Participation of 100% will track the performance of the basket. A Participation of more than 100% will magnify the result of any increase in the average value of the relevant basket, creating increased benefit. Conversely, a Participation of less than 100% will result in a reduction of any increase in the average value of the basket creating decreased exposure.

As each Equity Swap Transaction sets a limit of zero on the Swap Counterparty Equity Final Exchange Amount, whilst the Participation has the function of increasing or decreasing benefit to any increase in the average value of the basket of shares (determined by reference to the relevant formula), it will not increase loss due to any reduction in the average value of the basket of shares (determined by reference to the relevant formula).

**Are there any circumstances where payments under the Equity Swap Transaction may be adjusted, delayed or** Yes. The terms of the Equity Swap Transactions provide for a number of circumstances where both the amounts payable under the Equity Swap Transactions and the timing of such payments may be adjusted or postponed and/or which may lead to the early redemption of the Equity Swap Transactions in certain circumstances.

These include, among others, as a result of:



**postponed?**

- (a) the occurrence of certain market disruption events in respect of the stock exchanges relating to any of the shares in the relevant Class Equity Basket;
- (b) the occurrence of certain Additional Disruption Events referenced in the applicable Equity Swap Transaction; and/or
- (c) the occurrence of merger events, tender offers, delisting events, nationalisation or insolvency of any of the shares (or issuers thereof) referenced in the applicable Equity Swap Transaction.

More detail on these factors is provided in the sections of this Prospectus entitled “*Risk Factors*”, “*Transaction Description*” and “*Description of the Equity Swaps*”.

**What is ISDA?**

The International Swaps and Derivatives Association, Inc. (“**ISDA**”) is a trade organisation of participants in the market for over-the-counter (“**OTC**”) derivatives. It is headquartered in New York, and is responsible for creating standardised contracts such as the ISDA Master Agreement, standardised asset class provisions such as the 2014 ISDA Credit Derivatives Definitions (the “**Credit Derivatives Definitions**”) and the 2002 ISDA Equity Derivatives Definitions (the “**Equity Derivatives 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 Prospectus, ISDA has more than 830 member institutions from 59 countries on six continents. 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.

**Who is the Calculation Agent?**

Credit Suisse International will act as Calculation Agent for the Notes and the Swap Agreement for so long as it maintains the role of Swap Counterparty (and, by extension, each of the Credit Default Swap Transactions and Equity Swap Transactions thereunder).

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

The Calculation Agent under the Swap Agreement may exercise certain discretions and make certain determinations relating to the Notes, including (but not limited to) the following: (i) determination of whether an Event Determination Date has occurred with respect to the Reference Entity, whether or not the CDDC has considered such determination, (ii) determination of whether there is a Successor with respect to the Reference Entity, whether or not the CDDC has considered such determination, and (iii) where auction settlement does not apply, the right to determine the value of the obligations selected for determination of the Final Price on the basis of bid quotations from third party dealers.

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

Where a CDDC has made a determination as to whether an Event Determination Date or there is a Successor with respect to the Reference Entity, the Calculation

Agent may apply the same determination for the purposes of the Notes.

**Can my Notes redeem in full prior to the Maturity Date?**

Yes. This may occur in respect of a Class of Notes if any of the following events happen:

- (a) the Credit Default Swap Transaction and the Equity Swap Transaction relating to such Class are terminated, or the Swap Agreement as a whole is terminated;
- (b) upon the occurrence of certain insolvency events in respect of the Swap Counterparty, the occurrence of an Event of Default or a Termination Event (each as defined in the Swap Agreement), the occurrence of a Termination Event (as defined in the Swap Agreement) in respect of any Credit Default Swap Transaction or Equity Swap Transaction where the Issuer has the right to terminate such transaction or the occurrence of certain credit rating downgrading or withdrawal events in respect of the Swap Counterparty, no replacement Swap Counterparty is appointed within 30 calendar days of such event;
- (c) certain tax events occur in respect of payments due by the Issuer under the Notes of all Classes, but not instances where (x) withholding or deduction of taxes on the Notes arises solely in respect of FATCA; (y) withholding or deduction of taxes on the Notes arises solely as a result of the Noteholder's connection with the jurisdiction of incorporation of the Issuer (otherwise than by reason of the holding of any Note or receiving any payment in respect thereof); and (z) a withholding or deduction is imposed pursuant to European Council Directive 2003/48/EC (or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000);
- (d) it becomes or there is a reasonable likelihood of it becoming unlawful for the Issuer to perform any duties in respect of the Notes of all Classes, to hold any Collateral (or receive payment in respect of any Collateral) or to comply with any provision of any agreement entered into in connection with the Notes of all Classes or as a result of the implementation or adoption of, or any change in, any applicable law, regulation or regulatory guidance or interpretation the Issuer's administrative expenses are materially increased and the Issuer is unable to obtain the costs of such increase from another party or source;
- (e) an Event of Default occurs in respect of such Class of Notes; or
- (f) the Trustee enforces the security following the occurrence of an Enforcement Event in respect of any other Class of Notes.

Upon the occurrence of one of the events listed above, the Notes of each Class held by a Noteholder will be due to be redeemed by payment to such holder of a *pro rata* share of the relevant Early Cash Redemption Amount applicable to such Class. A description of the calculation of the Early Cash Redemption Amount is set out in the section of this Prospectus entitled "*Description of the Swap Agreement*".

**Will the Notes be rated?**

No. The Notes are not rated by any rating agency.

**Will there be a secondary market**

Credit Suisse Securities (Europe) Limited, Credit Suisse International, Credit Suisse AG, or any of their respective agents may purchase Notes subject to all regulatory

**in the Notes?** requirements and the internal policies and procedures of Credit Suisse Securities (Europe) Limited, Credit Suisse International, Credit Suisse AG or such agent (as applicable). However, no assurance is given that this will be the case and investors should be prepared to retain the Notes until their maturity.

**What tax will I have to pay and how will tax affect payments made to me?** General information relating to certain aspects of Luxembourg, Swedish and Irish taxation, to the extent applicable to you, is set out under the headings “*Luxembourg Taxation*”, “*Swedish Taxation*” and “*Irish Taxation*” in this Prospectus.

In addition, general information relating to certain aspects of United Kingdom and Swiss taxation, to the extent applicable to you, is set out under the heading “*Taxation*” in the Base Prospectus.

If withholding taxes are imposed on payments under the Notes (as described in more detail in the terms and conditions), the Issuer will not pay any additional amounts to “gross-up” such payments.

The Issuer will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment (including any stamp or transfer tax) which may arise as a result of the ownership, transfer, exercise or enforcement of any Note by any person and all payments made by the Issuer will be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. For the avoidance of doubt, the Issuer will not assume any responsibility for such withholding or deduction. If any such taxes apply (subject to certain exceptions including, but not limited to where withholding or deduction of taxes on the Notes arises solely in respect of FATCA), the Notes will be redeemed early as described under “*Can my Notes redeem in full prior to the Maturity Date?*” above and elsewhere in this Prospectus.

Noteholders must also carefully review, and understand, the risk factor in the section of this Prospectus entitled “*Risk Factors*” under the heading “*FATCA and the possibility of U.S. withholding tax on payments*”.

The tax treatment of the Notes for individual Noteholders may vary significantly. The general information regarding taxation set out in this Prospectus and the Base Prospectus does not consider the implications of a holding of the Notes for individual Noteholders based upon their specific circumstances. Accordingly, you must consult with your tax advisers (along with your legal and financial advisers) prior to making an investment in any of the Notes.

## DOCUMENTS INCORPORATED BY REFERENCE

The provisions of the base prospectus dated 22 December 2014 relating to the Secured Note Programme of the Company (the “**Base Prospectus**”), which has previously been published and have been filed with the CSSF and the Central Bank, issued by the Issuer in respect of the Programme, but excluding the “*Summary*” on pages 5 to 16 of the Base Prospectus and the section entitled “*The Swap Agreement*” on pages 233 to 236 of the Base Prospectus, shall be incorporated in, and form part of, this Prospectus.

For the purpose of this 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 Prospectus) shall be to the provisions set out below under “*Issue Terms*”. In the event of any inconsistency between the Issue Terms and this Prospectus on the one hand, and the Master Conditions or Base Prospectus on the other, the Issue Terms and this Prospectus will prevail. The Base Prospectus is available for viewing at the following link:

<http://www.centralbank.ie/regulation/securities-markets/prospectus/Lists/ProspectusDocuments/Attachments/23264/Base%20Prospectus.PDF>

The audited financial statements of the Issuer for the financial year ended 31 December 2013 (the “**2013 Accounts**”) are incorporated in, and form a part of this Prospectus. There has been no material adverse change in the prospects of the Issuer since 31 December 2013, being the date of the Issuer’s last audited financial statements.

The 2013 Accounts are available at the following link:

<http://www.argentumcapital.lu/pdfs/financial/2013-12-31%20Argentum%20Financial%20Statements%20FULL%20SIGNED.pdf>

The unaudited interim accounts of the Issuer for the period from 1 January 2014 to 30 June 2014 (the “**2014 Interim Accounts**”), are incorporated in, and form a part of this Prospectus. The 2014 Interim Accounts have been filed with the Central Bank and can be found at:

<http://www.ise.ie/app/announcementDetails.aspx?ID=12063149>

The non-incorporated parts of the documents incorporated by reference are either not relevant for prospective investors in the Notes or covered elsewhere in this Prospectus.

Following the publication of this Prospectus, a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Copies of documents incorporated by reference in this Prospectus can be obtained from the specified office of the Issuing and Paying Agent for the time being in London. In addition, such documents will be available from the registered office of the Issuer.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of the Notes, prepare a supplement to this Prospectus.

## ISSUE TERMS

### PART A – CONTRACTUAL TERMS

The Notes will be subject to the Master Conditions as set out in the Base Prospectus dated 22 December 2014 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

|    |                                    |  |
|----|------------------------------------|--|
|    | Issuer:                            | Argentum Capital S.A. (the “ <b>Company</b> ”), acting in respect of its Compartment GAP+ 2138 – 2139 February 2015.   |
| 1. | (i) Series Number:                 | 2014-78  |
|    | (ii) Classes:                      | Applicable.<br><br>This Series comprises two classes (each, a “ <b>Class</b> ” or “ <b>Class of Notes</b> ”). The Notes of each Class will rank <i>pari passu</i> and without any preference among themselves and each Class will rank <i>pari passu</i> and without any preference between the Classes.<br><br>A separate compartment has been created by the Board in respect of the Notes (“ <b>Compartment GAP+ 2138 – 2139 February 2015</b> ”). Compartment GAP+ 2138 – 2139 February 2015 is a separate part of the Company’s assets and liabilities. The Collateral (relating to the Notes) is exclusively available to satisfy the rights of the Secured Creditors (in accordance with the terms and conditions set out in these Issue Terms) and the rights of the creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of Compartment GAP+ 2138 – 2139 February 2015, as contemplated by the Articles and subject to the order of priority set out therein. |
| 2. | Specified Currency:                | Swedish Krona (“ <b>SEK</b> ”)   |
| 3. | Aggregate Nominal Amount of Notes: |  |
|    | (i) Series:                        | The Aggregate Nominal Amount of the Series as at the Issue Date shall be up to SEK 400,000,000 (the “ <b>Initial Aggregate Nominal Amount</b> ”).<br><br>At any time after the Issue Date, the Aggregate Nominal Amount of the Series shall be the aggregate of the Outstanding Principal Amounts of each Class as at such date.   |

- (ii) Classes: The Outstanding Principal Amounts of each Class of Notes as at the Issue Date shall be as follows:
- (a) Class A: up to SEK 200,000,000 (the “**Class A Notes**”); and
  - (b) Class B: up to SEK 200,000,000 (the “**Class B Notes**”).
- The Initial Aggregate Nominal Amount of the Notes, together with the respective Outstanding Principal Amount of the Class A Notes and the Class B Notes, in each case, as at the Issue Date, will be specified in the Issue Deed in respect of the Notes.
- The Outstanding Principal Amount of each Class and, accordingly, the Aggregate Nominal Amount of the Notes is also subject to reduction at any time and from time to time as a result of any purchase and cancellation of Notes of that Class pursuant to Master Conditions 8(r) (*Purchases*) and 8(s) (*Cancellation*).
4. Issue Price:
- (a) Class A: 100 per cent. of the Outstanding Principal Amount of the Class A Notes as at the Issue Date; and
  - (b) Class B: 100 per cent. of the Outstanding Principal Amount of the Class B Notes as at the Issue Date.
5. (i) Specified Denominations: SEK 10,000
- (ii) Calculation Amount: SEK 10,000
6. (i) Issue Date: 10 March 2015
- (ii) Interest Commencement Date: In respect of each Class of Notes: Not Applicable.
7. Maturity Date: In respect of each Class of Notes, the latest of:
- (a) the later of (i) 5 April 2021, subject to adjustment in accordance with the Following Business Day Convention; and (ii) the Reference Business Day immediately following the Swap Counterparty Equity Final Exchange Date in respect of the Equity Swap Transaction relating to such Class (which is expected to be the Reference Business Day immediately preceding 5 April 2021, unless there are any postponements and/or adjustments in respect thereof pursuant to the terms of such Equity Swap Transaction) (the “**Scheduled Maturity Date**”);

- (b) the latest Credit Event Instalment Date falling after the Scheduled Maturity Date relating to such Class (if any); and
- (c) the Extended CDS Maturity Date relating to such Class (if any).

A Noteholder of any Class will not receive any compensation as a result of the Maturity Date falling after 5 April 2021.

- |    |                           |   |
|----|---------------------------|---|
| 8. | Interest basis:           | In respect of each Class of Notes: Not Applicable.  |
| 9. | Redemption/Payment Basis: | <p>In respect of each Class of Notes:</p> <ul style="list-style-type: none"> <li>(a) upon the occurrence of a Triggered Credit Event in respect of a Reference Entity under the Credit Default Swap Transaction relating to such Class, each Note of such Class will be redeemed in whole or in part, as the case may be, on each Credit Event Instalment Date at the Credit Event Instalment Amount (as described in paragraph 1 of Schedule 2 to these Issue Terms) and, in each case, the Outstanding Principal Amount of such Class will be reduced by an amount equal to the Reference Entity Notional Amount (as determined pursuant to such Credit Default Swap Transaction) of the Reference Entity to which such Triggered Credit Event relates. If there is a Triggered Credit Event outstanding as at the Credit Event Observation Period End Date for which the Credit Event Instalment Date relating thereto will fall on or after the Scheduled Maturity Date, the Outstanding Principal Amount of such Class shall be deemed to have been reduced in accordance with the foregoing as at the Credit Event Observation Period End Date solely for the purpose of calculating the Partial Final Redemption Amount (if any) or the Final Redemption Amount (if any) in respect of such Class;</li> <li>(b) each Note of such Class may also be redeemed on the Scheduled Maturity Date either in whole or in part at the Final Redemption Amount or the Partial Final Redemption Amount (if any), as applicable, in accordance with paragraph 19 of Part A of these Issue Terms. In respect of each Note of such Class, following the payment of the Final Redemption Amount or the Partial Final Redemption Amount (if any), as the case may be, the Outstanding Principal Amount of such Class shall be reduced by an aggregate amount equal to the Reference Entity Notional Amount (as determined pursuant to such Credit Default Swap Transaction) of each such</li> </ul> |

Reference Entity to which such payments related; and

- (c) if there is an Unsettled Credit Event outstanding as at the Credit Event Observation Period End Date, each Note of such Class will be redeemed in whole or in part, as the case may be, on each Unsettled Credit Event Instalment Date at the Unsettled Credit Event Instalment Amount (as described in paragraph 2 of Schedule 2 to these Issue Terms) and, in each case, the Outstanding Principal Amount of such Class will be reduced by an amount equal to the Reference Entity Notional Amount (as determined pursuant to the Credit Default Swap Transaction relating to such Class) of the Reference Entity to which such Unsettled Credit Event Instalment Date relates,

provided that, where the Outstanding Principal Amount of a Class of Notes would otherwise be reduced to zero prior to the Scheduled Maturity Date as a result of the occurrence of any Triggered Credit Event, SEK 1 of such Class of Notes shall remain outstanding so as to enable any portion of the Partial Final Redemption Amount or the Final Redemption Amount, as applicable, attributable to an Additional Payout Amount to be payable to the holders of such Class on the Scheduled Maturity Date.

- |     |  |   |
|-----|--|---|
| 10. | Date of Board approval for issuance of Notes obtained: | The issue of the Notes has been authorised by the Board on or about the Issue Date. |
| 11. | Method of distribution:                                | Non-syndicated.   |

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

- |     |                                |                 |
|-----|--------------------------------|-----------------|
| 12. | Fixed Rate Note Provisions:    | Not Applicable. |
| 13. | Floating Rate Note Provisions: | Not Applicable. |
| 14. | Zero Coupon Note Provisions:   | Not Applicable. |
| 15. | Business Day Convention:       | Not Applicable. |
| 16. | Business Centre(s):            | Not Applicable. |
| 17. | Default Interest:              | Not Applicable. |

#### **MORTGAGED PROPERTY**

- |     |                          |                 |
|-----|--------------------------|-----------------|
| 18. | Mortgaged Property:      |                 |
|     | (i) Original Collateral: | Not Applicable. |



(ii) Swap Agreement:

Applicable. The Issuer and the Swap Counterparty will enter into a 2002 ISDA Master Agreement and Schedule thereto (in the form of the Master Swap Terms dated 19 December 2014) to be dated as of 17 February 2015, as supplemented by (a) a confirmation evidencing a credit default swap transaction relating to each Class of Notes (in respect of each Class, the “**Credit Default Swap Transaction**” relating to such Class) between the Issuer and the Swap Counterparty; (b) confirmations evidencing an equity swap transaction relating to the Class A Notes (the “**Class A Equity Swap Transaction**”); (c) confirmations evidencing an equity swap transaction relating to the Class B Notes (the “**Class B Equity Swap Transaction**”, and together with the Class A Equity Swap Transaction, the “**Equity Swap Transactions**”, and each an “**Equity Swap Transaction**” relating to the relevant Class), each between the Issuer and the Swap Counterparty; and (d) the Credit Support Annex (together, the “**Swap Agreement**”).

The confirmations evidencing each Credit Default Swap Transaction and Equity Swap Transaction are available for inspection at the registered office of the Company and at the specified offices of the Issuing and Paying Agent and the Registrar during normal business hours (with respect to the location of the relevant office) on any weekday (Saturdays, Sundays and public holidays excepted).

Upon the occurrence of a Replacement Event, one or more replacement Swap Agreement(s) may be entered into as provided in paragraph 4 of Schedule 2 to these Issue Terms.

(iii) Swap Counterparty:

Credit Suisse International

(iv) Credit Support Annex:

Applicable. An ISDA Credit Support Annex (Bilateral Form – Transfer) (English Law) (containing the paragraph 11 elections set out in the Master CSA Terms dated 19 December 2014, as amended and supplemented by the Issue Deed) to be dated 17 February 2015 and entered into between the Issuer and the Swap Counterparty.

Under the terms of the Credit Support Annex, a weekly valuation will be performed by the Swap Counterparty (in its capacity as Valuation Agent) as to the Issuer’s Exposure (as defined in the Credit Support Annex) to the Swap Counterparty under the Swap Agreement, whereupon (subject to certain thresholds being met, as set out below) the Swap Counterparty may be required to transfer Eligible Securities to the Issuer as credit support in order to collateralise any such Exposure. Such Eligible Securities may, at the option of the Swap Counterparty, comprise negotiable debt obligations

issued by the governments of the Republic of Italy, the United States of America, Canada, the United Kingdom, France, Germany, the Netherlands, Belgium, Sweden Switzerland or Japan.

The Valuation Percentage (as defined in the Credit Support Annex) for Eligible Securities transferred as credit support is 95%. This means that the minimum value of Eligible Securities required to have been transferred following any valuation will be greater than the corresponding Exposure (at around 105%).

The amount of credit support required to be transferred by the Swap Counterparty under the Credit Support Annex in respect of a valuation date will depend on the Issuer's Exposure to the Swap Counterparty under the Swap Agreement and the value of any existing credit support balance held by the Issuer, as determined by the Swap Counterparty (in its capacity as Valuation Agent) in accordance with the terms of the Credit Support Annex.

All valuations will be by reference to the Base Currency under the Credit Support Annex, being SEK.

To the extent that the value of any existing credit support balance held by the Issuer exceeds the Issuer's Exposure to the Swap Counterparty, then the Issuer may be obliged to return any excess credit support to the Swap Counterparty in accordance with the terms of the Credit Support Annex.

(v) Original Collateral Substitution:

Not Applicable.

## PROVISIONS RELATING TO REDEMPTION

19. Final Redemption Amount of each Note: Master Condition 8(a) (*Final Redemption*) shall be deleted in its entirety and replaced with the following:

**“Final Redemption:** Provided that the Notes have not been previously redeemed in whole, each Note (or, if applicable, a part thereof) of each Class of Notes will be redeemed by the Issuer on the Scheduled Maturity Date by payment of an amount in respect of such Note equal to:

- (i) where there is no Reference Entity in respect of which (A) an Unsettled Credit Event is outstanding as at the Credit Event Observation Period End Date or (B) a Triggered Credit Event is outstanding as at the Credit Event Observation Period End Date for which the Credit Event Instalment Date relating thereto falls on or after the Scheduled Maturity Date, the Final Redemption

Amount (if any); or

- (ii) where there is any Reference Entity in respect of which there is any such Unsettled Credit Event or Triggered Credit Event, the Partial Final Redemption Amount (if any), provided that a further amount may be payable on any Credit Event Instalment Date (if any) or Unsettled Credit Event Instalment Date (if any), as applicable, falling on or after the Scheduled Maturity Date in accordance with paragraphs 1 and 2 of Schedule 2 to the Issue Terms respectively.”

- |     |                                       |   |
|-----|---------------------------------------|---|
| 20. | Collateral Event:                     | Not Applicable.   |
| 21. | Early Redemption Notification Period: | As per Master Conditions.   |
| 22. | Regulatory Event:                     | Applicable.   |
| 23. | Trigger Event:                        | Not Applicable.   |
| 24. | Redemption by Instalments:            | <p>The Notes may be redeemed by instalments as set out in paragraph 1 of Schedule 2 to these Issue Terms (following a Triggered Credit Event, in which case a Credit Event Instalment Amount shall be payable in respect of each Note) or paragraph 2 of Schedule 2 to these Issue Terms (following an Unsettled Credit Event, in which case an Unsettled Credit Event Instalment Amount shall be payable in respect of each Note).</p> <p>Each Instalment Amount shall be the amount payable in accordance with such paragraph 1 or paragraph 2 of Schedule 2 and the Outstanding Principal Amount of each Class of Notes will be reduced in accordance with paragraph 9 of Part A of these Issue Terms above, notwithstanding anything to the contrary in Master Condition 8(b) (<i>Redemption by Instalments</i>).</p> |
| 25. | Independent Class Early Redemption:   | Applicable.   |
| 26. | Early Cash Redemption Amount:         | <p>In respect of each Class of Notes, the Early Cash Redemption Amount in respect of a Note of such Class will be its <i>pro rata</i> share of:</p> <p>(a) where one or more Swap Transactions shall remain outstanding under a Swap Agreement following the early redemption of the Class of Notes, any Termination Payment payable to the Issuer (as determined pursuant to the Swap Agreement) in respect of the relevant Class Terminated Transaction(s) (or the portion of the Termination Payment attributable thereto, as determined by the Calculation Agent in its sole and absolute discretion and acting in a</p>  |

commercially reasonable manner, where Swap Transactions in addition to the Class Terminated Transaction(s) are also terminated on the same Early Termination Date under the Swap Agreement), together, if applicable, with any interest payable thereon, which Termination Payment for the avoidance of doubt shall not take into account any Unpaid Amounts in connection with the Credit Support Balance of either party under the Credit Support Annex; or

- (b) where no Swap Transactions shall remain outstanding under the Swap Agreement following the early redemption of the Class of Notes, the result of the following:
  - (i) the Class Redemption Portion of the Specified Currency Proceeds realised in respect of the Collateral deriving from the CSA Posted Collateral in respect such Swap Agreement; *plus*
  - (ii) any Termination Payment payable to the Issuer (as determined pursuant to the Swap Agreement) in respect of the Class Terminated Transaction(s) (or the portion of such a Termination Payment attributable thereto, as determined by the Calculation Agent in its sole and absolute discretion and acting in a commercially reasonable manner, where Swap Transactions in addition to the Class Terminated Transaction(s) are also terminated on the same Early Termination Date under the Swap Agreement) together, if applicable, with any interest payable thereon; *minus*
  - (iii) any Termination Payment payable to the Swap Counterparty (as determined pursuant to the Swap Agreement) in respect of the Class Terminated Transaction(s) (or the portion of such a Termination Payment attributable thereto, as determined by the Calculation Agent in its sole and absolute discretion and acting in a commercially reasonable manner, where Swap Transactions in addition to the Class Terminated Transaction(s) are also terminated on the same Early Termination Date under the Swap Agreement) together, if applicable, with any interest payable thereon,

and, for the avoidance of doubt, the Termination Payment referred to in subparagraphs (ii) and (iii) shall take into account any Unpaid Amounts in connection with the Credit Support Balance of either party under the Credit Support Annex.

For the purpose of the above:

“**Class Redemption Portion**” means, in respect of a Class of Notes that is redeeming early and a Swap Agreement relating thereto, a fraction reflecting the proportion of the Exposure of the Issuer to the Swap Counterparty under such Swap Agreement that is attributable to the Class Terminated Transaction(s) relating to such Class.

“**Class Terminated Transaction**” means, in respect of a Class of Notes that is redeeming early and a Swap Agreement, the Equity Swap Transaction and/or Credit Default Swap Transaction relating to such Class that has been entered into under such Swap Agreement.

|     |                                     |  |
|-----|-------------------------------------|--|
| 27. | Early Redemption Settlement Method: | Cash Settlement, subject to the provisions set out in these Issue Terms. |
|-----|-------------------------------------|--|

#### PRODUCT SUPPLEMENTS AND ADDITIONAL CONDITIONS

|     |   |   |
|-----|---|---|
| 28. | Applicable Product Supplement:              | Not Applicable. The additional provisions contained in Schedules 1 to 3 to these Issue Terms amend the Master Conditions. |
| 29. | Pass-through Notes:                         | Not Applicable.   |
| 30. | Collateral Basket CLNs:                     | Not Applicable.   |
| 31. | Collateral Event Noteholder Payment Option: | Not Applicable.   |
| 32. | Credit-linked Notes:                        | Not Applicable.   |

#### PROVISIONS RELATING TO DISPOSAL AGENT

|     |                           |   |
|-----|---------------------------|---|
| 33. | Disposal Agent:           | Applicable  |
|     | (i) Disposal Agent:       | Credit Suisse International                         |
|     | (ii) Liquidation:         | See paragraph 3 of Schedule 2 to these Issue Terms. |
|     | - Liquidation Parameters: | Not Applicable.                                     |
|     | (iii) Quotation Dealers:  | Not Applicable.                                     |
|     | (iv) Disposal Agent Fee:  | No.   |

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

34. Form of Notes:
- (i) Bearer or Registered: **Registered Notes:**
- Global Certificates in respect of each Class of Notes up to SEK 200,000,000 in nominal amount in respect of the Class A Notes and up to SEK 200,000,000 in nominal amount in respect of the Class B Notes, in each case, registered in the name of a nominee for a common depositary for Euroclear and exchangeable for Certificates in the limited circumstances specified in the respective Global Certificate for each Class of Notes.
- (ii) The Issuer intends to permit indirect interests in the Notes to be held through the CREST Depositary Interests to be issued through the CREST Depositary: Not Applicable.
35. Applicable TEFRA exemption: TEFRA Not Applicable.
36. New Global Note: No.
37. Financial Centre(s):
- For the purpose of Master Condition 9(d) (*Business Day Convention*), a “**Business Day**” shall mean a Reference Business Day as defined in Master Condition 1(a) (*Definitions*).
- Notwithstanding anything to the contrary in the Master Conditions or these Issue Terms, the definition of Business Day shall also include a day on which the TARGET System is open for the settlement of payments in euro.
38. Reference Business Day: London, Stockholm and TARGET Settlement Day.
39. Reference Business Day Convention: Not Applicable.
40. Agents:
- (i) Calculation Agent: Credit Suisse International  
One Cabot Square  
London E14 4QJ
- (ii) Custodian: The Bank of New York Mellon (Luxembourg) S.A.  
2-4 rue Eugène Ruppert  
Vertigo Building – Polaris  
L-2453 Luxembourg
- (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<br>London Branch<br>One Canada Square<br>London E14 5AL                    |
| (v)    | Additional Paying Agents: | Not Applicable.  |
| (vi)   | Registrar:                | The Bank of New York Mellon (Luxembourg) S.A.<br>2-4 rue Eugène Ruppert<br>Vertigo Building – Polaris<br>L-2453 Luxembourg |
| (vii)  | Transfer Agent(s):        | The Bank of New York Mellon (Luxembourg) S.A.<br>2-4 rue Eugène Ruppert<br>Vertigo Building – Polaris<br>L-2453 Luxembourg |
| (viii) | Listing Agent:            | Arthur Cox Listing Services Limited<br>Earlsfort Centre<br>Earlsfort Terrace<br>Dublin 2<br>Ireland                        |
| (ix)   | Swedish Agent:            | Skandinaviska Enskilda Banken AB (publ)<br>Kungsträdgårdsgatan 8<br>SE-106 40 Stockholm<br>Kingdom of Sweden               |

## DISTRIBUTION

|     |      |                                    |  |
|-----|------|------------------------------------|--|
| 41. | (i)  | If syndicated, names of Managers:  | Not Applicable.  |
|     | (ii) | Stabilising Manager(s) (if any):   | Not Applicable.  |
| 42. |      | If non-syndicated, name of Dealer: | Credit Suisse International  |
| 43. |      | Non-exempt Offer:                  | An offer of the Notes may be made by Garantum Fondkommission AB (the “ <b>Financial Intermediary</b> ”) other than pursuant to Article 3(2) of the Prospectus Directive in the Kingdom of Sweden (“ <b>Public Offer Jurisdiction</b> ”) during the period from 2 January 2015 until 12 February 2015 (“ <b>Offer Period</b> ”).<br><br>See further Paragraph 6 of Part B – “ <i>Other Information</i> ” below. |
| 44. |      | Fees and Commissions:              | The Dealer is entitled to annual commissions which are payable by the Issuer. In order to satisfy the payment of these commissions, the notional amount of each of the Credit Default Swap Transaction and the Equity Swap Transaction in respect of each Class (and,  |

therefore, amounts due from the Swap Counterparty under each swap transaction) is reduced by approximately 1% on an annual basis. These reductions have the effect of reducing the obligations of, and therefore releasing value to, the Swap Counterparty, which value the Swap Counterparty will account for to the Dealer in satisfaction of the Issuer's obligations to pay the commissions. These reductions are effected through the application of the Fee Calculation Factor (described in paragraphs (a) and (b) below). The Dealer is also entitled to a commission payable by the Issuer upon payment by the Swap Counterparty of an amount equal to the relevant Swap Counterparty Equity Final Exchange Amount under each Equity Swap Transaction and which is satisfied by a deduction of the Performance Fee in the calculation of such amount (as described in paragraph (c) below). The Performance Fee in respect a Class is equal to 10% of such amount by which the Swap Counterparty Equity Final Exchange Amount (prior to the deduction of such Performance Fee in its calculation) receivable by the Issuer under the Equity Swap Transaction relating to that Class exceeds 5.92% of the Aggregate Nominal Amount of such Class. The Swap Counterparty will account to the Dealer for an amount equal to any such Performance Fee in satisfaction of the Issuer's obligation to pay such additional commission.

The commissions will comprise such amounts generated by (a) the application of the Fee Calculation Factor to the Class Notional Amount or Reference Entity Notional Amount in the calculation of any amounts receivable by the Issuer under each Credit Default Swap Transaction, (b) the application of the Fee Calculation Factor to the Swap Notional Amount in the calculation of any Swap Counterparty Equity Final Exchange Amount receivable by the Issuer in respect of each Equity Swap Transaction and (c) the deduction of any Performance Fee in the calculation of any Swap Counterparty Equity Final Exchange Amount (prior to the relevant Additional Payout Amount being paid in respect of such Class) which will ultimately depend, in part, on the Equity Swap Transaction referencing the performance of the relevant Class Equity Basket.

On each Annual Determination Date (being each of 6 April 2016, 6 April 2017, 6 April 2018, 6 April 2019, 5 April 2020 and 5 April 2021), in accordance with paragraphs (a) and (b) above, the application of the Fee Calculation Factor decreases the existing Class Notional Amount and/or Reference Entity Notional Amount of each Credit Default Swap Transaction and reduces any Additional Payout Amount that would be payable under each Class of Notes. The amounts



generated by these reductions are accounted for to the Dealer in respect of commissions payable by the Issuer, together with the Performance Fee in (c) above, which is payable where the Swap Counterparty Equity Final Exchange Amount (prior to the deduction of such Performance Fee in its calculation) receivable by the Issuer under the Equity Swap Transaction relating to that Class exceeds 5.92% of the Aggregate Nominal Amount of the relevant Class and is equal to 10% of any amount payable which is in excess of 5.92% of such Aggregate Nominal Amount.

The Dealer will use each such commissions payable by the Issuer to pay corresponding commissions to the Distributor. The commissions payable to the Distributor that correspond to amounts described in (a) above will be paid by the Dealer to the Distributor in respect of the issue of the Notes on the fifth Business Day following each Annual Determination Date (as described above). The commissions described in (b) and (c) above are payable on the scheduled maturity Date of the Notes or, if applicable, the relevant Early Redemption Date of the Notes.

Notwithstanding the above, the Dealer and the Distributor have agreed that if any portion of the Notes is held by the Dealer and/or any of its affiliates, the amount required to be paid to the Distributor will be reduced by the proportion which such portion of Notes held by the Dealer and/or its affiliates bears to all of the outstanding Notes.

45. Additional Selling Restrictions:

**Sweden**

Each of the Issuer, Credit Suisse International as Dealer, Garantum Fondkommission AB as Distributor, and any authorised offeror has represented and agreed that the Notes have not been offered or sold and will not be offered, sold or delivered directly or indirectly in the Kingdom of Sweden by way of public offering, unless in compliance with the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*), as amended from time to time.

## PART B – OTHER INFORMATION

### 1. LISTING:

Listing and admission to trading: Application has been made by the Issuer (or on its behalf) to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on the Irish Stock Exchange's regulated market with effect from the Issue Date. Application has also been made for the Notes to be admitted to trading and listed on the regulated market of the Stockholm Stock Exchange.

Estimate of total expenses related to admission to trading: EUR 3,000

### 2. RATINGS:

Ratings: The Notes will not be rated.

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE:

Save for the fees payable to the Dealer and the Distributor, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES:

- |       |                           |   |
|-------|---------------------------|---|
| (i)   | Reasons for the offer:    | See the section entitled “ <i>Use of Proceeds</i> ” in the Base Prospectus. |
| (ii)  | Estimated net proceeds:   | Up to SEK 400,000,000   |
| (iii) | Estimated total expenses: | EUR 3,000   |

### 5. OPERATIONAL INFORMATION

ISIN Code: In respect of the Class A Notes: XS1150698618

In respect of the Class B Notes: XS1150698535

Common Code: In respect of the Class A Notes: 115069861

In respect of the Class B Notes: 115069853

Clearing system(s) and any relevant identification number(s): Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. Luxembourg.

Euroclear Sweden AB of Box 191, SE-103 23, Stockholm will also act as accountholder at Euroclear.

Delivery: Delivery free of payment.

Intended to be held in a manner which would allow Eurosystem eligibility:

No.

Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

## 6. TERMS AND CONDITIONS OF THE OFFER

Offer Price:

In respect of each Class of Notes, the Issue Price in respect of such Class plus a subscription fee of up to 2% of such Issue Price. Such subscription fee shall be charged by and payable to the Distributor, and, for the avoidance of doubt, shall not be payable by the Issuer or the Swap Counterparty.

Conditions to which the offer is subject:

Offers of the Notes are conditional upon their issue and the early closure of the Offer Period.

The Issuer reserves the right for any reason to close the Offer Period early.

Any early closure of the Offer will be published on the Irish Stock Exchange's website ([www.ise.ie](http://www.ise.ie)).

Description of the application process:

A prospective investor should contact the Distributor during the Offer Period. The Issuer has the right to close the Offer Period early. A prospective investor will acquire the Notes in accordance with the arrangements existing between the Distributor and its customers relating to the subscription of securities generally and not directly with the Issuer or the Dealer.

Persons interested in purchasing Notes should contact their financial adviser. If an investor in any jurisdiction other than Sweden wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted due to selling restrictions and thus that the application may be rejected by the Distributor; and (b) contact its financial adviser, bank or financial intermediary for more information.

Details of the minimum and/or maximum amount of application:

The minimum amount of an application in respect of any Class of Notes is SEK 10,000. Any application in respect of any Class of Notes in excess of SEK 10,000

|  |   |
|--|---|
|  | must be in respect of integral multiples of SEK 10,000.   |
| Description of possibility to reduce subscriptions:  | <p>The Issuer has the right to terminate the Offer Period at any time and not proceed with the issuance.</p> <p>Any early closure of the Offer will be published on the Irish Stock Exchange's website (<a href="http://www.ise.ie">www.ise.ie</a>).</p>  |
| Details of the method and time limits for paying up and delivering the Notes:  | The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys by debit of a cash account on or before the Issue Date or in accordance with the procedures specified by the Distributor. Allotted Notes will be delivered to a securities account of each Noteholder as soon as practicable after the Issue Date.  |
| Manner in and date on which results of the offer are to be made public:  | The precise Aggregate Nominal Amount of each Class of Notes will be published on the website of the Irish Stock Exchange ( <a href="http://www.ise.ie">www.ise.ie</a> ) and filed with the Central Bank of Ireland in accordance with Article 8 of the Prospectus Directive in each case on or around the Issue Date.   |
| Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | Not Applicable.   |
| Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:            | Offers may be made by the Distributor in Sweden to any person.  |
| Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | <p>Following the end of the Offer Period, the Distributor will proceed to notify the prospective Noteholders as to the amount of their allotment of the Notes, if any.</p> <p>Dealing may not begin before notification is made.</p>  |
| Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | <p>Taxes charged in connection with the subscription, transfer, purchase, or holding of the Notes must be paid by the Noteholders. Neither the Issuer nor the Distributor shall have any obligation in relation thereto. In this respect, prospective investors must consult professional tax advisers to determine the tax regime applicable to their own circumstances.</p> <p><b>Subscription fees:</b> In respect of each Class: up to 2% of the Issue Price of the Notes of such Class, which will be charged by, and payable to, Garantum Fondkommission AB in its capacity as Distributor of the Notes. For the avoidance of doubt, neither the Issuer nor the Swap Counterparty shall be liable to pay any subscription fees.</p> |

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: Garantum Fondkommission AB of Norrmalmstorg 16, Stockholm, Sweden (the “**Distributor**”) will be the sole Distributor in Sweden.

## **7. DOCUMENTS ON DISPLAY:**

For so long as any Notes remain outstanding, copies of the following documents will, when published (to the extent applicable), be available in physical form during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and from the specified offices of the Transfer Agent and Registrar:

- (a) the Articles of the Company;
- (b) copies of the latest annual report and accounts of the Issuer, including interim accounts;
- (c) the Issue Deed relating to the Notes;
- (d) the Programme Deed (and the documents incorporated therein, including, *inter alia*, the Principal Trust Deed, the Agency Agreement, the Dealer Agreement, the Mandate Agreement and the Repurchase and Cancellation Agreement), as amended from time to time;
- (e) the confirmations of the Credit Default Swap Transactions and the Equity Swap Transactions;
- (f) a copy of this Prospectus, together with any other document required or permitted to be published by the Irish Stock Exchange; and
- (g) any future supplements to this Prospectus.

The Base Prospectus has been published on the Irish Stock Exchange's website at [www.ise.ie](http://www.ise.ie). This Prospectus together with any other document required or permitted to be published by the Irish Stock Exchange and any future supplements to this Prospectus will be published on the Irish Stock Exchange's website at [www.ise.ie](http://www.ise.ie).

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear.

The address for Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium.

The Notes have also been accepted for clearance through Euroclear Sweden.

### **Significant or Material Change**

There has been no significant change in the financial or trading position of the Company and no material adverse change in the financial position or prospects of the Company since 31 December 2013, being the date of the Company's last audited financial statements.

### **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) since 11 December 2013 (being the date of incorporation of the Issuer) which may have or have in such period had a significant

effect on the financial position or profitability of the Company.

### **Company Chairman**

Alexandra Fantuz was appointed by the directors of the Company as the chairman of the Board on 8 August 2014.

### **Auditors**

The approved statutory auditors (*réviseurs d'entreprises agréés*) of the Company, which have been appointed by a resolution of the Board dated 2 June 2014 until the date of the meeting of the Board resolving to submit the annual accounts of the Company for the 2014 financial period, are PricewaterhouseCoopers, Société coopérative whose address is 400 Route d'Esch, B.P. 1443, L-1014 Luxembourg and who belong to the Luxembourg institute of auditors (*Instituts des réviseurs d'entreprises*). PricewaterhouseCoopers, Société coopérative, in its capacity as auditors of the Company, have no material interest in the Company.

### **Post-Issuance Information**

The Issuer does not intend to provide any post-issuance information in relation to the Notes or Collateral.

### **Listing Agent**

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

## **8. CREDIT SUISSE:**

Credit Suisse International acts as the **Swap Counterparty** under the Swap Agreement.

The business of Credit Suisse International is banking and it is regulated as an EU credit institution by the Financial Conduct Authority of England and Wales. Credit Suisse International was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199 and was reregistered as an unlimited company under the name "Credit Suisse Financial Products" on 6 July 1990, and was renamed Credit Suisse First Boston International on 27 March 2000 and Credit Suisse International on 16 January 2006. Credit Suisse International's registered office and principal place of business is at One Cabot Square, London E14 4QJ, telephone number +44 (0)20 7888 8888. Credit Suisse International has securities admitted to trading on the Main Securities Market of the Irish Stock Exchange. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC.

## SCHEDULE 1 TO THE ISSUE TERMS – ADDITIONAL DEFINITIONS

The following words and expressions shall be deemed to be inserted as additional definitions in the correct alphabetical order or, as the case may be, replace the existing definitions, in each case, in Master Condition 1(a) (*Definitions*):

“**99%<sup>Day Count</sup>**” means 99 per cent. to the power of Day Count.

“**Additional Exchange Amount**”, in respect of each Class, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class.

“**Additional Exchange Date**”, in respect of each Class, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class.

“**Additional Payout Amount**” means, in respect of each Note of a Class, its *pro rata* share of the Swap Counterparty Equity Final Exchange Amount (if any) receivable by the Issuer under the Equity Swap Transaction relating to such Class, subject to a minimum of zero.

“**Agency Agreement**” has the meaning given to it in Master Condition 1(a) (*Definitions*), as such agreement may be amended and/or restated from time to time.

“**Credit Event**”, in respect of each Class, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class.

“**Credit Event Instalment Amount**” has the meaning given to such term in paragraph 1 of Schedule 2 to these Issue Terms.

“**Credit Event Instalment Date**” means, in respect of each Class, the date falling 2 Reference Business Days immediately following the relevant Credit Suisse Cash Settlement Date under the Credit Default Swap Transaction relating to such Class.

“**Credit Event Observation Period End Date**” means, in respect of each Class, the Reference Business Day immediately preceding 5 April 2021.

“**Credit Suisse Cash Settlement Amount**”, in respect of each Class, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class.

“**Credit Suisse Cash Settlement Date**”, in respect of each Class, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class.

“**Day Count**” means a fraction the numerator of which is the number of days in the period from, and including, the Scheduled Maturity Date to, but excluding, the Additional Exchange Date or the Credit Suisse Cash Settlement Date, as applicable, and the denominator of which is 360 (the number of days to be calculated on the basis of a year of 360 days with twelve thirty day months).

“**Early Redemption Event**” means a Liquidation Event, other than the occurrence of an Early Redemption Commencement Date owing to the occurrence of a Counterparty Bankruptcy Credit Event.

“**Eligible Securities**” means securities comprising the CSA Posted Collateral.

“**Extended CDS Maturity Date**” means, in respect of each Class, the date falling 2 Reference Business Days immediately following the Extended CDS Termination Date of the Credit Default Swap Transaction relating to such Class.

“**Extended CDS Termination Date**” means, in respect of each Class, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class.

“**Extended Fee Calculation Factor**” means the Fee Calculation Factor on the Scheduled Maturity Date (being 94.08%) *multiplied by* (99%<sup>Day Count</sup>).

“**Fee Calculation Factor**” means, in respect of the Credit Default Swap Transaction and the Equity Swap Transaction relating to a Class of Notes, (i) 100% on the Issue Date and (ii) thereafter the relevant percentage figure corresponding to the date specified in the table below, reflecting an annual reduction in the relevant notional amount of such swap transaction:

| Date  | Fee Calculation Factor (%)          |
|---|-------------------------------------|
| From, but excluding, the Issue Date to, and including, 6 April 2016                   | 98.93                               |
| From, but excluding, 6 April 2016 to, and including, 6 April 2017                     | 97.94                               |
| From, but excluding, 6 April 2017 to, and including, 6 April 2018                     | 96.96                               |
| From, but excluding, 6 April 2018 to, and including, 6 April 2019                     | 95.99                               |
| From, but excluding, 6 April 2019 to, and including, 5 April 2020                     | 95.04                               |
| From, but excluding, 5 April 2020 to, and including, the Scheduled Maturity Date      | 94.08                               |
| From, but excluding, the Scheduled Maturity Date to, and including, the Maturity Date | The Extended Fee Calculation Factor |

“**Final Redemption Amount**” means, in respect of each Note of a Class, the sum of (i) its *pro rata* share of an amount equal to 94.08% of the Outstanding Principal Amount of such Class as at the Credit Event Observation Period End Date and (ii) any Additional Payout Amount in respect of such Note.

“**Instalment Amount**” means each Credit Event Instalment Amount and Unsettled Credit Event Instalment Amount, if any.

“**Outstanding Principal Amount**” means, in respect of each Class, the principal amount of such Class outstanding from time to time, determined and reduced as such in accordance with paragraphs 3 and 9 of Part A of these Issue Terms.

“**Partial Final Redemption Amount**” means, in respect of each Note of a Class, the sum of (i) its *pro rata* share of an amount equal to 94.08% of an amount equal to (A) the Outstanding Principal Amount of such Class as at the Credit Event Observation Period End Date *minus* (B) if there is an Unsettled Credit Event in respect of any Reference Entity as at the Credit Event Observation Period End Date, an amount in SEK equal to the Reference Entity Notional Amount of such Reference Entity and (ii) any Additional Payout Amount in respect of such Note.

“**Reference Entity**”, in respect of each Class, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class, as the same may be adjusted from time to time in accordance with the terms of such Credit Default Swap Transaction.

“**Reference Entity Notional Amount**”, in respect of each Class and any Reference Entity, has the meaning given to such term in the Credit Default Swap Transaction relating to such Class, as the same may be adjusted from time to time in accordance with the terms of such Credit Default Swap Transaction.



**“Swap Counterparty Equity Final Exchange Amount”**, in respect of each Class, has the meaning given to such term in the Equity Swap Transaction relating to such Class.

**“Swap Counterparty Event”** means, in accordance with the terms of the Swap Agreement, the occurrence of an Event of Default (as defined in the Swap Agreement) with respect to the Swap Counterparty.

**“Swap Termination Event”** means, in respect of each Class, that an Early Termination Date in respect of the Credit Default Swap Transaction and the Equity Swap Transaction relating to such Class, as applicable, has been designated or deemed to have been designated by the Issuer or the Swap Counterparty, as applicable, under the Swap Agreement for any reason other than (i) as a result of the occurrence of a Swap Counterparty Event or (ii) as a result of the occurrence of an Early Redemption Commencement Date in respect of the Notes other than pursuant to Master Condition 8(f) (*Redemption for Termination of Swap Agreement*).

**“Triggered Credit Event”** means, in respect of each Class, the occurrence of a Credit Event in respect of a Reference Entity for which the Swap Counterparty has elected to trigger a settlement under the Credit Default Swap Transaction relating to such Class and an Auction Final Price, or where the Fallback Settlement Method is applicable, the Final Price, has been determined in accordance with such Credit Default Swap Transaction on or prior to the Credit Event Observation Period End Date.

**“Unsettled Credit Event”** means, in respect of each Class:

- (a) the occurrence of a Credit Event in respect of the Reference Entity for which the Auction Final Price or, where the Fallback Settlement Method is applicable, the Final Price, has not been determined in accordance with the Credit Default Swap Transaction on or prior to the Credit Event Observation Period End Date; or
- (b) an event which, in the sole and absolute determination of the Calculation Agent under the relevant Credit Default Swap Transaction, has occurred on or prior to the Credit Event Observation Period End Date and may be a Credit Event in respect of the Reference Entity thereunder, but which has not been confirmed as being a Credit Event or not as at the Credit Event Observation Period End Date.

**“Unsettled Credit Event Instalment Amount”** has the meaning given to such term in paragraph 2 of Schedule 2 to these Issue Terms.

**“Unsettled Credit Event Instalment Date”** means, in respect of each Class, the date falling 2 Reference Business Days immediately following the relevant Additional Exchange Date under the Credit Default Swap Transaction relating to such Class.

## SCHEDULE 2 TO THE ISSUE TERMS – AMENDMENTS TO MASTER CONDITIONS

### 1. **Credit Event Redemption**

On each Credit Event Instalment Date (which, for the avoidance of doubt, may occur before or after the Scheduled Maturity Date), the Notes of each Class shall be redeemed in part (or, after the Scheduled Maturity Date, potentially in whole) by payment by the Issuer of an amount in respect of each Note of such Class (the “**Credit Event Instalment Amount**”) equal to such Note’s *pro rata* share of an amount equal to the Credit Suisse Cash Settlement Amount receivable by the Issuer under the Credit Default Swap Transaction relating to such Class on the Credit Suisse Cash Settlement Date to which such Credit Event Instalment Date relates.

### 2. **Unsettled Credit Event Redemption**

On each Unsettled Credit Event Instalment Date (which, for the avoidance of doubt, may occur before or after the Scheduled Maturity Date), the Notes of each Class shall be redeemed in part (or, after the Scheduled Maturity Date, potentially in whole) by payment by the Issuer of an amount in respect of each Note of such Class (the “**Unsettled Credit Event Instalment Amount**”) equal to such Note’s *pro rata* share of an amount equal to the Additional Exchange Amount receivable by the Issuer under the Credit Default Swap Transaction relating to such Class on the Additional Exchange Date to which such Unsettled Credit Event Instalment Date relates.

### 3. **Early Redemption**

Notwithstanding the provisions of Master Condition 13 (*Liquidation*), if an Early Redemption Event occurs in respect of a Class of Notes, the Disposal Agent shall (in accordance with the Agency Agreement) arrange for the Liquidation of the non-cash Collateral (and the security created pursuant to the Trust Deed over such Collateral shall automatically be released for the purposes of permitting such Liquidation), unless one or more Swap Transactions would remain outstanding. Following such Liquidation, each Class of Notes shall be redeemed at their applicable Early Cash Redemption Amount (as defined in paragraph 26 of Part A of these Issue Terms) on the relevant Early Redemption Date by payment of such Early Cash Redemption Amount to the Noteholders of the relevant Class on a *pro rata* basis.

### 4. **Redemption for Termination of Swap Agreement and Swap Counterparty Replacement Option**

For the purposes of Master Condition 8(f) (*Redemption for Termination of Swap Agreement*), the reference to Swap Counterparty Event in item (i) of the second paragraph thereof shall be deemed to be deleted and instead refer to the occurrence of a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of all outstanding Credit Default Swap Transactions and Equity Swap Transactions under the Swap Agreement.

#### ***Swap Counterparty Replacement Option***

Upon the occurrence of (i) a Counterparty Bankruptcy Credit Event; or (ii) a Swap Counterparty Event (other than a Counterparty Bankruptcy Credit Event); or (iii) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of the Credit Default Swap Transactions (a “**CDS Termination Event**”); or (iv) a Termination Event (as defined in the Swap Agreement) where the Issuer has the right to designate an Early Termination Date in respect of any Equity Swap Transaction (an “**Equity Swap Termination Event**”); or (v) the long term senior, unsecured rating assigned by Moody’s Investors Service Limited (“**Moody’s**”) to the Swap Counterparty being withdrawn or less than Ba1 or the short term rating assigned by Moody’s to the Swap Counterparty being less than P-3 (any such downgrade or withdrawal, a “**Moody’s Ba1/P-3 Downgrade**” and such event, along with each of a Counterparty

Bankruptcy Credit Event, a Swap Counterparty Event (other than a Counterparty Bankruptcy Event), a CDS Termination Event and an Equity Swap Termination Event, each a “**Replacement Event**”), the Issuer shall not designate an Early Termination Date and shall notify the Noteholder Facilitator as soon as reasonably practicable upon becoming aware of any such occurrence. Upon receipt by the Issuer of written directions (such notice to be copied to the Trustee) (a “**Replacement Swap Counterparty Notice**”) from Garantium Fondkommission AB (or any successor thereto) (in such capacity, the “**Noteholder Facilitator**”) requesting the Issuer to enter into a replacement Swap Agreement in respect of all Credit Default Swap Transactions and all Equity Swap Transactions or (in the case of a CDS Termination Event only) in respect of the Credit Default Swap Transactions and/or (in the case of an Equity Swap Termination Event) in respect of the relevant Equity Swap Transaction(s) (the “**Replacement Swap Agreement**”) with a replacement Swap Counterparty (the “**Replacement Swap Counterparty**”) designated by the Noteholder Facilitator (and, provided that, in the case of a Replacement Event that is a Moody’s Ba1/P-3 Downgrade, the Swap Counterparty has provided its prior written consent to such replacement) the Issuer shall use reasonable efforts to enter into such Replacement Swap Agreement with such Replacement Swap Counterparty; provided that (A) such Replacement Counterparty is a reputable financial institution with a place of business in London which enters into derivative transactions as part of its ongoing business activities and which has, as a minimum, a long term senior, unsecured rating of Ba1 and/or a short term rating of P-3 (or their equivalent ratings, in each case, as assigned by Moody’s) as of the date the Replacement Swap Agreement is entered into, (B) the Replacement Swap Counterparty must be satisfactory to the Trustee and the Issuer, (C) the price that the Replacement Swap Counterparty is willing to pay to, or receive from the existing Swap Counterparty (the “**Existing Swap Counterparty**”) is reasonably satisfactory to the Existing Swap Counterparty, and (D) where such Replacement Swap Counterparty Notice relates to a Replacement Event other than a Moody’s Ba1/P-3 Downgrade, such Replacement Swap Agreement is entered into within 30 calendar days of the occurrence of the relevant Replacement Event (and provided such Replacement Event is still continuing at such time) (such period, the “**Replacement Period**”).

If the relevant Replacement Swap Agreement is not entered into following a Replacement Event other than a Moody’s Ba1/P-3 Downgrade within the Replacement Period (including where, in such circumstances, no Replacement Swap Counterparty Notice is delivered by the Noteholder Facilitator), the Swap Agreement shall automatically terminate or, in the case of a Termination Event (as defined in the Swap Agreement) the relevant Credit Default Swap Transaction and/or Equity Swap Transaction(s) may be terminated in accordance with the terms of the Swap Agreement and, if a Swap Termination Event has occurred and no Early Redemption Commencement Date or Early Redemption Event has occurred pursuant to any other applicable Condition, the Issuer shall, as soon as is practicable (or, in any case, within two Reference Business Days after the end of the Replacement Period), give an Early Redemption Notice to the Noteholders (the date on which such Early Redemption Notice is deemed to have been given shall be an “**Early Redemption Commencement Date**”).

Following the delivery of such Early Redemption Notice, each Note shall become due and payable on the related Early Redemption Date. In connection with such redemption of each Note on the Early Redemption Date, the Disposal Agent shall (in accordance with the Agency Agreement) arrange for, and administer the sale of any Eligible Securities delivered by the Swap Counterparty to the Issuer under the Credit Support Annex (and the security created pursuant to the Trust Deed over such Eligible Securities (if any) shall automatically be released for purposes of permitting such sale). Each Class of Notes will be redeemed at their applicable Early Cash Redemption Amount (as defined in paragraph 26 of Part A of these Issue Terms) on the relevant Early Redemption Date by payment of such Early Cash Redemption Amount to the Noteholders of such Class on a *pro rata* basis.

Any Replacement Swap Agreement shall be entered into on identical terms as the Swap Agreement (including the relevant Credit Default Swap Transactions and/or Equity Swap Transaction(s) and Credit Support Annex thereunder), save for such terms as the Issuer and the Replacement Swap Counterparty, acting in good faith, determine are necessary to reflect the replacement of the Existing

Swap Counterparty with the Replacement Swap Counterparty. If, as a result of any such replacement there is more than one Swap Agreement and more than one Swap Counterparty, the Conditions and any other Transaction Document may be amended in such manner as the Issuer, the Trustee and each relevant Transaction Party considers in good faith necessary in order to effect the same.

On the entry into of the Replacement Swap Agreement, the Swap Agreement with the Existing Swap Counterparty shall to the extent of the relevant replacement terminate immediately and:

- (i) the amount (if any) due to the Existing Swap Counterparty from the Issuer upon termination of the Swap Agreement shall be funded out of the amount paid to it by the Replacement Swap Counterparty and the Existing Swap Counterparty shall have no further claims against the Issuer or any other party in respect of such amounts; and
- (ii) the amount (if any) due to the Issuer from the Replacement Swap Counterparty upon the entry into of the Replacement Swap Agreement shall be increased (or, as the case may be, the amount due from the Issuer to the Replacement Swap Counterparty shall be reduced) by an amount equal to any fees, costs and/or expenses incurred by the Issuer and/or the Trustee in relation to the appointment of the Replacement Swap Counterparty and any Replacement Agents appointed pursuant to paragraph 5 of this Schedule 2 to these Issue Terms below.

The Replacement Swap Counterparty shall be the Valuation Agent in respect of the credit support annex entered into in respect of the Replacement Swap Agreement.

Following the entry into of a Replacement Swap Agreement, all references to the Replacement Swap Counterparty shall be deemed to be the Swap Counterparty for the purposes of these Issue Terms and any other documentation relating to the Notes (subject as provided above in any case where there is more than one Swap Agreement and more than one Swap Counterparty). Accordingly, more than one Replacement Event may occur.

For the avoidance of doubt, and notwithstanding any other provisions of the Issue Deed, Principal Trust Deed or any other document relating to the Notes, no Swap Termination Event shall occur for the purposes of Master Condition 8(f) (*Redemption for Termination of Swap Agreement*) as a result of the termination of the Swap Agreement and entry into the Replacement Swap Agreement in accordance with the foregoing and the consent of the Noteholders will not be sought or be required in connection with a Replacement Event in accordance with the foregoing nor for any amendments to the Master Conditions or these Issue Terms and any other documentation relating to the Notes that the Noteholder Facilitator certifies in writing to the Trustee are consequential to and necessary in connection with the entry into of such Replacement Swap Agreement (upon which certificate the Trustee shall be entitled to rely on absolutely without incurring any liability to any person for so doing (even though such certificate may later be found to have been invalidly given)). None of the Issuer, the Trustee, the Swap Counterparty, the Noteholder Facilitator, the Calculation Agent, the Disposal Agent, the Custodian, the Issuing and Paying Agent, the Registrar, the Transfer Agent, the Dealer, the Arranger or any other person connected to the Notes shall be liable to any Noteholder or any other person in connection with any Replacement Event and/or any entry into of a Replacement Swap Agreement or in respect of any amendments to the Master Conditions or these Issue Terms and any other documentation relating to the Notes which the Noteholder Facilitator has certified in writing to the Trustee are consequential and necessary in connection with the entry into of such Replacement Swap Agreement and shall have no responsibility to any Noteholder or any other person in respect of any of the consequences resulting from a Replacement Event and/or any entry into of a Replacement Swap Agreement.

## **5. Agent Replacement Option**

Concurrently with the appointment of any Replacement Swap Counterparty and entry into of a Replacement Swap Agreement pursuant to paragraph 4 of this Schedule 2 to these Issue Terms above, but only where the Swap Agreement with the Existing Swap Counterparty has been

terminated in full, the Issuer undertakes, upon receipt of written directions from the Noteholder Facilitator requesting the Issuer to replace the existing Calculation Agent and/or Disposal Agent (a “**Replacement Agent Notice**”), to use reasonable efforts to appoint a replacement calculation agent (the “**Replacement Calculation Agent**”) and replacement disposal agent (the “**Replacement Disposal Agent**”), and together with the Replacement Calculation Agent, the “**Replacement Agents**”) designated by the Noteholder Facilitator, provided that (i) in the case of a Replacement Calculation Agent, is a reputable financial institution with a place of business in London which provides calculation agency services as part of its ongoing business activities and (ii) in the case of a Replacement Disposal Agent, is a reputable financial institution with a place of business in London which customarily sells securities in the market as part of its ongoing business activities, and in each case, are satisfactory to the Issuer, the Trustee and the Replacement Swap Counterparty. Upon receipt of such Replacement Agent Notice, the Issuer shall make reasonable efforts to effect such replacement on, or as soon as practicable following, the entry into of the Replacement Swap Agreement. The costs of appointment of the Replacement Agents shall be borne by the Replacement Swap Counterparty.

Following the appointment of any Replacement Agent, all references to the Calculation Agent and/or Disposal Agent, as applicable, shall be deemed to be references to the Replacement Agent for the purposes of these Issue Terms and any other documentation relating to the Notes. Accordingly, the Calculation Agent and/or Disposal Agent may be replaced more than once.

For the avoidance of doubt, and notwithstanding Master Condition 11 (*Agents*) or any other provisions of the Issue Deed, Principal Trust Deed or any other document relating to the Notes, the consent of the Noteholders will not be sought or be required in connection with the appointment of any Replacement Agents in accordance with the foregoing nor for any amendments to the Master Conditions or these Issue Terms and any other documentation relating to the Notes that the Noteholder Facilitator certifies in writing to the Trustee are consequential to and necessary in connection with the appointment of such Replacement Agents upon which certificate the Trustee shall be entitled to rely absolutely without incurring any liability to any person for so doing (even though such certificate may later be found to have been invalidly given). None of the Issuer, the Trustee, the Swap Counterparty, the Noteholder Facilitator, the Calculation Agent, the Disposal Agent, the Custodian, the Issuing and Paying Agent, the Registrar, the Transfer Agent, the Dealer, the Arranger or any other person connected to the Notes shall be liable to any Noteholder or any other person in connection with the appointment of any Replacement Agent or in connection with any amendment which may be made to the Master Conditions insofar as the proposed amendments relate to this Series only or these Issue Terms and any other documentation relating to the Notes which the Noteholder Facilitator has certified in writing to the Trustee are consequential to and necessary in connection with the entry into of the Replacement Swap Agreement in accordance with the foregoing and shall have no responsibility to any Noteholder or any other person in respect of any of the consequences resulting from any such appointment of a Replacement Agent.

## **SCHEDULE 3 TO THE ISSUE TERMS – PROVISIONS RELATING TO EUROCLEAR SWEDEN**

### **1. General**

For so long as the Notes are represented by a Global Certificate and are shown in the records of Euroclear as being held by the Swedish CSD as defined below, the provisions of paragraph 2 of this Schedule will apply.

#### **1.1 Form of Swedish Notes**

The Global Certificate issued in respect of the Notes will be deposited upon issuance with and registered in the name of a nominee for Euroclear. The Notes will be shown in the records of Euroclear as being held by a Swedish central securities depository (the “**Swedish CSD**”) which will be Euroclear Sweden AB (“**Euroclear Sweden**”) or any successor acceptable to or substitute appointed by the Issuer. The Swedish CSD will hold all interests in the Notes for the sole purpose of enabling clearing and settlement of interests therein in uncertificated and dematerialised book-entry form in the records maintained by the Swedish CSD in accordance with the CSD Rules (as defined below) for the benefit of the ultimate beneficial owners.

Beneficial interests in the Swedish CSD's interest in the Notes will be shown in the records of the Swedish CSD pursuant to an affiliation agreement dated prior to the Issue Date entered into between the Issuer and the Swedish CSD. No owner of such a beneficial interest is entitled to transfer (and the Swedish CSD will not allow any such transfer) such interest directly to the records of Euroclear and thereby removing the relevant Notes from the records of the Swedish CSD.

The holders of the Notes expressly accept and acknowledge that the Swedish CSD will only distribute payments for the Notes that the Swedish CSD has received from Euroclear in respect of the Notes.

#### **1.2 Euroclear Sweden**

Euroclear Sweden is a subsidiary within the Euroclear group of companies. Euroclear Sweden is a limited liability company. It is authorised and regulated by the Swedish Financial Supervisory Authority as a central securities depository within the meaning of the Swedish Financial Instruments Accounts Act (1998:1479 (as amended)) and as a clearing organisation within the meaning of the Swedish Securities Markets Act (2007:528 (as amended)). All transactions relating to the beneficial interests in the Swedish CSD's interest in the Notes (such as issuance, sale and transfer, pledge arrangements and other dispositions and redemptions) are executed as computerised book-entry registrations. Consequently, in order to effect such entries beneficial owners must establish a book-entry account through a credit institution or a securities firm acting as an account operator with the Swedish CSD (currently Euroclear Sweden). More information regarding Euroclear Sweden and its rules and operating procedures can be found at its internet web site at [www.euroclear.com](http://www.euroclear.com).

#### **1.3 Swedish Agent**

In addition, the Issuer has appointed or will appoint Skandinaviska Enskilda Banken AB (publ) as “**Swedish Agent**” in relation to the Notes pursuant to an issuing and paying agency agreement dated 16 April 2014 (the “**Swedish Agency Agreement**”).

### **2. Amendments to the Master Conditions**

The following provisions shall supplement and amend the Master Conditions and the provisions of the Global Certificate:

## 2.1 Beneficial interests and transfer

The beneficial interests in the Swedish CSD's interest in the Notes will be held in Swedish uncertificated and dematerialised book-entry form in accordance with the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*) and all such other Swedish laws, regulations and operating procedures applicable to and/or issued by the Swedish CSD (the “**CSD Rules**”). No owner of such a beneficial interest is entitled to transfer (and the Swedish CSD will not allow any such transfer) such interest directly to the records of Euroclear and thereby removing the relevant Notes from the records of the Swedish CSD.

Such beneficial interests will be transferable only in accordance with the CSD Rules. Title to such beneficial interests shall pass in the records maintained by the Swedish CSD in accordance with the CSD Rules.

The Issuer shall be entitled to obtain information from the register of the Swedish CSD in accordance with the CSD Rules.

## 2.2 Amendments while in global form

For the purpose of ascertaining the validity of a beneficial holding by a person on whose behalf the Swedish CSD is holding an interest in the Notes, the records of the Swedish CSD (in which regard, any electronic record, record statement, certificate or other information issued by the Swedish CSD as to the beneficial holding or the holding of any person duly authorised to act as a nominee (*Sw. förvaltare*)) shall be conclusive and final for all purposes and shall constitute commercially reasonable evidence, save in the case of manifest error.

## 2.3 Payments

Each holder of beneficial interests in the Swedish CSD's interest in the Notes must look solely to the Swedish CSD for its share of the payments so made by the Issuer. The Swedish CSD does not assume the obligations of the Issuer and is only obliged to distribute payments it has received in its capacity of Swedish CSD in respect of the Notes. It is expected that payments in respect of the Notes will be received by holders of the beneficial interests in the Swedish CSD's interest in the Notes holding such interests at an account with the Swedish CSD no later than the seventh business day (as defined by the then applicable CSD Rules) after the date on which such payment becomes due and payable in accordance with the terms and conditions of the Notes. Pursuant to the CSD Rules, payments in respect of any such beneficial interest shall be made to the holders shown as such on the fifth business day (as defined by the then applicable CSD Rules) before the due date for such payment, or such other business day falling closer to the due date as then may be stipulated in the CSD Rules. Such day shall be the “**Record Date**” in respect of the Notes in accordance with the CSD Rules. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment and will be made in accordance with the CSD Rules.

## 2.4 Notices

So long as any Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to the Swedish CSD may be given by the Issuer delivering the relevant notice to that clearing system for communication to the Swedish CSD (along with a copy of such notice being delivered by the Issuer to the Swedish Agent pursuant to the Swedish Agency Agreement) rather than by mail as required by the Conditions (except that if and for so long as the Notes are listed on a stock exchange, all notices to holders of the Notes will be published in accordance with the rules of such stock exchange). Notices to each holder of beneficial interests in the Swedish CSD's interest in the Notes will be sent in accordance with the CSD Rules but shall be deemed to have been given to the holders of the Notes on the Reference Business Day immediately following the day on which the said notice was given to the Swedish CSD.

## 2.5 Agents

Master Condition 11(a) (*Appointment of Agents*) will be deleted and the following substituted therefor:

- “(a) **Appointment of Agents:** The Issuing and Paying Agent, the Registrar, the Transfer Agents, the Custodian, the Disposal Agent and the Calculation Agent initially appointed by the Issuer and their respective Specified Offices, along with the Swedish Agent, are listed in the applicable Issue Terms. Subject to the provisions of (i) the Agency Agreement, the Issuing and Paying Agent, the Registrar, the Transfer Agents, the Custodian, the Disposal Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder and (ii) the Issuing and Paying Agency Agreement dated 16 April 2014 (in respect of the Swedish Agent), the Swedish Agent acts solely as agent of the Issuer and does not assume any obligation or relationship of agency or trust for or with any Noteholder, other than to the extent any such obligations result from mandatory provisions in the Swedish Financial Instruments Accounts Act. The Issuer reserves the right at any time with the approval of the Trustee (except that the approval of the Trustee shall not be required for the appointment of a replacement Disposal Agent or Calculation Agent where Noteholders direct the Issuer to appoint such replacement pursuant to this Condition) to vary or terminate the appointment of the Issuing and Paying Agent, the Registrar, any Transfer Agent, the Custodian, the Disposal Agent, the Calculation Agent, the Swedish Agent and the Swedish CSD and to appoint additional or other Issuing and Paying Agent(s), Transfer Agent(s), Custodian(s), Disposal Agent(s), Calculation Agent(s), Swedish Agent(s), a substitute Swedish CSD or such other agents as may be required provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a Disposal Agent, (v) a Calculation Agent, (vi) a Custodian, (vii) a Swedish Agent in Sweden duly authorised under the CSD Rules, (viii) a Swedish CSD duly authorised as a central securities depository under the Swedish Financial Instruments Accounts Act, and (ix) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case as approved by the Trustee (subject as provided above).

Notice of any such change or any change of any Specified Office shall promptly be given by the Issuer to the Noteholders in accordance with Master Condition 22 (*Notices*).”.

## 2.6 Substitution

The following sentence shall be added at the end of Master Condition 19(c) (*Substitution*):

“In respect of any such substitution of the Issuer, the substitution will, in addition to the other criteria set forth above in this Master Condition 19(c), be subject to the prior written consent of the Swedish CSD.”.



## DESCRIPTION OF THE COMPANY AND THE COMPARTMENT

### Company

Argentum Capital S.A. (the “**Company**”) is a public limited liability company (*société anonyme*) incorporated under Luxembourg law and is established as a *société de titrisation* within the meaning of the Securitisation Act 2004 (as may be amended from time to time). The Company has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) as a regulated securitisation undertaking within the meaning of articles 19 et seq. of the Securitisation Act 2004 and is supervised by the CSSF.

The registered office of the Company is at 51 Avenue J.-F. Kennedy, L-1855 Luxembourg. The share capital of the Company is EUR 31,000 divided into 31,000 shares with a par value of EUR 1 (each a “**Company Share**”) all of which are fully paid. All the issued Company Shares are held by Stichting Argentum, a foundation (*stichting*) incorporated under the laws of The Netherlands (the “**Shareholder**”).

### Compartment and source of funds

In connection with the issue of the Notes, the board of directors of the Company will create a compartment of the Company (Compartment GAP+ 2138 – 2139 February 2015 (the “**Compartment**”)) relating solely to these Notes separate from any other Series of Notes issued by the Company. A compartment is a separate part of the Company’s assets and liabilities. An investor’s recourse to the Issuer in respect of these Notes is limited to the assets and liabilities allocated to the Compartment created in respect of these Notes.

The principal assets of the Issuer allocated to the Compartment are the Issuer’s rights against the Swap Counterparty under the Swap Agreement.

The ability of the Issuer to pay the intended amounts due under the Notes (as described in more detail in the sections of this Prospectus entitled “*Transaction Description*” and “*Issue Terms*”) will be dependent upon the payment of:

- (a) the payment of all sums due from the Swap Counterparty under the Swap Agreement; and
- (b) the value of any Eligible Securities delivered to the Issuer under the Credit Support Annex in certain circumstances.

Where such assets are not sufficient to meet the claims of the investors in relation to the Notes, investors will have no further recourse to any other assets of the Company. In connection with this, investors should be aware that where any Notes redeem early the assets allocated to the Compartment relating to the Notes and any amounts derived from such assets shall first be used to pay certain amounts owing to other parties, including Credit Suisse International as Swap Counterparty to the extent that any amounts are owing to it. These amounts may be significant and will reduce the amount available to investors in the Notes, potentially to zero.

Under the Securitisation Act 2004, the assets of each Compartment for each Series and the proceeds thereof are, in principle, exclusively available for distribution to the specified Noteholders and the relevant swap counterparties relating to such Series and Class of Notes. A creditor of the Company may have claims against the Company in respect of more than one Series, in which case the claims in respect of each individual Series will be limited to the Mortgaged Property relating to such Series only. Upon a liquidation of a Compartment, if the Mortgaged Property and the proceeds of enforcement and realisation thereof, as applicable, are not sufficient to make all payments and deliveries, as applicable, due in respect of the Notes, then the obligations of the Issuer in respect of the Notes of that Series will be limited to the Mortgaged Property of the Compartment in respect of that Series, as specified in the Master Conditions and this Prospectus. The Issuer will not be obliged to make any further payment or delivery, as applicable, for any Series of Notes in excess thereof. Following application of the relevant Mortgaged Property and the proceeds of enforcement and realisation thereof, as applicable, in accordance with the Master Conditions, the

claims of the relevant Noteholders and the relevant swap counterparties of the relevant Series for any shortfall shall be extinguished and the relevant Noteholders and the relevant swap counterparties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall and none of them should be able to petition for the winding-up, the liquidation or the bankruptcy of the Company or any other similar insolvency related proceedings. Failure to make any payment or delivery, as applicable, in respect of any such shortfall shall in no circumstances constitute an event of default under the Master Conditions. Any shortfall shall be borne by the Noteholders and the swap counterparties of the relevant Series in respect of which the Notes have been issued according to the priorities specified in the Master Conditions as amended by this Prospectus.

## DESCRIPTION OF THE SWAP AGREEMENT

### Overview of the Swap Agreement

The Swap Agreement comprises the swap agreement relating to the Notes and entered into by the Issuer and the Swap Counterparty by their execution of the Issue Deed relating to the Notes on the terms of the ISDA 2002 form of Master Agreement as amended by the Schedule set out in the Master Swap Terms (dated 19 December 2014) incorporated by reference into (and as modified and/or supplemented by) such Issue Deed and as supplemented by (a) a confirmation evidencing a credit default swap transaction relating to each Class of Notes (in respect of each Class, the “**Credit Default Swap Transaction**” relating to such Class) between the Issuer and the Swap Counterparty; (b) a confirmation evidencing an equity swap transaction relating to the Class A Notes (the “**Class A Equity Swap Transaction**”); (c) a confirmation evidencing an equity swap transaction relating to the Class B Notes (the “**Class B Equity Swap Transaction**”, and together with the Class A Equity Swap Transaction, the “**Equity Swap Transactions**” and each an “**Equity Swap Transaction**” relating to the relevant Class), each between the Issuer and the Swap Counterparty; and (d) an ISDA Credit Support Annex (Bilateral Form-Transfer) (English Law) containing the paragraph 11 elections set out in the Master CSA Terms dated 19 December 2014 which are also incorporated by reference into (and as modified and/or supplemented by) such Issue Deed (the “**Credit Support Annex**”) dated as of the same date (together, the “**Swap Agreement**”).

The Issuer has assigned by way of security in favour of the Trustee for itself and as trustee for the Noteholders all of the Issuer’s rights, under the Swap Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in the Swap Agreement).

The Master Swap Terms comprised in the Swap Agreement in respect of the Notes include the following provisions:

- (A) The transactions comprised in the Swap Agreement will be capable of termination at the option of the Issuer upon the occurrence of any of the following events of default in relation to the Swap Counterparty: failure to pay or deliver, misrepresentation, bankruptcy and merger without assumption (as such events are more particularly described in the Master Swap Terms) provided that, the Issuer may be obliged to first use reasonable efforts to enter into a replacement swap agreement with a replacement counterparty and if a replacement swap transaction is not entered into, the Swap Agreement will automatically terminate (as more fully described in the Issue Terms of the Notes). The transactions comprised in the Swap Agreement will be capable of termination at the option of the Swap Counterparty upon the occurrence of any of the following events of default in relation to the Issuer: failure to pay or deliver, bankruptcy and merger without assumption (as such events are more particularly described in the Master Swap Terms).
- (B) In the event that it becomes unlawful for either the Issuer or the Swap Counterparty to perform its obligations under a transaction comprised in the Swap Agreement, either the Issuer or the Swap Counterparty (or both) will have the right to terminate such transaction.
- (C) In the event that a withholding or deduction is imposed on any payment to be made by the Issuer or the Swap Counterparty to the other under a transaction comprised in the Swap Agreement as a result of (i) sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986; (ii) any similar or successor legislation to (i); (iii) any agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986; (iv) any regulations or guidance pursuant to any of the foregoing; (v) any official interpretations of any of the foregoing; (vi) any intergovernmental agreement to facilitate the implementation of any of the foregoing (an “**IGA**”); or (vii) any law implementing an IGA, either the Issuer or the Swap Counterparty (or both) has the right to terminate such transaction.
- (D) Subject to sub-paragraphs (E), (F) and (G) below, in the event that a withholding or deduction for or on account of any Indemnifiable Tax is imposed on any payment to be made by either the Issuer or the Swap Counterparty to the other under a transaction comprised in the Swap Agreement, neither party is obliged to gross up such payment.

- (E) Subject to sub-paragraph (G) below, in the event that a withholding or deduction is or there is a substantial likelihood that a withholding or deduction will be imposed on any payment to be made by either the Issuer or the Swap Counterparty to the other under a transaction comprised in the Swap Agreement as a result of (i) any action taken by a taxing authority or brought in a court of competent jurisdiction or (ii) a change in tax law(s), either the Issuer or the Swap Counterparty (or both) have the right to terminate such transaction.
- (F) Subject to sub-paragraph (G) below, in the event that the Issuer or the Swap Counterparty will receive a payment from the other party from which an amount has been withheld or deducted on account of any tax (such receiving party, the “**Burdened Party**”) under a transaction comprised in the Swap Agreement solely as a result of a merger event affecting the Burdened Party, the Burdened Party has the right to terminate such transaction.
- (G) In the event that the Swap Counterparty has the right to terminate a transaction comprised in the Swap Agreement as a result of the events described in sub-paragraphs (E) or (F) above, the Swap Counterparty is required to use its reasonable endeavours to arrange for the transfer of all of its rights and obligations under the relevant transactions comprised in the Swap Agreement to an office or affiliated company of the Swap Counterparty within 30 days such that the relevant termination event described in sub-paragraph (E) or (F) above ceases to exist, failing which, the Swap Counterparty shall give notice to the Issuer and may terminate the transaction.
- (H) If an Early Redemption Trigger Date occurs or the Issuer fails to give an Early Redemption Notice when required to do so (in each case, other than in circumstance where the Swap Agreement has already terminated) then the Swap Counterparty has the right to terminate the Swap Agreement.
- (I) The Swap Counterparty has the right to terminate the Swap Agreement if any of the clauses in the Principal Trust Deed relating to pre-liquidation and enforcement of the Security, post-liquidation and enforcement of the Security or post-enforcement of the Security are amended, or if the equivalent provisions of the Conditions are amended (after the Issue Date of the Notes) such that the Issuer’s obligations to the Swap Counterparty under the Swap Agreement are further contractually subordinated to the Issuer’s obligations to any other secured creditor.
- (J) The Swap Counterparty has the right to terminate the Swap Agreement if certain amendments or waivers are made by the Issuer to the relevant Series documents without the Swap Counterparty’s prior written consent which would result in the Swap Counterparty paying more or receiving less under the Swap Agreement than would otherwise have been the case immediately prior to such amendment or waiver.
- (K) The Swap Counterparty has the right to terminate the Swap Agreement if the Issuer breaches any of the covenants contained in the Principal Trust Deed, unless the Trustee and the Swap Counterparty have given their prior written consent to such breach of a restrictive covenant in accordance with the terms of the Principal Trust Deed.
- (L) If the Notes are repurchased and cancelled by the Issuer pursuant to Master Conditions 8(r) (*Purchases*) and 8(s) (*Cancellation*), a proportionate part of each transaction attributable to such Notes comprised in the Swap Agreement will terminate.

In the event of any inconsistency between the Master Swap Terms and the terms of any confirmation in respect of a transaction comprised in the Swap Agreement, the terms of such confirmation shall prevail.

Payments to the Noteholders under each Class of Notes are entirely contingent on the full and timely performance of the obligations of the Swap Counterparty under the Swap Agreement.

In respect of each Class of Notes, if the Credit Default Swap Transaction and the Equity Swap Transaction relating to such Class comprised in the Swap Agreement are terminated (or the Swap Agreement is terminated in whole), such Class shall be redeemed by payment of the Early Cash Redemption Amount,

subject as provided in paragraph 26 of Part A of the Issue Terms and paragraph 3 of Schedule 2 of the Issue Terms of the Notes.

### **Early Cash Redemption Amount**

Where the Notes of a Class are to be redeemed early, each Noteholder shall be entitled to an amount per Note referred to as its “Early Cash Redemption Amount”. The quantum of such amount will depend on the value of the Equity Swap Transaction and Credit Default Swap Transaction relating to such Class, in each case from the perspective of the Issuer and as determined in accordance with the relevant Swap Agreement (note that there may be two relevant Swap Agreements if a Replacement Event has previously occurred, for example, as a result of an Equity Swap Termination Event – see the section of this Prospectus entitled “*Transaction Description*” for further description of Replacement Events). In addition, if all swap transactions under a Swap Agreement are terminating on the same date, then an account shall also be taken of the SEK equivalent value of the proceeds of the Collateral (that has derived from the assets transferred by the Swap Counterparty to the Issuer under the Credit Support Annex relating to such Swap Agreement) that have been realised and are available for distribution to Noteholders (after satisfying any costs and expenses that are due to be satisfied in accordance with the terms and conditions of the Notes prior to Noteholders being paid).

### **Partial Termination of Swap Agreement in connection with the Early Redemption of a Class**

Where a Class of Notes is redeemed in circumstances where swap transactions in respect of other Classes will remain outstanding (which is possible, for example, if an Equity Swap Transaction relating to a Class is terminated early as a result of certain disruption or adjustment events described in the section of this Prospectus entitled “*Description of the Equity Swaps*”), then the Early Cash Redemption Amount for such Class of Notes shall be informed by the amount payable by the Swap Counterparty to the Issuer as a result of the termination of the Equity Swap Transaction and Credit Default Swap Transaction relating to such Class. This is referred to in the terms and conditions of the Notes as the “Termination Payment”, which reflects an amount determined in accordance with the Swap Agreement that is called the “Early Termination Amount”. The Early Termination Amount consists of aggregating three components that are detailed within the terms of the Swap Agreement:

- (A) the value (expressed in SEK), considered from the Issuer’s perspective, of each of the Equity Swap Transaction and/or Credit Default Swap Transaction relating to such Class under the Swap Agreement (referred to in the Swap Agreement as the Close-out Amount(s) for each swap transaction being terminated, as described below); plus
- (B) the value (expressed in SEK) of any Unpaid Amounts (as described below) owing to the Issuer; less
- (C) the value (expressed in SEK) of any Unpaid Amounts (as described below) owing to the Swap Counterparty.

#### *Unpaid Amounts*

Unpaid Amounts are, broadly, (a) payments or (b) valuations in respect of deliveries, that were scheduled to have been made to a party on or before the date that the relevant Swap Transactions were terminated but which were not made, in each case together with interest from (and including) the date the relevant obligation was scheduled to be performed to (but excluding) the relevant early termination date. These payments or deliveries may not have been made, for example, because of a default by the payer, the deferral of payment as a result of the payee being in default or the payment obligation having terminated by reason of designation of the early termination date.

#### *Close-out Amount*

The Close-out Amount for the Equity Swap Transaction and Credit Default Swap Transaction is, broadly, a measure of determining the value to the Issuer of such swap transactions by determining the cost that it

would incur in replacing, or providing the economic equivalent of, the material terms of such swap transactions. In calculating the Close-out Amounts, Unpaid Amounts (as described above) and legal fees and out-of-pocket expenses are excluded.

In determining a Close-out Amount, the determining party (which is likely to be the Swap Counterparty other than where it has defaulted) may consider any relevant information, including, without limitation, *one or more* of the following types of information: (a) quotations for replacement transactions supplied by one or more third parties; (b) relevant market data in the relevant market supplied by one or more third parties (of the type described below), including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or (c) information of the types described in clause (a) or (b) above from internal sources (including any of the determining party's affiliates) if that information is of the same type used by the determining party in the regular course of its business for the valuation of similar transactions. In addition, there may be situations in which it is commercially reasonable for the determining party to consider any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to the terminated transactions (or any gain resulting from any of them), provided that there is no double-counting of such amounts in the determining party's calculation.

Commercially reasonable procedures used in determining a Close-out Amount may include the following: (a) application by the Swap Counterparty of pricing or other valuation models to relevant market data from third parties or information from internal sources, provided that, at the time of the determination of the Close-out Amount, these models are used by it in the regular course of its business in pricing or valuing transactions between the determining party and unrelated third parties that are similar transactions; and (b) application of different valuation methods to terminated transactions depending on the type, complexity, size or number of the Terminated Transactions.

### **Termination of Swap Agreement in full in connection with the Early Redemption of a Class**

Where a Class of Notes is redeemed in circumstances where all swap transactions under the relevant Swap Agreement are terminated at the same time, then the Early Cash Redemption Amount for such Class of Notes shall be informed not only by the Close-out Amounts and Unpaid Amounts relating to the terminating swap transactions (as described above), but also by the SEK equivalent value of any assets transferred by the Swap Counterparty and then held by the Issuer under the Credit Support Annex relating to such Swap Agreement.

#### *Liquidation of Collateral under the Credit Support Annex*

In such circumstances, the Collateral shall be liquidated by the Disposal Agent on behalf of the Issuer pursuant to the terms of the Agency Agreement in order to realise cash proceeds for the non-cash assets comprised therein, and then the remaining cash converted into SEK (the "**CSB Collateral Value**"). Such CSB Collateral Value, after satisfaction of certain costs and expenses that may be due, shall be treated as an Unpaid Amount due from the Issuer to the Swap Counterparty for the purposes of determining the Early Termination Amount in lieu of the Issuer having to redeliver equivalent assets or pay equivalent cash amounts in the relevant currencies to the Issuer. Whilst this treatment as an Unpaid Amount will reduce the Early Termination Amount that would otherwise be determined to be payable from the Swap Counterparty or possibly reverse the payment (so that the Issuer owes the Swap Counterparty such excess), the Early Cash Redemption Amount includes the CSB Collateral Value within the amount that is ultimately payable by the Issuer to Noteholders.

The aggregate Early Cash Redemption Amount payable to the Noteholders of the relevant redeeming Class in such circumstances is therefore expected to be (i) the proportion of the CSB Collateral Value relating to the value of the swap transactions in respect of such Class, plus (ii) the Early Termination Amount if payable to the Issuer (which will be the case where the combined Close-out Amounts and Unpaid Amounts in respect of the relevant terminating transactions exceeds the CSB Collateral Value) or (iii) minus the Early Termination Amount (which will be the case where the combined Close-out Amounts and Unpaid Amounts in respect of the relevant terminating transactions are less than the CSB Collateral Value).

## DESCRIPTION OF THE CREDIT DEFAULT SWAPS AND THE CREDIT EVENT PROVISIONS RELATING TO THE CREDIT DEFAULT SWAP TRANSACTIONS AND THE NOTES

### Credit derivatives and credit default swaps

A credit derivative transaction is a transaction which is entered into between two parties generally 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). Each Class of Notes represents a funded credit derivative transaction in the form of a debt security whilst the Credit Default Swap Transaction relating to such Class includes a credit derivative component. Under the terms of each Class of Notes, the Issuer will be the buyer of credit protection and the Noteholders of such Class will be the sellers of credit protection. Under each Credit Default Swap Transaction, the Issuer will be the seller of credit protection and the Swap Counterparty will be the buyer of credit protection.

A description of the Credit Default Swap Transactions, including the amounts receivable by the Issuer thereunder and the related definitions, is set out in the section of this Prospectus entitled “*Transaction Description*” under the heading “*Impact of the Credit Default Swap Transactions on the Notes*”.

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 contracts rather than 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, 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. The Credit Default Swap Transactions entered into between the Issuer and the Swap Counterparty are in relation to the credit risk of one Reference Entity, which is a financial institution in Asia on the Issue Date.

### 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 Prospectus, these definitions and provisions are primarily contained in the 2014 ISDA Credit Derivatives Definitions, 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 confirmation in respect of the Credit Default Swap Transactions (the “**Confirmation**”) and cross referred to in the Issue Terms 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 Reference Entity (corporate, sovereign, etc.) and its location (Europe, North America, Latin America, etc.). The Settlement Matrix is updated by ISDA from time to time. The standard terms in the Settlement Matrix applicable to the Reference Entity in the Credit Default Swap Transactions is “Asia Financial Corporate”. The terms of the Confirmation

are based on these key terms. As at the date of this Prospectus, the Settlement Matrix is available free of charge on ISDA's website at <http://www2.isda.org/>.

### **Credit derivatives determinations committees (“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 may have the power to make binding decisions that may apply to the Notes on critical issues such as whether a Credit Event has occurred and whether one or more Auctions should take place. 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 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 Asia (excluding Japan) (i.e. the one constituted for the region applicable to the 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 “**DC Rules**”). A copy of the DC Rules published by ISDA as of 7 April 2014 (as updated from time to time) is available free of charge at <http://www2.isda.org/>. 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 DC 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, any Agent 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, any Agent 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 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.

If the Issuer and the Swap Counterparty wished to amend the Credit Event provisions relating to the Credit Default Swap Transactions and the Notes, the Issuer is likely to seek consent from the Noteholders.

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

Noteholders should note that the Calculation Agent (under both the Notes and the Swap Agreement) is responsible for making certain determinations and has the right to exercise certain discretions with respect to the Notes and the Swap Agreement (and, by extension, each of the Credit Default Swap Transactions thereunder).

#### *Determinations*

For example, the Calculation Agent is responsible for:

- (i) determining whether an Auction would apply for the purposes of the Credit Event;
- (ii) where there are multiple Auctions held concurrently, determining the Auction which will apply to the Credit Default Swap Transactions;
- (iii) where the Credit Suisse Cash Settlement Amount is not determined by an Auction, determining the Credit Suisse Cash Settlement 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);
- (iv) notwithstanding publication by ISDA of a resolution of a CDDC, determining successor Reference Entities for the purposes of the Credit Default Swap Transactions;
- (v) determining the value of the obligations selected for determination of the Final Price, for the purpose of the Credit Default Swap Transactions; and
- (vi) determining whether, under the terms of the Credit Default Swap Transactions (and by extension, the Notes), certain 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);

- (ii) (A) select a date for the valuation of the obligations selected for determination of the Final Price and (B) select third party dealers from which to obtain bid quotations for the purposes of such valuation, in each case, only in those instances where the Credit Suisse Cash Settlement Amount is not determined pursuant to an Auction; and
- (iii) select the date on which certain valuations are undertaken to determine the Early Cash Redemption Amount payable under the Notes.

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.

### **Reference Entities and successors**

Noteholders are exposed, through the Issue Terms, to the credit risk of one Reference Entity as at the Issue Date (as described in more detail in the section of this Prospectus entitled “*Transaction Description*”). The creditworthiness of a Reference Entity may change over time. If the creditworthiness of the 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 the Reference Entity.

The identity of the Reference Entity, and hence the credit risk associated with the Notes, may change as a result of a succession or a series of successions (forming part of a plan evidenced by certain eligible information) in respect of relevant obligations of that Reference Entity, provided that, in the case of a sovereign Reference Entity, events such as annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar events (referred to in the Credit Derivatives Definitions as a “**Sovereign Succession Event**”) resulted in the succession. If ISDA publicly announces that a CDDC has resolved that a different entity or entities has or have become successor(s) to any such original Reference Entity, then the identity of the original Reference Entity may be treated as having been amended accordingly for the purposes of the Notes. The credit risk associated with a successor Reference Entity or Reference Entities may be different from and could be greater than the credit risk associated with the original Reference Entity. The legally effective date of an event in which one or more entities become successor(s) to an original Reference Entity (as determined pursuant to the Credit Derivatives Definitions) is referred to in the Credit Derivatives Definitions as a “**Succession Date**”.

The Credit Derivatives Definitions set out detailed rules for the determination of successor Reference Entities. For Reference Entities which are not sovereigns (as is the case for the Notes), this will involve a determination, on the basis of certain eligible information, as to the liability which has been assumed by any potential successor in relation to the outstanding bonds and loans of the 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 may itself continue to be a Reference Entity, together with other successor Reference Entities. If multiple successor Reference Entities are identified, then each successor will be a Reference Entity and the Reference Entity Notional Amount in respect of each successor Reference Entity shall be the Reference Entity Notional Amount in respect of the original Reference Entity divided by the total number of successor Reference Entities. Accordingly, if such original Reference Entity has more than one successor Reference Entity as a result of such corporate event, then the Noteholders will be exposed to the creditworthiness of additional Reference Entities.

Where “Financial Reference Entity Terms” apply to a Reference Entity, a senior Credit Default Swap Transaction (as determined in accordance with the terms thereof, being a Credit Default Swap Transaction for which (a) the Reference Obligation or prior reference obligation is a senior obligation or (b) there is no Reference Obligation or prior reference obligation) would follow the senior Bond or Loan Obligations of such Reference Entity, and a subordinated Credit Default Swap Transaction (as determined in accordance with the terms thereof, being a Credit Default Swap Transaction for which the Reference Obligation or prior reference obligation is a subordinated obligation) would follow the subordinated Bond or Loan Obligations of such Reference Entity (or if there are no such subordinated obligations, the senior Bond or Loan Obligations).

In determining successors, a CDDC will disregard a succession that occurred more than 90 days prior to the date of the relevant request to convene the CDDC, except in the case of a Universal Successor for non-sovereign Reference Entities (referred to in the Credit Derivatives Definitions as the “**Successor Backstop Date**”). 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 for the purposes of the Credit Default Swap Transactions and, consequently, the Notes.

The “Universal Successor” exception to the Successor Backstop Date applies to a entity which assumes all obligations (including at least one relevant Bond or Loan Obligation) of the non-sovereign Reference Entity in circumstances where such Reference Entity ceases to exist or is in the process of being dissolved and has not issued or incurred any Borrowed Money obligation since the date of such assumption. Such entity will be the sole successor to the Reference Entity provided that the Succession Date occurred on or after a single lookback date of 1 January 2014.

### **Reference Obligations**

For more commonly traded Reference Entities, it is not necessary for a Reference Obligation to be specified in the Confirmation as the Reference Obligation as, in the absence of a Reference Obligation being specified in the Confirmation, the Reference Obligation will be the obligation specified as the “**Standard Reference Obligation**” for the relevant Reference Entity for the relevant seniority level on a list to be published by ISDA (referred to in the Credit Derivatives Definitions as the “**SRO List**”). Whether the Reference Obligation is a Standard Reference Obligation or otherwise, the specification of a Reference Obligation may affect the credit risk represented by an investment in the Credit Default Swap Transaction and, consequently, the Notes. Firstly, a Reference Obligation under a credit default swap will be capable of being an “**Obligation**” or “**Deliverable Obligation**” (see below “*Obligations*” and “*Deliverable Obligations*”) regardless of whether such Reference Obligation otherwise meets the stipulated parameters. Secondly, the Reference Obligation will be taken into account as a benchmark for the purposes of the application of the “Not Subordinated” Deliverable Obligation Characteristic (see below “*Obligations Characteristics*”).

The following relates to substitution of “Non-Standard Reference Obligations” and references to Reference Obligation in the remainder of this paragraph should be construed accordingly. In certain circumstances – for example, where the specified Reference Obligation (i) is redeemed in whole; or (ii) is affected by a reduction by redemption or otherwise in the aggregate amounts due under the Reference Obligation to below USD 10,000,000 (or equivalent); or (iii) ceases to be an obligation of the Reference Entity for any reason other than the occurrence of a Credit Event (each such event a “**Substitution Event**”) – the Credit Derivatives Definitions provide for determination of a substitute Reference Obligation. Any such substitute Reference Obligation is required, amongst other things, to satisfy a number of criteria including the requirement that, where the original Reference Obligation satisfied the Deliverable Obligation Category and Characteristics when issued and immediately prior to the Substitution Event, the Substitute Reference Obligation must also satisfy such Deliverable Obligation Category and Characteristics. If ISDA publicly announces that a CDDC has resolved to treat a different obligation or obligations as a substitute or substitutes for the original Reference Obligation or Reference Obligations, and such resolution would apply to a Credit Default Swap Transaction, then those substitute reference obligations that are identified by the relevant CDDC will replace one or more Reference Obligations. Absent publication by ISDA of a resolution of a CDDC, the Calculation Agent may make a determination as to any substitute Reference Obligation for the purposes of the Credit Default Swap Transaction. The Calculation Agent will notify the Noteholders of any such substitute Reference Obligation.

### **Event Determination Date and Notice Delivery Period**

Where the relevant transaction is subject to settlement by reference to an Auction (see below), an Event Determination Date will occur if there is a public announcement by ISDA that a CDDC has resolved that a Credit Event has occurred, with effect from the date on which the relevant request was made to convene the

CDDC (referred to as the “**Credit Event Resolution Request Date**”) and provided that (i) the Credit Event in question occurred no earlier than 60 days before such request date (referred to as the “**Credit Event Backstop Date**”), (ii) the date of such request fell within a specified period (referred to as the “**Notice Delivery Period**”) and (iii) (in the case of an M(M)R Restructuring Credit Event only), that one or other of the relevant parties has elected to trigger settlement of the transaction in question.

The Credit Event Backstop Date may be prior to the Trade Date and therefore a Credit Event may have occurred prior to the “Trade Date” specified with respect to any Note. 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 [www.isda.org/credit](http://www.isda.org/credit). Even if a CDDC has not been convened to determine such matter as of the Trade Date, a CDDC may still be convened after the Trade 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 Credit Default Swap 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 a Credit Default Swap Transaction (as specified in the Pricing Supplement) and will expire on the date that is 14 calendar days after the Scheduled Termination Date of a Credit Default Swap Transaction.

However, in certain circumstances, the Notice Delivery Period may be extended beyond the date falling 14 calendar days after the Scheduled Termination Date of a Credit Default Swap Transaction, if a potential Credit Event, such as a Failure to Pay (only if “Grace Period Extension” is specified as applicable or where relevant in the Confirmation) or Repudiation/Moratorium (only if such event is an applicable Credit Event), has occurred prior to the Scheduled Termination Date, which may become actual Credit Events within a specified period following the Scheduled Termination Date.

### **Credit Events and related terms**

Settlement of a credit derivative, including the Credit Default Swap Transactions (and, by extension, a redemption of 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, and will be determined by reference to the Settlement Matrix. 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 Credit Default Swap Transactions and the Notes:

#### **Bankruptcy**

“Bankruptcy” includes where a Reference Entity:

- (i) is dissolved (other than where this is as a result of such 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, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;
- (iv) institutes, or has instituted against it, a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other 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 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 for it or for all or substantially all of its assets; 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 a 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 such 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.

### **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, subject to certain exemptions, occur if:

- (i) any of the following events occurs in relation to a particular obligation of a Reference Entity (save in respect of a Reference Entity that is a US Reference Entity);
  - (A) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
  - (B) a reduction in the amount of principal or premium payable;
  - (C) a postponement or other deferral of a date or dates for payment or accrual of interest, or the payment of principal or premium;
  - (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 Euro-zone); and
- (ii) such event occurs in a form which binds all of the holders of that obligation, is agreed between the Reference Entity or a governmental authority and a sufficient number of holders of such obligation to bind all holders of the obligation (including, in each case, in respect of Bonds only, by way of an exchange) 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.

If a Bond exchange has occurred, the determination as to whether one of the events described under sub-paragraphs (i)(A) to (E) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange. 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.

### **Governmental Intervention**

A “Governmental Intervention” will occur where, as a result of the action taken or announcement made by a governmental authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulations) applicable to the relevant Reference Entity, certain binding changes are made to the relevant obligations of the Reference Entity. These changes include, without limitation, a reduction in the rate or amount (as applicable) of interest, principal or premium payable when due, a postponement or other deferral of the date or dates for payment of interest, principal or premium, a change in the ranking in priority of payment of any obligation, or a mandatory cancellation, conversion or exchange.

Unlike a “Restructuring”, “Governmental Intervention” is not subject to the requirement for a deterioration in creditworthiness or financial condition of the Reference Entity or to the “Multiple Holder Obligation” requirement, and applies regardless of whether the relevant event is expressly provided for under the terms of the Obligation (for example, debt with bail-in provisions).

Note that a Credit Event will occur regardless of whether it occurs due to (for example) the relevant Reference Entity not being authorised to incur the relevant obligation, the illegality or unenforceability of any obligation, applicable law or regulation or an order of a court or tribunal or any exchange controls or capital requirements being imposed.

## Obligations

The occurrence of a Credit Event such as a Failure to Pay, Restructuring and Governmental Intervention will be determined by reference to eligible obligations of the relevant Reference Entity, referred to as “**Obligations**”, which may be loans, bonds or other obligations issued directly by such Reference Entity or obligations in respect of which such Reference Entity acts as guarantor. Obligations are defined by reference to the “Obligation Category” and “Obligation Characteristics” (if any) specified for each Credit Default Swap Transaction. The applicable Obligation Category and Obligation Characteristics will vary from one Reference Entity to another, according to the trading terms which apply as set out in the Confirmation. Certain Obligations may be excluded from the determination as to whether or not a Credit Event has occurred (such Obligations, “**Excluded Obligations**”). Where “Financial Reference Entity Terms” applies to a Credit Default Swap Transaction and with respect to the determination of whether a Governmental Intervention or Restructuring has occurred: (a) any subordinated obligation shall be an Excluded Obligation, if the Credit Default Swap Transaction is specified to be a “Senior Transaction”; and (b) any obligation subordinated to the obligation in (a) shall be an Excluded Obligation, if a Credit Default Swap Transaction is specified to be a “Subordinated Transaction”.

## Obligation Categories

The Obligation Category for the Credit Default Swap Transactions and, consequently, the Notes, is Bond or Loan (as defined below) (on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each of the Credit Default Swap Transactions).

## Obligations Characteristics

Obligation Characteristics may be one or more of Not Subordinated, Not Sovereign Lender, Not Domestic Currency, Not Domestic Issuance and Not Domestic Law (on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each of the Credit Default Swap Transactions).

## 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 such Reference Entity and the Calculation Agent determines that the “Deliverable Obligations” (see below) would be substantially the same as the provisions in the relevant Credit Default Swap Transaction for selecting the obligations for determination of the Final Price, the related Auction Final Price may be used to determine the Early Cash Redemption Amount that will be paid to Noteholders.

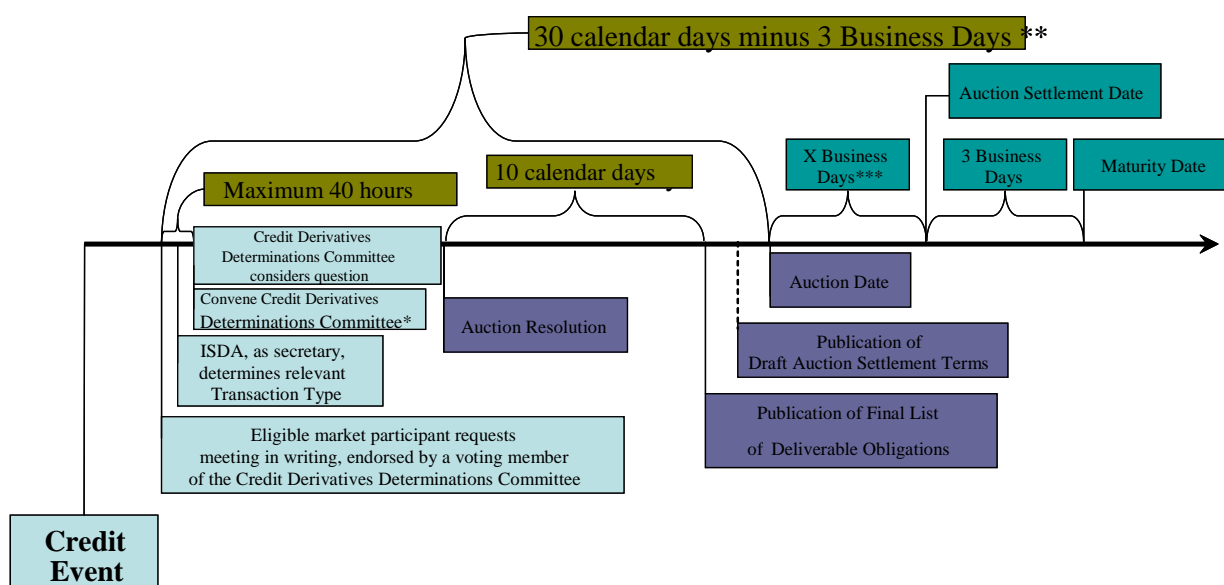
During the Auction process credit derivatives dealers participating in the Auction submit prices at which they would buy and sell the eligible obligations of the relevant Reference Entity, together with requests to buy or sell such obligations received from their customers.

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 also 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. In certain circumstances, following the occurrence of particular Credit Events, a specific asset package will be deliverable into the Auction. 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.

The Deliverable Obligation Category for each of the Credit Default Swap Transactions is **“Bond or Loan”** (on the basis of the standard terms contained in the **“Asia Financial Corporate”** Settlement Matrix, which applies in respect of each of the Credit Default Swap Transactions). Other possible Deliverable Obligation Categories that may apply to credit derivatives in general in relation to the relevant Reference Entity (only one of which may apply at any time) are **“Payment”**, **“Borrowed Money”**, **“Reference Obligations Only”**, **“Bond”** or **“Loan”**.



The Deliverable Obligation Characteristics are “Not Subordinated”, “Specified Currency”, “Assignable Loan”, “Consent Required Loan”, “Transferable”, “Maximum Maturity” (30 years) and “Not Bearer”. Other possible Deliverable Obligation Characteristics that may apply to credit derivatives in general in relation to the relevant Reference Entity (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.

“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.

“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.

“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 Domestic Currency” means any obligation that is payable in any currency other than the domestic currency as specified in the Settlement Matrix or 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 Reference Obligation of the Reference Entity in terms of priority of payment. If no Reference 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 specifies that “All Guarantees” applies to a particular Reference Entity (as is the case in respect of each of the Credit Default Swap Transactions on the basis of the standard terms contained in the “Asia Financial Corporate” Settlement Matrix, which applies in respect of each Credit Default Swap Transaction), 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.

Where “Financial Reference Entity Terms” and “Governmental Intervention” apply in respect of a Reference Entity and (i) there is a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such Restructuring does not constitute a Governmental Intervention, then a related asset package resulting from a prior deliverable obligation may also be deliverable. The asset package would be treated as having the same outstanding principal as the corresponding prior deliverable obligation or package observable bond. This applies even if the resulting asset package is deemed to be zero where there are no resulting assets, and, in such case, the buyer of credit protection would receive a 100 per cent.

If “All Guarantees” is not specified as applicable in the Confirmation, 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 an M(M)R 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”) 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 is applicable. Where a Restructuring has occurred with respect to a Reference Entity and Mod Mod R applies, there are only four separate buckets which might apply with the latest maturity bucket being the 10 year bucket mentioned below. The first seven such maturity buckets (noting, as mentioned above, that only the first four maturity buckets apply where Mod Mod R is applied) 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.

## DESCRIPTION OF THE EQUITY SWAPS

### Equity Swaps

Equity swap transactions are usually derivative transactions entered into between two parties to create a right for the parties to receive payments that match or track the performance of one or more shares. In respect of the Notes, the Equity Swap Transactions are bespoke transactions, the final exchange amount receivable by the Issuer under which will determine any Additional Payout Amounts payable in respect of each Class of Notes. Such final exchange amount is referred to in this section as the Swap Counterparty Equity Final Exchange Amount.

Each of the Equity Swap Transactions relating to the Class A Notes and the Class B Notes references the performance of a basket of shares. Whether any Swap Counterparty Equity Final Exchange Amount shall be receivable by the Issuer under each Equity Swap Transaction, and accordingly whether any Additional Payout Amount shall be payable in respect of the relevant Class, will depend in part on the relative performance of the corresponding basket of shares.

The Swap Counterparty Equity Final Exchange Amount is subject to a floor of zero. As a result, if the relative performance of a basket of shares calculated under an Equity Swap Transaction decreases, this will simply result in no Swap Counterparty Equity Final Exchange Amount being receivable by the Issuer under the Equity Swap Transaction, and therefore no Additional Payout Amount being payable in respect of the Class of Notes to which such Equity Swap Transaction relates.

A description of the Equity Swap Transactions, including of the amounts potentially receivable by the Issuer thereunder and the related definitions, is set out in the section of this Prospectus entitled “*Transaction Description*” under the heading “*Impact of the Equity Swap Transactions on the Notes*”.

### Baskets of shares

#### Equity Basket 1

The Swap Counterparty Equity Final Exchange Amount (if any) payable to the Issuer under the Class A Equity Swap Transaction (and, accordingly, the Additional Payout Amount (if any) in respect of the Class A Notes) will depend on the performance of Equity Basket 1, which on the Issue Date consists of the following basket of shares:

| <b>i</b> | <b>Share<sub>i</sub></b>    | <b>Bloomberg Code</b> | <b>Exchange</b>          |
|----------|-----------------------------|-----------------------|--------------------------|
| 1        | ABB LTD - REG               | ABB SS Equity         | Stockholm Stock Exchange |
| 2        | Nordea Bank AB              | NDA SS Equity         | Stockholm Stock Exchange |
| 3        | Skanska AB – B SHS          | SKAB SS Equity        | Stockholm Stock Exchange |
| 4        | TELE2 AB – B SHS            | TEL2B SS Equity       | Stockholm Stock Exchange |
| 5        | AstraZeneca PLC             | AZN SS Equity         | Stockholm Stock Exchange |
| 6        | Hennes & Mauritz AB – B SHS | HMB SS Equity         | Stockholm Stock Exchange |
| 7        | SKF AB – B Shares           | SKFB SS Equity        | Stockholm Stock Exchange |
| 8        | TeliaSonera AB              | TLSN SS Equity        | Stockholm Stock Exchange |

Information (including information as to their past and future performance and volatility) about the shares included in Equity Basket 1 may be obtained on Bloomberg under the codes set out in the table above.

## Equity Basket 2

The Swap Counterparty Equity Final Exchange Amount (if any) payable to the Issuer under the Class B Equity Swap Transaction (and, accordingly, the Additional Payout Amount (if any) in respect of the Class B Notes) will depend on the performance of Equity Basket 2, which on the Issue Date consists of the following basket of shares:

| i  | Share <sub>i</sub>            | Bloomberg Code  | Exchange                 |
|----|-------------------------------|-----------------|--------------------------|
| 1  | Zurich Insurance Group AG     | ZURN VX Equity  | SIX Swiss Exchange       |
| 2  | Swedbank AB – A Shares        | SWEDA SS Equity | Stockholm Stock Exchange |
| 3  | Royal Dutch Shell PLC – A SHS | RDSA LN Equity  | London Stock Exchange    |
| 4  | TeliaSonera AB                | TLSN SS Equity  | Stockholm Stock Exchange |
| 5  | Swiss Re AG                   | SREN VX Equity  | SIX Swiss Exchange       |
| 6  | TELE2 AB – B SHS              | TEL2B SS Equity | Stockholm Stock Exchange |
| 7  | BP PLC                        | BP/LN Equity    | London Stock Exchange    |
| 8  | Novartis AG - REG             | NOVN VX Equity  | SIX Swiss Exchange       |
| 9  | Nestle SA - REG               | NESN VX Equity  | SIX Swiss Exchange       |
| 10 | Nordea Bank AB                | NDA SS Equity   | Stockholm Stock Exchange |

Information (including information as to their past and future performance and volatility) about the shares included in Equity Basket 2 may be obtained on Bloomberg under the codes set out in the table above.

### **Payments under the Equity Swap Transactions**

The Swap Counterparty Equity Final Exchange Amount in respect of each Equity Swap Transaction will be determined by reference to a formula. A description of the formula is set out in the section of this Prospectus entitled “*Transaction Description*” under the heading “*Formula for calculating the Swap Counterparty Equity Final Exchange Amount and the Additional Payout Amount*”.

In mathematical terms the Swap Counterparty Equity Final Exchange Amount in respect of each of the Class A Equity Swap Transaction and the Class B Equity Swap Transaction will be an amount in SEK payable by the Swap Counterparty and determined by the Calculation Agent in accordance with the following formula:

$$\text{Swap Notional Amount} \times \text{Participation} \times \text{Max}\{0, \text{Equity Return}\} - \text{Performance Fee}$$

where:

“**Averaging Dates**” means the 25<sup>th</sup> calendar day of each month from, and including, 25 March 2019 to, and including, 25 March 2021, subject to adjustments to account for certain disruptions in respect of the relevant Share<sub>i</sub>.

“**Equity Return**” means:

- (a) in respect of the Class A Equity Swap Transaction, the return (expressed as a percentage) calculated as follows:

$$\frac{1}{8} \sum_{i=1}^8 \left( \frac{FinalLevel_i}{InitialLevel_i} - 100\% \right)$$

- (b) in respect of the Class B Equity Swap Transaction, the return (expressed as a percentage) calculated as follows:

$$\frac{1}{10} \sum_{i=1}^{10} \left( \frac{FinalLevel_i}{InitialLevel_i} - 100\% \right)$$

**“Fee Calculation Factor”** means, for the purpose of calculating any Swap Counterparty Equity Final Exchange Amount, 94.08%.

**“Fee Multiplier”** means:

- (a) in respect of the Class A Notes, a percentage rate equal to (a) (X) the product of the Participation and the Equity Return (each as defined in, and determined pursuant to, the terms of the Class A Equity Swap Transaction); *plus* (Y) 100%; *multiplied by* (Z) the relevant Fee Calculation Factor; *minus* (b) 100%; and
- (b) in respect of the Class B Notes, a percentage rate equal to (a) (X) the product of the Participation and the Equity Return (each as defined in, and determined pursuant to, the terms of the Class B Equity Swap Transaction); *plus* (Y) 100%; *multiplied by* (Z) the relevant Fee Calculation Factor; *minus* (b) 100%,

provided that in each case, the Fee Multiplier shall be subject to a minimum of zero.

**“Fee Rate”** means, in respect of a Class of Notes, 10%.

**“Final Level<sub>i</sub>”** means

- (a) in respect of the Class A Equity Swap Transaction, the arithmetic mean of the official closing price of Share<sub>i</sub> in Equity Basket 1 on each Averaging Date, as determined by the Calculation Agent; and
- (b) in respect of the Class B Equity Swap Transaction, the arithmetic mean of the official closing price of Share<sub>i</sub> in Equity Basket 2 on each Averaging Date, as determined by the Calculation Agent.

**“i”** means:

- (a) in respect of the Class A Equity Swap Transaction, a unique integer from one (1) to eight (8), each representing an individual Share, as specified in the under the heading Equity Basket 1 above; and
- (b) in respect of the Class B Equity Swap Transaction, a unique integer from one (1) to ten (10), each representing an individual Share, as specified in the table heading Equity Basket 2 above.

**“Initial Level<sub>i</sub>”** means:

- (a) in respect of the Class A Equity Swap Transaction, the official closing price of Share<sub>i</sub> in Equity Basket 1 on the Initial Setting Date, as determined by the Calculation Agent; and
- (b) in respect of the Class B Equity Swap Transaction, the official closing price of Share<sub>i</sub> in Equity Basket 2 on the Initial Setting Date, as determined by the Calculation Agent.

**“Initial Setting Date”** means 19 February 2015, subject to adjustments to account for certain disruptions in respect of the relevant Share<sub>i</sub>.

“**Max**” means, when followed by a series of amounts (or values) inside brackets, whichever is the greater of the amounts (or values) separated by a comma inside those brackets.

“**Participation**” means:

- (a) in respect of the Class A Equity Swap Transaction, a percentage expected to be between 70% and 100%; and
- (b) in respect of the Class B Equity Swap Transaction, a percentage expected to be between 130% and 160%,

in each case as determined by the Issuer or the Calculation Agent on or about the Issue Date.

“**Performance Fee**” means, in respect of each Class of Notes, an amount determined in accordance with the following formula:

**Performance Fee = Outstanding Principal Amount of such Class on the Issue Date x Fee Rate x Fee Multiplier** (as defined in, and determined pursuant to, the terms of the Equity Swap Transaction relating to such Class)

For the purpose of calculating the Performance Fee, the Outstanding Principal Amount of the relevant Class on the Issue Date shall be reduced from time to time as a result of any purchase and cancellation of Notes of such Class pursuant to Master Conditions 8(r) (*Purchases*) and 8(s) (*Cancellation*).

“**Swap Notional Amount**” means:

- (a) in respect of the Class A Equity Swap Transaction, the product of (i) an amount in SEK equal to the Outstanding Principal Amount of the Class A Notes as at the Issue Date and (ii) the relevant Fee Calculation Factor; and
- (b) in respect of the Class B Equity Swap Transaction, the product of (i) an amount in SEK equal to the Outstanding Principal Amount of the Class B Notes as at the Issue Date and (ii) the relevant Fee Calculation Factor,

in each case, subject to reduction at any time and from time to time as a result of any purchase and cancellation of Notes of that Class pursuant to Master Conditions 8(r) (*Purchases*) and 8(s) (*Cancellation*).

The Swap Counterparty Equity Final Exchange Amount, if any, in respect to each Equity Swap Transaction will be paid to the Issuer on the Reference Business Day immediately preceding the Scheduled Maturity Date.

### **Adjustments and disruptions**

In respect of each of the Class A Equity Swap Transaction and the Class B Equity Swap Transaction, certain adjustments may be made to the closing levels of any of the constituent shares of, respectively, Equity Basket 1 and Equity Basket 2, and the dates on which such levels are determined for the purposes of the relevant Equity Swap Transaction as a result of the occurrence of: (i) non-Scheduled Trading Days and Disrupted Days; (ii) Market Disruption Events; (iii) Potential Adjustment Events or; (v) a correction of a published price in respect of a share.

Pursuant to the terms of the Class A Equity Swap Transaction and the Class B Equity Swap Transaction, Extraordinary Events in respect of the shares referenced in, respectively, Equity Basket 1 and Equity Basket 2 (including Merger Events, Tender Offers, De-listing, Nationalization and Insolvency), as well as certain Potential Adjustment Events, may occur.

On the occurrence of one of these events in relation to a share, the affected Equity Swap Transaction may be terminated, or the Calculation Agent may:

- (a) select a new underlying share, which will be deemed to be one of the shares in the basket in place of the share, and make adjustments to the terms of the relevant Equity Swap Transaction to account for the economic effect of the event and/or the replacement of the share. Any replacement share will, to the extent practicable, be selected from the same economic sector, have shares denominated in the same currency and have a similar market capitalisation to the relevant replaced share; or
- (b) (i) make adjustments to terms of the relevant Equity Swap Transaction to account for the economic effect of the event and determine the effective date of that adjustment, or (ii) if the Calculation Agent determines that no adjustment that it could make under (i) will produce a commercially reasonable result, notify the parties that the relevant consequence shall be the termination of such Equity Swap Transaction, in which case such Equity Swap Transaction will be terminated,

in each case, in accordance with the terms of the relevant Equity Swap Transaction.

The Equity Swap Transactions may also be subject to adjustment or early termination upon the occurrence of certain Additional Disruption Events including a Change in Law, Insolvency Filing, Hedging Disruption and Increased Cost of Hedging.

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Calculation Agent under the Swap Agreement may determine:

- (a) the appropriate adjustment, if any, to be made to any one or more of the terms of the Equity Swap Transaction, including without limitation, any variable or term relevant to settlement or payment under the Equity Swap Transaction, as the Calculation Agent determines appropriate to account for the economic effect of such Additional Disruption Event, as applicable, on the Equity Swap Transaction, and determine the effective date of that adjustment; or
- (b) that no adjustments to the terms of the Equity Swap Transaction would achieve a commercially reasonable result, and determine that the Equity Swap Transaction shall be terminated.

The termination of each Equity Swap Transaction will trigger the termination of the corresponding Credit Default Swap Transaction and an early redemption of the Class of Notes to which it relates.

For the avoidance of doubt, where the Calculation Agent is required to act or make a determination under the Swap Agreement, it will be its own decision and will do so in good faith and in a commercially reasonable manner.

These adjustment and disruption events (and the related definitions) are summarised below, and certain risks in respect of such events are set out in the section of this Prospectus entitled “*Risk Factors*”. Prospective investors must refer to the terms of the relevant Equity Swap Transaction and the Equity Derivatives Definitions incorporated therein by reference for the full meaning and effect of these events.

**Exchange and Related Exchange:** In respect of a Share, the exchange or quotation system specified as such in or determined in accordance with the terms of the relevant Credit Default Swap Transaction.

**Non-Scheduled Trading Days:** If any Averaging Date in relation to any share is not a Scheduled Trading Day, such date will be the next following Scheduled Trading Day. A Scheduled Trading Day is one on which each Exchange or Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**Disrupted Days:** A Disrupted Day is a Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

If any Averaging Date is a Disrupted Day, the Averaging Date for each share in the basket not affected by the occurrence of a Disrupted Day shall not change, but the Averaging Date for any share that is affected by



the occurrence of a Disrupted Day shall be the next Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur (such date being a “**Valid Date**”) in relation to such share. If the first Valid Date in respect of the share has not occurred in eight Scheduled Trading Days following the original date, that eighth Scheduled Trading Day will be deemed to be the Averaging Date and the Calculation Agent will determine the relevant level for that Averaging Date.

**Market Disruption Events:** Market Disruption Events include: (a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the share on the Exchange, or (ii) in futures or options contracts relating to the share on any relevant Related Exchange; and (b) any event (other than an early closure) that disrupts or impairs the ability of market participants in general (i) to effect transactions in, or obtain market values for, the relevant shares on the Exchange, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the share on any relevant Related Exchange.

**Potential Adjustment Events:** Following a Potential Adjustment Event, the Calculation Agent will determine whether it has a diluting or concentrative effect on the theoretical value of the relevant shares and, if so, will (i) make the adjustments, if any, to any one or more of the variables relevant to the terms of the relevant Equity Swap Transaction to account for that diluting or concentrative effect and (ii) determine the effective date of the adjustment.

Potential Adjustment Events include, but are not limited to: (i) certain subdivisions, consolidations or reclassifications of relevant shares; (ii) free distributions or dividends of any such shares to existing holders; (iii) extraordinary dividends; (iv) calls by an issuer in respect of shares that are not fully paid; (v) a repurchase of shares by the issuer; (vi) events affecting shareholders’ rights; and (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant shares.

**Extraordinary Events:** Extraordinary Events include a Merger Event, Tender Offer, Nationalization, Delisting or Insolvency.

**Merger Event:** A Merger Event includes, but is not limited to: (i) transfer of or an irrevocable commitment to transfer all of such shares outstanding to another entity or person; (ii) consolidation, amalgamation, merger or binding share exchange into another entity or person; (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding shares of the issuer; or (iv) consolidation, amalgamation, merger or binding share exchange of the issuer or its subsidiaries with or into another entity in which the issuer is the continuing entity and which does not result in a reclassification or change of all such shares outstanding, but results in the shares before the event representing less than 50% of the shares immediately following such event.

**Tender Offer:** A Tender Offer includes, but is not limited to, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding voting shares of the issuer of the shares, as determined by the Calculation Agent.

**Nationalization:** Nationalization occurs when all the shares or all or substantially all the assets of an issuer of relevant shares are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

**Delisting:** Delisting occurs when an Exchange announces that pursuant to the rules of such Exchange, the shares will cease to be listed, traded or publicly quoted on the Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union).

**Insolvency:** Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an issuer, (i) all the shares of that issuer are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the shares of that issuer become legally prohibited from transferring them.

**Correction of a published Share Price:** In the event that any price published on the Exchange which is used for any calculation or determination made under the Equity Swap Transactions is subsequently corrected and the correction is published after the original publication by the Exchange within the period it would usually take for settlement of a transaction in the shares to occur under the rules of the Exchange, the Swap Counterparty may notify the parties of that correction in which case the Calculation Agent will determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust the terms of such Equity Swap Transaction to account for such correction.

**Additional Disruption Events:** Change in Law, Insolvency Filing, Hedging Disruption and Increased Cost of Hedging, as applicable.

**Change in Law:** On or after the Trade Date due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines (following receipt of a request from either party for such a determination) in good faith that (i) it has become illegal for a party to the Equity Swap Transaction to hold, acquire or dispose of hedge positions relating to such transaction, or (ii) it will incur a materially increased cost in performing its obligations under such transaction (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) provided that this event shall not apply if the Calculation Agent determines that such party could have taken reasonable steps to avoid such illegality.

**Insolvency Filing:** The share issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to 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 by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the share issuer shall not be deemed an insolvency filing.

**Hedging Disruption:** The Swap Counterparty is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to the relevant transaction, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Increased Cost of Hedging:** The Swap Counterparty would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to the relevant transaction, or (ii) realize, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Swap Counterparty shall not be deemed an Increased Cost of Hedging.

## DESCRIPTION OF CREDIT SUISSE INTERNATIONAL

Credit Suisse International (which undertakes various roles in respect of the Notes, including acting as Swap Counterparty as at the Issue Date) (“**CSi**”) was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990, with registered no. 2500199 and was re-registered as an unlimited company under the name “Credit Suisse Financial Products” on 6 July 1990, and was renamed Credit Suisse First Boston International on 27 March 2000 and Credit Suisse International on 16 January 2006. Its registered office and principal place of business is at One Cabot Square, London E14 4QJ, telephone number +44 (0)20 7888 8888. CSi is an English bank and is regulated as an EU credit institution by the Financial Conduct Authority (“**FCA**”) and the Prudential Regulation Authority (“**PRA**”) under the Financial Services Act 2012. The PRA has issued a scope of permission notice authorising CSi to carry out specified regulated investment activities.

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

CSi commenced business on 16 July 1990. Its principal business is banking, including the trading of derivative products linked to interest rates, foreign exchange, equities, commodities and credit. The primary objective of CSi is to provide comprehensive treasury and risk management derivative product services. CSi has established a significant presence in global derivative markets through offering a full range of derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets. The business is managed as a part of the Investment Banking Division of Credit Suisse AG in the Europe, Middle East and Africa region, and is supported by Credit Suisse AG’s Shared Services Division, which provides business support services in such areas as finance, legal, compliance, risk management, and information technology.

CSi has been issued a senior long-term debt rating of “A (Stable Outlook)” by Fitch and a senior long-term debt rating of “A1 (Negative Outlook)” by Moody’s.

CSi has debt securities listed and admitted to trading on the regulated markets of the Luxembourg Stock Exchange and the Irish Stock Exchange, amongst others.

## DESCRIPTION OF THE REFERENCE ENTITY

### The Bank of China Limited

*The following has been taken from the Offering Circular of The Bank of China Limited dated 6 December 2013 and as amended from time to time and is subject to and qualified by such Offering Circular.*

The Bank of China Limited (the “**Bank**”) is one of the four largest commercial banks in the People’s Republic of China (“**PRC**”) in terms of total assets with the most extensive international branch network among PRC commercial banks. The Bank has also been listed by the Financial Stability Board as one of the global systemically important financial institutions since 2011.

The Bank provides a comprehensive range of financial services to customers across mainland China, Hong Kong, Macau, Taiwan and 37 overseas countries. The Bank’s scope of business encompasses three main areas, namely commercial banking, investment banking and insurance. Commercial banking is the Bank’s traditional core business. It includes corporate banking, personal banking and financial market business (mainly treasury operations). The combination of commercial banking, investment banking and insurance businesses has created a universal banking platform that allows the Bank to provide integrated services to its customers.

The Bank was incorporated as a joint stock company in the PRC on 26 August 2004. The Bank is headquartered in Beijing with operations in mainland China, Hong Kong, Macau, Taiwan and 37 overseas countries. The Group’s operating profits were RMB168,128 million, RMB186,767 million and RMB109,900 million for the years ended 31 December 2011 and 2012 and for the six months ended 30 June 2013, respectively. For the year ended 31 December 2012, the Group’s corporate banking, personal banking, treasury operations and investment banking and insurance lines of business before inter-segment elimination accounted for 55.75 per cent., 21.00 per cent., 19.82 per cent. and 1.06 per cent. of its profit before tax, respectively. For the six months ended 30 June 2013, the Group’s corporate banking, personal banking, treasury operations and investment banking and insurance lines of business before inter-segment elimination accounted for 53.88 per cent., 20.83 per cent., 21.28 per cent. and 1.64 per cent. of its profit before tax, respectively.

At the date of this Prospectus and as stated on Bloomberg page 3988 HK, The Bank of China Limited has securities listed on the Shanghai Stock Exchange, Hong Kong Stock Exchange and the regulated market of the Dusseldorf Stock Exchange, amongst other exchanges.

## DESCRIPTION OF THE REFERENCE OBLIGATION

The Reference Obligation with respect to each Credit Default Swap Transaction shall be the obligation specified as the “**Standard Reference Obligation**” for the Reference Entity for the “**Senior Level**” on a list to be published by ISDA. Where there is no such Standard Reference Obligation, the Reference Obligation shall be USD 500,000,000 3.125 per cent. fixed rate notes due 2019 issued by The Bank of China Limited (ISIN: XS1016655349) to but excluding the first date of publication of such Standard Reference Obligation, subject to the terms of such Credit Default Swap Transaction.

## LUXEMBOURG TAXATION

*The following summary is of a general nature only. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

### Taxation of the Issuer

The Company will be considered a fiscal resident of Luxembourg from a Luxembourg tax law perspective and should therefore be able to obtain a residence certificate from the Luxembourg tax authorities.

The Company will be liable for Luxembourg corporation taxes. The standard applicable rate in Luxembourg city, including corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and solidarity taxes, is currently 29.22 per cent. Liability for such corporation taxes extends to the Company's worldwide profits including capital gains, subject to the provisions of any relevant double taxation treaty. The taxable income of the Company is computed by application of all rules of the Luxembourg income tax law of 4 December 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented and currently applied by the Luxembourg tax authorities.

Under certain conditions, dividends received by the Company from qualifying participations and capital gains realised by the Company on the sale of qualifying participations may be exempt from Luxembourg corporation taxes under the Luxembourg participation exemption. The Company may further deduct from its taxable profits interest payments made to Noteholders.

A fixed registration duty (*droit fixe spécifique d'enregistrement*) of EUR75 is payable at the moment of the amendment of the Articles. The transfer or sale of securities of the Issuer or the Company (as appropriate) will not be subject to Luxembourg registration or stamp duty.

The Company will be exempt from wealth tax (*impôt sur la fortune*).

### Taxation of the Noteholders

#### Withholding tax

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

In accordance with the law of 25 November 2014, Luxembourg will elect out of the withholding tax system in favour of an automatic exchange of information under the Council Directive 2003/48/EC on the taxation of savings income with effect as from 1 January 2015. Payments of interest or repayments of principal to non resident individual Noteholders or to certain entities will thus no longer be subject to any withholding tax.

In accordance with the law of 23 December 2005, as amended, interest payments made by Luxembourg paying agents to Luxembourg individual residents are subject to a 10 per cent. withholding tax. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

#### Income Taxation

Noteholders who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal.

A Noteholder who is a resident of Luxembourg for tax purposes or a foreign Noteholder who has a permanent establishment or a fixed place of business in Luxembourg, to which the Notes are attributable, is subject to Luxembourg income tax in respect of the interest paid or accrued on, or any other income derived from, the Notes. An individual Luxembourg resident Noteholder, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest or any other income received, except if withholding tax has been levied on such payments in accordance with the Law.

Under Luxembourg domestic tax law, gains realised by an individual Noteholder, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, on the sale or disposal, in any form whatsoever, of Notes are not subject to Luxembourg income tax, provided this sale or disposal took place at least six months after the acquisition of the Notes. An individual Noteholder, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, has further to include the portion of the gain corresponding to accrued but unpaid interest in respect of the Notes in his taxable income, except if (i) withholding tax has been levied on such payments in accordance with the Law, or (ii) the individual Noteholder has opted for the application of a 10 per cent. tax in full discharge of income tax in accordance with the Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than an EU Member State), or in a state that has entered into a treaty with Luxembourg relating to the Savings Directive.

The withholding tax or self-applied tax are the final tax liability for the Luxembourg individual resident taxpayers receiving the interest payment in the framework of their private wealth.

Gains realised by a corporate Noteholder or by an individual Noteholder, who acts in the course of the management of a professional or business undertaking, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Notes are attributable, on the sale or disposal, in any form whatsoever, of Notes are subject to Luxembourg income tax.

A Luxembourg Noteholder that is governed by the law of 11 May 2007 on family estate companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, will not be subject to any Luxembourg income tax in respect of interest received or accrued on the Notes, or on gains realised on the sale or disposal, in any form whatsoever, of Notes.

Noteholders will not be deemed to be resident, domiciled or carrying on business in Luxembourg solely by reason of holding, execution, performance, delivery, exchange and/or enforcement of the Notes.

Gains realised by a non-resident Noteholder, who does not have a permanent establishment or fixed place of business in Luxembourg, to which the Notes are attributable, on the sale or disposal of Notes are not subject to Luxembourg income tax.

### **Wealth tax**

A corporate Noteholder, whether it is a resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the Noteholder is governed by the law of 11 May 2007 on family estate companies, as amended, by the law of 17 December 2010 on undertakings for collective investment, as amended, by the law of 13 February 2007 on specialised investment funds, as amended, or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended.

An individual Noteholder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on Notes.

**Other Taxes**

Under present Luxembourg tax law, in the case where a Noteholder is a resident for inheritance tax purposes of Luxembourg at the time of his death, the Notes are included in his taxable estate, for inheritance tax purposes and gift tax may be due on a gift or donation of Notes, if the gift is recorded in a Luxembourg deed.



## SWEDISH TAXATION

*The following summary outlines certain Swedish tax consequences relating to holders of Notes that are considered to be Swedish residents for Swedish tax purposes. The summary is based on the laws of Sweden as effect as at the date of this Prospectus and is intended to provide general information only. The summary does inter alia not address situations where Notes are held in an investment savings account (Sw. investeringssparkonto) or the rules regarding reporting obligations for, among others, payers of interest. Further, the summary does not address credit of foreign taxes. Investors should consult their professional tax advisors regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the avoidance of double taxation) of acquiring, owning and disposing of Notes in their particular circumstances.*

### **Swedish tax residents**

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. Specific tax consequences, however, may be applicable to certain categories of corporations, e.g. life insurance companies. Further, specific tax consequences may be applicable if, and to the extent that, a holder of Notes realises a capital loss on the Notes.

If amounts that are considered to be interest for Swedish tax purposes are paid by Euroclear Sweden AB or by another legal entity domiciled in Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by Euroclear Sweden AB or the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other returns on securities and receivables (but not capital gains), if the return is paid out together with such a payment of interest referred to above. Swedish preliminary taxes are withheld at 30 per cent. less any foreign withholding tax.

## IRISH TAXATION

*The following is a summary based on the laws and practices currently in force in Ireland of Irish withholding tax on interest and addresses the tax position of investors who are the absolute beneficial owners of the Notes. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, including dealers in securities and trusts. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under the laws of their country of residence, citizenship or domicile.*

### **Withholding Tax**

Tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Notes so long as such payments do not constitute Irish source income. Interest paid on the Notes may be treated as having an Irish source if:

- (a) the Issuer is resident in Ireland for tax purposes; or
- (b) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on the Notes; or
- (c) the Issuer is not resident in Ireland for tax purposes but the register for the Notes is maintained in Ireland or (if the Notes are in bearer form) the Notes are physically held in Ireland.

It is anticipated that, (i) the Issuer is not and will not be resident in Ireland for tax purposes; (ii) the Issuer will not have a branch or permanent establishment in Ireland; (iii) payments under the Notes will not be derived from Irish sources or assets; (iv) bearer Notes will not be physically located in Ireland and the Issuer will not maintain a register of any registered Notes in Ireland.

### **Encashment Tax**

Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any interest, dividends or annual payments paid on the Notes issued by a company not resident in Ireland, where such interest, dividends or annual payments are collected or realised by a bank or encashment agent in Ireland on behalf of any holder of the Notes who is Irish resident.

Encashment tax does not apply where the holder of the Notes is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

### **European Union Directive on Taxation of Savings Income**

Ireland has implemented the EC Council Directive 2003/48/EC on the taxation of savings income into national law. Accordingly, any Irish paying agent making an interest payment on behalf of the Issuer to an individual or certain residual entities resident in another Member State of the European Union or certain associated and dependent territories of a Member State will have to provide details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address) to the Irish Revenue Commissioners who in turn are obliged to provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

## SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

### Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) and in the Dealer Agreement, the Dealer will represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than the offers contemplated in the Prospectus in the Kingdom of Sweden from the time the Prospectus has been approved by the Central Bank of Ireland, being the competent authority in Ireland, and published and notified to the relevant competent authority in accordance with the Prospectus Directive as implemented in the Kingdom of Sweden until 12 February 2015, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

### Ireland

Each of Credit Suisse International as Dealer and Garantum Fondkommission AB as Distributor has represented and agreed that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Acts 1963 – 2013 (as amended) of Ireland (as amended), the Central Bank Acts 1942 - 2012 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; and
- (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

**Sweden**

Each of the Issuer, Credit Suisse International as Dealer and Garantum Fondkommission AB as Distributor and any authorised offeror has represented and agreed that the Notes have not been offered or sold and will not be offered, sold or delivered directly or indirectly in the Kingdom of Sweden by way of public offering, unless in compliance with the Swedish Financial Instruments Trading Act (Sw. lag (1991:980) om handel med finansiella instrument), as amended from time to time.

**Registered office of the Issuer**

**Argentum Capital S.A.**

51 Avenue J.-F. Kennedy  
L-1855 Luxembourg

**Trustee**

**BNY Mellon Corporate Trustee  
Services Limited**

One Canada Square  
London E14 5AL  
United Kingdom

**Issuing and Paying Agent**

**The Bank of New York Mellon,  
acting through its London Branch**

One Canada Square  
London E14 5AL  
United Kingdom

**Registrar and Transfer Agent**

**The Bank of New York Mellon  
(Luxembourg) S.A.**

2-4 rue Eugène Ruppert  
Vertigo Building – Polaris  
L-2453 Luxembourg

**Custodian**

**The Bank of New York Mellon  
(Luxembourg) S.A.**

2-4 rue Eugène Ruppert  
Vertigo Building – Polaris  
L-2453 Luxembourg

**Swap Counterparty, Disposal Agent  
and Calculation Agent**

**Credit Suisse International**

One Cabot Square  
London E14 4QJ  
United Kingdom

**Arranger and Dealer**

**Credit Suisse International**

One Cabot Square  
London E14 4QJ  
United Kingdom

**Irish Listing Agent**

*in the case of Notes admitted to the  
Official List*

**Arthur Cox Listing Services Limited**

Earlsfort Centre  
Earlsfort Terrace  
Dublin 2  
Ireland

**Swedish Agent**

**Skandinaviska Enskilda Banken  
AB (publ)**

Kungsträdgårdsgatan 8  
106 40 Stockholm  
Kingdom of Sweden

**Noteholder Facilitator**

**Garantum Fondkommission AB**

Norrmalmstorg  
Smålandsgatan 16  
103 90 Stockholm  
Kingdom of Sweden

**Legal Advisers**

*to Credit Suisse International in respect of English law*

**Linklaters LLP**

One Silk Street  
London EC2Y 8HQ  
United Kingdom

*to Credit Suisse International in respect of Luxembourg law*

**Linklaters LLP**

Avenue John F. Kennedy 35  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

*to Credit Suisse International in respect of Swedish law*

**Linklaters LLP**

Regeringsgatan 67  
P.O. Box 7833  
SE-103 98 Stockholm  
Kingdom of Sweden